To,

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

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

Symbol: ANGELONE

Scrip Code: 543235

Dear Sir/ Madam,

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 January 2, 2023, intimating of the earnings call with analysts and investors to be hosted by the Company on January 17, 2023, 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,

Yours faithfully,
For Angel One Limited
(Formerly Known as Angel Broking Limited)

NAHEED
REHAN PATEL

Digitally signed by NAHEED REHAN PATEL
DN: c=IN, o=PERSONAL, pseudonym=185cc68bb8e00be1e52d8c75bc7e183b, 2.5.4.20=ADA6B9D983B03C8E2802615C6EF01E3B8A58731E21325C14CE39B2D3D8F97442, postalCode=400059, st=MAHARASHTRA, serialNumber=333b54bd95a7b4b72066364d67a6162749f8eacabfc4132538e641ebee970e18, cn=NAHEED REHAN PATEL
Date: 2023.01.20 10:30:32 +05'30'

Naheed Patel
Company Secretary and Compliance Officer
Membership No: A22506

Date: **January 20,2023**
Place: Mumbai

Encl: As above

Angel One Limited
Q3 FY23 Earnings Conference Call

January 17, 2023

MANAGEMENT:

Dinesh Thakkar *Chairman & Managing Director*	**Narayan Gangadhar** *Chief Executive Officer*	**Vineet Agrawal** *Chief Financial Officer*	**Prateek Mehta** *Chief Business Officer*	**Dinesh Radhakrishnan** *Chief Product & Technology Officer*
Jyotiswarup Raiturkar *Chief Technology Officer*	**Ankit Rastogi** *Chief Product Officer*	**Prabhakar Tiwari** *Chief Growth Officer*	**Ketan Shah** *Chief Strategy Officer*	**Subhash Menon** *Chief Human Resources Officer*
Dr. Pravin Bathe *Chief Legal & Compliance Officer*	**Saurabh Agarwal** *CXO Business Management*	**Bhavin Parekh** *Head of Operations, Risk & Surveillance*	**Devender Kumar** *Head of Online Revenues*	**Hitul Gutka** *Head of Investor Relations*

Moderator: Ladies and gentlemen, good day, and welcome to the Angel One Limited Q3 FY '23 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. The 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. Thank you and over to you, sir.

Hitul Gutka: Good morning, and welcome, everyone. Thank you for joining us today to discuss Angel One's Q3 FY '23 financial and business performance. The recording of today's earnings call and the transcript will be uploaded on our website under the Investor Relations section. The financial results, investor presentation and the press release are also available on our website.

For today's call, Angel is represented by Mr. Dinesh Thakkar, Chairman and Managing Director; Narayan Gangadhar, CEO, Vineet Agrawal, CFO. We also have the senior leadership team of Angel, along with SGA, our IR consultants. We will give you a brief overview, of the operational and financial performance for the quarter gone by, and the floor will be open for Q&A thereafter.

As a reminder, I would like to inform you that, the company does not provide any operational and financial guidance. There may be some forward-looking statements during the call, which must be viewed in aggregate, with the risks that the company faces.

With this brief introduction, I now invite Narayan Gangadhar for his opening remarks.

Narayan Gangadhar: Thank you, Hitul, and good morning, guys. Good morning, everybody. First, I would like to wish everybody on the call, a very happy and prosperous New Year.

In 2022, India outperformed global markets by approximately 37%, which reflects government's economic measures, to facilitate business. Even the World Bank, in its recently released report suggested that, India is expected to be amongst the fastest-growing economies and expects India's monetary and fiscal tightening, to be less pronounced. All of this will drive India's growth of capital markets, which has more than 108 million demat accounts, as of December 2022.

India's young demography strongly favors technology assimilation and Angel is well positioned to cater business population, through our digital products and engagement tools. In Q3, we rolled out the android version of our Super-App, to the first batch of our clients. With this, the app is now available on all platforms, iOS, Web and Android. The Super-App, builds the bridge for us, to become long-term collaborators for our clients in their journey of wealth creation. Since Android is a large base for us, we have been very scientific in this rollout.

To give you some color on scale, in terms of daily logins, with only 15% rollout in December 2022, Android is 1.2 times, that of iOS in scale. I'm very happy to share that, this transition has been steadily gaining acceptance, with our clients. The customer council, which was formed in Q2 of FY '23, proactively assessed client experience and received feedback, post the Android rollout, which were incorporated into the app. We recently green-lighted, the proposal to scale out the launch and deployment to the entire population.

So, let me give you some feelers, about the initial feedback of our Android Super-App. The app has been architected, to handle planet scale, and I'm pleased to share that the app functioned extremely well, when the floodgates were open and large volumes of orders were seen in Q3. The app recorded an uptime of around 100%.

Typically, there would have been some softness, when such migration happens, but we have not seen any. Order per client, for those migrated to the Super-App versus the vis-à-vis, their activity on older app, continues to hold up. The Play Store rating of 4.2 as of December, reflects the high level of acceptance by our clients. Early trends in overall NPS, demonstrates superior client experience and higher satisfaction, as compared to the older app.

Now we continue -- we also focused on incorporating changes to adhere to various compliances, like implementing two factor authentication, which offers an incremental layer of security, to all our clients and making changes to display trade and charges upfront. We successfully completed the second round of clients' funding payout, without any impact to our business.

We built KYC 2.0 to experience for our web, mobile clients from scratch. In Q3, we also introduced mutual fund services on all three platforms of our Super-App, thus making the transition of the app, to become a True Super-App. Efforts undertaken in Q2 to revamp our website are paying off as well, as witnessed by high web traffic in Q3 FY '23.

On the tech side, we continue with our ruggedisation effort. We rewrote multiple back-end APIs. We removed various inter-dependencies and hardened our systems, and we deployed engineering excellence pattern, by automating our processes and various tools. We also deployed new machine-learning algorithms, to improve the effectiveness of our online campaigns.

Our focus on data science, artificial intelligence and machine learning, is yielding positive results across acquisition, onboarding, engagement and communication. We continued to acquire close to one million clients, even in a tough market, thus taking our overall client base to 12.5%. More than 95% of the clients, were acquired from Tier-2, Tier-3 and beyond. With this, our share in India's total demat accounts expanded to 11.6%, as of December 2022.

Angel has been amongst the few players, to consistently maintain a positive trajectory, in active client base. We have improved our market share, to a record high of 12%, as of December 2022. I am extremely happy to share that, we also have now attained the third position, amongst all brokers in NSE active clients. The robustness of our business and superior client fabric, is demonstrated from our turnover market share, which stood at 21%.

Our clients transacted an average of more than 14 trillion daily through 226 million cumulative orders in Q3 FY '23. December was our second best month, in terms of average daily orders and best in terms of average daily turnover. I'm happy to share that the Board of Directors, have approved the distribution of 35% of our post-tax profits, as a third interim dividend to our shareholders.

With this, I now request Mr. Vineet Agrawal, our CFO, to brief you on the financial performance of the company. Over to you Vineet. Thank you.

Vineet Agrawal Thank you, Narayan. Good morning, everyone. I'm pleased to share with you that, we have yet again reported strong operating and financial performance, despite a challenging environment. In quarter 3 of financial year 2023, we reported our highest quarterly profit of Rs. 2.28 billion. Our gross revenues grew nearly 2% sequentially to Rs. 7.6 billion, despite to lesser trading days, during the quarter.

Gross booking income continues to remain the mainstay revenue driver at Rs. 5.1 billion, contributing 67% to our gross revenues. Interest income, which includes interest on our client funding book and interest earned from deposits, with exchanges, grew 10% sequentially, to nearly Rs. 1.4 billion, contributing 18% to our gross revenues. Better yields on deposits, had augmented this income stream.

Ancillary transaction income de-grew by nearly 4% sequentially to Rs. 627 million, accounting for over 8% of our gross revenues. Depositary income contributed about 4% to our gross revenues, at Rs. 270 million. Income from distribution of third-party products, grew nearly 17% sequentially, due to up-tick in IPO offerings accounting for 1% of our gross revenues. During the quarter, we have reported a one-time capital gain of approximately Rs. 90 million, arising out of the sale of an unused office property. This forms a part of our other income.

Our quarter 3 financial year 2023 gross broking revenue, is further split as follows: Share of F&O segment remained stable at 82%. Contribution of cash segment came down marginally to 12%. Share of commodity segment grew to 5% and share of currency segment remained flat at 1%. The average revenue per client, which is calculated on the entire quarter ending client base, stood at Rs. 398. This trended lower, primarily due to a higher share of new-to-market clients. These clients initially have a subdued activity level, which normalizes over time. Despite this, we have been able to maintain our growth and profitability matrix.

On a cohort basis, we have seen revenue per client mature, as they progress into year two and onwards, on our platform now, in contrast to our pre-digital model, where year two revenue per client, was significantly lower than year one. Since we have been acquiring clients, at a robust pace over the last two years, their share in net broking revenue continued to dominate at 66% in quarter 3 of FY 2023.

Here, I wish to draw your attention to the fact that some of our older clients, are now moving into the next aging bucket, of two to five years. As a result, we are witnessing an increase, in our net broking revenue from this cohort, thus indicating longevity and stickiness of clients, corresponding to their activity levels.

Our net broking revenue under the flat fee plan continued to witness strong momentum, contributing to a significant 86% of our overall net broking revenue. Share of total net income from our flat fee clients, to the consolidated total net income, grew 1.3x to 86% in quarter 3 from 67% in quarter 3 of FY 2021.

In quarter 3 FY 2023, our overall opex, net of fees and commission payout and finance cost, was lower by about 0.4% quarter-on-quarter. The profit margin for the quarter expanded sequentially to 53.9%. While we have consistently delivered healthy operating profit margin, we believe a more sustainable margin profile, for our business, is in the range of 45% to 50%. With the launch of the android version of our Super-App, we plan to spend more, on its promotion for the next few quarters.

Depreciation of assets for the quarter was marginally higher at Rs. 80 million, on account of capitalization of certain assets. Our consolidated earnings per share for the quarter, was Rs. 27.4. At Rs. 800 million, this is the highest absolute dividend payout, by the company, in any quarter, taking the total dividend across three interims for FY 2023 at almost 97% of the total dividend payout for FY 2022.

On the balance sheet side, cash and cash equivalent increased to over Rs. 62 billion. Period ending client funding book was at about Rs. 13.8 billion. Our period-end borrowings were Rs. 15 billion. These were utilized towards financing our client funding book, margins with exchanges to fulfill the 50% cash margin requirement, on behalf of the clients. Our investment in the Super-App and commissioning of new data center, led to an increase in our fixed assets to Rs. 2.3 billion as of December 2022. Our net worth increased to over Rs. 20.6 billion as of December 2022. The nine-month FY 2023 annualized return on equity stood at 45.6%.

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

Moderator: The first question is from the line of Swarnabha Mukherjee from B&K Securities.

Swarnabha Mukherjee: Two questions. So, the first one is, wanted your comments on the interest income part, the number has come higher sequentially. So, if you could split this out between the interest yield and then the margin funding book and that on the deposits with the exchange and provide comments on how your, you know the rate levied on the MTF book, has it moved or have you passed on any kind of borrowing cost increases to your customer? And also comment on the NIM of this, part of the business? So that would be my first question.

Narayan Gangadhar: Vineet, can you please take this?

Vineet Agrawal: Hi, Swarnabha, good morning. The overall interest income has -- the reason for the increase is two fold. One, the yields have increased by about 50 or 55 basis points and the overall quantum has increased by about Rs. 550-odd crores. So that's the reason why we've seen the increase in the interest income. The yields on the client funding book remain same at about 18% per annum and the NIM is also similar to what it was in the past, at about 8%, 9% annual.

Swarnabha Mukherjee So just to clarify sir, so when you say that the yields have increased by 50-55 basis points, since you are saying that...

Vineet Agrawal: On the deposits

Swarnabha Mukherjee: What would be the quantum of the deposits that you hold with the exchange in Q3?

Vineet Agrawal: It varies. So on an average, it would be about Rs. 4,000-4,500 crores.

Swarnabha Mukherjee: Secondly, on the number of orders. So I understand that this quarter, we were missing, I think, a couple of trading days. But apart from that, also if we factor that in, I think, given generally the run rate of orders that you have per day, I think we would not have done any significantly higher than what we would have done last quarter, even if there were two more additional days.

So wanted to know your thoughts on, what is the experience you are seeing on this side? Are the orders now coming with higher number of lots, because your ADTO is increasing? And what are the steps you are taking to increase the number of orders, because I think that is the primary revenue driver rather than the ADTO part. So wanted to know your thoughts on this?

Narayan Gangadhar: So see, first of all, as we announced in the results, right, we are at a point where there is a lot of -- there are two trends that are going on. First, there is a macro trend and the macro trend of softer markets are already visible in many sectors, as well as many of our own competitors also. We are seeing the same kind of trend line, as far as market softness is concerned. Now secondly, what has happened is, in terms of lot size or anything, we have not seen any change. So that has not budged.

Now in terms of people trying to trade and people's activation levels, they are slowly changing, as more and more people try to test the waters, because with rising interest rates, there is obviously a little bit of slowdown in terms of the natural propensity to enter into the equity markets.

That said, I believe the fundamentals of the business are holding on pretty strong, which is witnessed already in terms of all accounts. So hopefully, that answers your question. But in terms specifically on ADTO, there has been no -- or lot size, there has been no witnessable change. There are other changes coming to the product, which will influence how our customers experience the broking journey, how do they experience mutual fund journeys and such, which will impact the overall order count going forward.

Swarnabha Mukherjee: What I was trying to understand was that, if we were to focus on the revenue growth side. Then from your comments, I get a sense that, it could be a possibility that given the softness in the overall macro picture, we have kind of come closer to a peak for the broking business.

So I just wanted to understand -- because of the fact that the mutual fund side, we will be doing a direct kind of a business. So, what would be your focus area on the revenue growth, since broking might be for the time being, might remain a little bit sticky?

Narayan Gangadhar: No. So I didn't said broking was peaked. All I'm saying is that, in this particular quarter there has been softness, okay? Broking market, we are at least another decade from it even starting to peak. It's a long -- I expect the next decade to two decades to be a serious bull run for the economy, as well as a serious bull run for also all the players, and especially digital players in the business. So the long-term future prospects remain extremely strong.

However, what has happened, is given how the dollar has fluctuated in the last three months, it has gone up and down almost by 10% or 15%, just within the last quarter itself, right? And while our country, while we have stayed largely insulated, there are still peer pressures in terms of how the banking system has responded.

Because of that, obviously, with interest rates rising, people have a natural tendency in such markets to go, look to adjusting their risk profile. Naturally, more than people, if you look at the number of FDs that were opened this quarter, it's also at an all-time high, okay? So naturally, there is an inverse correlation there.

But what we see, is we see trend strength stabilizing. We see this to be a trend, which will kind of stabilize out, as we especially enter into the budget season, which is coming up in the next month or so. And then again, we expect the markets to revert back to their main state.

So overall, from a macro point of view, I think there is no -- we don't -- at least I don't see any slowdown coming. That said, I think the dampness will be there for a few -- for a month or for a quarter, till the uncertainty settles down. So that's what I was saying.

As far as mutual fund is concerned, you made a statement that we are going to go with direct, right? And that is absolutely correct. And our entire strategy actually is basically with the Super App, we want to give our customers this diversification to enter and consume new financial products, which today obviously we are not providing. So, we expect that with that, the overall stickiness from the app to go up, and the overall trade propensity also to go up.

Swarnabha Mukherjee: Last couple of questions, quick ones, sir, one would be, whether we should see any kind of impact on your financials due to the T+1 settlement, that's one. And if I could get your comments on how we could see the employee benefit expense, whether it has now come to a peak level, and why a slightly lower tax.

Narayan Gangadhar: I couldn't understand your question. I was not able to hear, it's cracking out. Can you repeat just the first the third question and then we will answer the fourth separately? What was your third question?

Swarnabha Mukherjee: So one was impact of T+1 on your financial. The second was employee benefits expense, whether -- it has -- we have done Rs. 90 crores. So, should we consider this to be somewhat closer to the peak, or should we expect even some more inflation there going ahead? And thirdly, tax rate is slightly lower this quarter sequentially. So, any reason for that, and how we should expect it to...

Narayan Gangadhar: You asked three questions in that one question. So let me just go one by one, okay? First is, let's start with T+1, okay. T+1 actually, I would like either -- Bhavin, can you take this call on T+1? What impacts are we seeing from the ops side?

Bhavin Parekh: Sure, sure, Narayan. T+1 is going to be very beneficial for the customers' overall pay-in, pay-out cycle. And marginally, we would see a drop in the margins, which exchange collects on the cash market segment. Today, F&O is already on T+1. Cash market was T+2, and that is where two days of margin used to get blocked, which would get released even for the customer, as well as for the brokers. And that would have a little benefit on the overall deposits that we keep with the exchange.

But as far as customer is concerned, T+1 actually becomes very, very beneficial, because every settlement happens on the next day itself, so that they can take a rational call in terms of -- in case if they want to sell it in the short term, they would be able to do it. So this is going to have a very positive impact overall.

Narayan Gangadhar: And the next question -- and just to actually add to that, from the product and tech side, this actually is a great win for the customer, because it also lets us introduce some interesting journeys, which historically we were not able to do, because the fact that the processing time has shrunk, it opens up other opportunities for us, to improve the experience. So it's a great thing for everyone.

So the second question was around taxation, the tax rate. Vineet, just can you quickly take that and then I'll answer about the employee cost. Go ahead, Vineet.

Vineet Agrawal: The headline tax rate remained same at about 25% or so, a slight variation due to the impact of deferred tax calculation. But overall, it's in the same range at about 25% for the group.

Narayan Gangadhar: And your final question on employee costs. See, I think the costs are already there. You've already seen the cost for this quarter. But you asked a broader question. The broader answer is, see, we are currently in the growth phase of our business. We are -- for Angel, this is just day zero, we are just getting started. We just went public two years back, and we are a hyper growth company.

For the next few years, we are going to continue investing in our people. We are going to continue investing in our hardware. We are going to continue investing in our process. That is going to result in extra spend. But we have always said, our goal is to operate the business in the 45% to 50% ballpark of the operating -- we want to keep our OPMs that way.

And so far, we have been successful in keeping it. If you look at the record over the last two years, in fact, we have done an excellent job. It's been, in fact -- this quarter, it's at an all-time high of 50-plus, 54 actually, right? So our goal is to operate between 45 and 50, and that's the envelope we should be looking at.

Moderator: The next question is from the line of Sahej Mittal from HDFC Securities.

Sahej Mittal: So firstly, just one clarification on the customer payback period -- customer acquisition costs payback period, is it still holding up at six months?

Narayan Gangadhar: Yes. It is holding up at that -- in the six month range, as you have mentioned.

Sahej Mittal: If that is the case, then the customer drop-off rate seems to be very high, because the new customers acquired are turning active at most in the next six months of acquiring them. But the increase in your NSE active clients seems weak indicating that the old -- that the drop of rates for the old customers remain very high. So can you give some comments around that maybe around -- yes so that's the first question.

Narayan Gangadhar: I don't think that your data is correct, but the conclusion is not something I agree with, so let's go one by one, okay. See first thing is that you remember this year, when we report the data on ARPU and everything, it's an average data, okay? It's average over all our cohorts, which we have acquired till date. Now we have had a couple of events through the year, which were outlier events.

All of us, we went out the great guns during LIC IPO. Including that period, we acquired a lot of customers. And that base, which was acquired during that period, obviously, that base hadn't performed as we would have liked, because the IPO itself was a damper and post that the country never really even recovered from the aftershock of that.

So what we are seeing is, as we continue to scale our acquisition strategy, we continue to focus on those Tier 2, Tier 3 customers and there, we don't see a change in the activation rate at all. In fact, we are still activating close to 50% of our customers within the first 15 days. So I would like Prabhakar to add a few words here in terms of the acquisition side, and I will switch over to Devender, who will answer your question about how the guys are performing in terms of cohorts. PT, you want to take over?

Sahej Mittal: And maybe I'll just add something to this. So maybe keep aside the addition which you did in the last 12 months, but if you can also talk about the customers which you acquired prior to last 12 months, so more than one year, but less than two years. So how is that customer doing about? So for example, a customer was doing 10 orders in a quarter, then what's the trading intensity now? So is some reasoning on this?

Narayan Gangadhar: That is not the thing you asked in the first place. But okay. Different question, no problem. I'll answer that. Okay. See, this question around how the cohorts are doing. I'm going to hand over to Devender to answer in a few minutes here. But overall, what has changed, and this is very important for all of us to understand, if we were operating this business with a lens of breaking even in six months, seven months, whatever it is okay.

But fundamentally, we never really had a lens on lifetime value, okay? Whereas now, the company has had more than three to four years of operational data of running in a discount broking, fully digital environment. Do you agree. We have never operated in this model before that. Only last three, four years, we have operated in this model. And we have a lot of data now which shows that the cohort behavior and the revenue from one year to the next is only increasing.

So I will now hand it over to Devender because we are trying to shift our acquisition strategy to go from a three months, six months breakeven horizon to a lifetime view. And I'll be talking more about this in the call, but I want Devender now to jump in here and give you some data on how the trend line looks like as far as cohorts are concerned.

Devender Kumar: Hi, Mr. Mittal. I think just to re-corroborate know what Narayan has shared across, when we look at clients, I think the pockets of growth that is happening in India is coming from Tier 2, Tier 3 and Tier 4 cities, and our focus has remained laser-focused on reaching these places, so that we become part of this growth that is going across.

And we have kept the guardrail of maintaining the profitability around six months. That is what has happened. So as Narayan mentioned, during the IPO month, we went all guns blazing and we acquired a lot of clients, who wanted to do LIC IPO. That particular cohort has not performed, similar to other quarters, but that's an aberration.

Coming to second question, how is the 12-month old client really performing? And our data is saying, now since we have data of clients acquired in at least last three years, with a discount broking model, we are able to see that the second year revenue for the clients, who have the second year, is almost similar or little higher in comparison to the first year revenue of the clients.

So we are seeing stability of revenue of the client, as they move to second year, third year and fourth year, and we are seeing a similar trend from second year and third year, these are clients that got acquired during the COVID period, that's why we're not talking about it. But we are clearly able to see that, the behavior of clients is actually stabilizing, from first year onwards. So to answer your question on last twelve month onwards, the behavior of revenue is actually very stable and very encouraging. That's the second part.

On the third part of the question, where you asked about the activation side of things, I think at an overall level, since we are going to Tier 3 and Tier 4 cities, and our activation actually has got very, very robust. What you see from an industry point of view is, overall industry is kind of operating in a very subdued economy environment.

The macro environment actually got very soft actually. And that is what is affecting everyone, not only us. But in that period, what you can clearly see is that, we are kind of over-performing at least compared to our peers. So, our cohort -- these clients acquired in Tier 3, Tier 4, cities are actually activating better, and what Narayan also highlighted.

So actually, from an internal point of view, there is a macro picture of India, where things are little subdued. But internally and from a competition point of view, we are very-very strongly performing, as our market share in the industry, actually is going up, which is reflected by the NSE active reaching almost 12%, by the end of this quarter. So all these three combines together, hopefully address your question how we are going about it.

Sahej Mittal: Devender if you can talk about, so of the 100 customers which you acquired, say, in FY '22, and you activated the 40 customers out of those 100 customers. So of those 40 customers, how many customers are still trading or if you can share out of those 40 customers, how many customers have dropped off? And maybe what's the average customer lifetime for Angel's customers? Is it more than six months because what we understand is that for a highly active customer, trading in options, the lifetime is not more than six months to nine months?

Narayan Gangadhar: No, that's a conclusion. That's you're giving your hypothesis, right? So we'll tell you where, what our data is telling us. I can't comment on your hypothesis. Okay. See, it's very simple, that we today keep 50% of our customers. Our activation rate at one point in time, two years back was around 30% to 35%. It has dramatically gone up to 45%, and off late, it has even started hitting 50, if you look at 0 to 15 days

If you take a one-year activation, our numbers are even higher than that. Okay. So basically, what has happened is, your first question on how many of those activated customers stay on in the next year? The answer is close to 80% of them do stay, because that's the only reason, we are seeing the second year revenue to be almost the same as the first year revenue. A guy who is contributing INR 100 cheque today, is continuing again to contribute INR 100 in the next year.

In fact, we even see that somebody who has now matured three years into the system because our I-Trade plan is currently it's entering its fourth year, I believe, fourth or fifth year. We have this data now that shows us that even third year the behavior is the same.

So overall, the ratio has not shifted. In fact, it has gotten better. Now in terms of whether the trading propensity changes within 90 days or 180 days that is not something we comment on at that macro level on that micro level. Because, that's where you can understand, there are a lot of sensitivities around that data, which we use internally. But we can tell you this much that overall, the activation ratio and engagement ratios have not dropped cohort by cohort.

Sahej Mittal: So if I understood this correctly, 80% of your active customers in a particular year, continue in the second year of the trading journey?

Narayan Gangadhar: Correct.

Sahej Mittal: And maybe one, if I can ask one last question, and maybe this is directed more towards Mr. Dinesh Thakkar, given that he has been in the industry for 20, 25 years. So how do you anticipate, what is your sense on the trading charges going up from here on from INR 20 to maybe INR 30 or INR 40? Do you anticipate increase in the trading charges, in the next one or two years?

Narayan Gangadhar: So let me take that question, it is a business decision, okay. First of all, we believe that as far as trading charges are concerned, going down is basically ruled out. Anything going down historically, players have tried taking it down, but it has not moved the needle. So there is not much ROI on that play.

Now in terms of raising it, I believe at this point, there is no compelling business reason that our team feels to raise it. Now it's a decision we will continue to evaluate from time to time. But as far as we see, as far as all the macros are considered in the market, I don't see any reason to raise that. I would like Prateek Mehta, who's our Chief Business Officer, to give his perspective on how he sees order costs changing in the future. Any thoughts you can share Prateek?

Prateek Mehta: So the point, I would agree to Narayan said that eventually our reaction on what is the right commission level for consumers, will rest on what makes sense, and we'll have to continue to evaluate that, depending on various factors in the market, what consumers are getting, what is the competitive scenario, etc. Having said that, what is happening right now is also that a bunch of players, where growth was turbocharged, because of all the, VC or PE investments that came into the space, we'll see that they might have their P&Ls might be under pressure, and they might be under pressure to raise rates.

So we'll as I said and as Narayan has also said, we'll continue to watch this and evaluate, if we need to respond to that in any form or fashion. But right now, as far as the consumers are concerned, we would want to have them the best experience on the product, and as well as commercially as well.

Sahej Mittal: And what is the build in capacity for the derivative trades from current levels given the kind of explosive growth you are seeing without incurring any additional capex?

Narayan Gangadhar: Sorry, I didn't quite catch that question. The question is, what's the can you repeat again?

Sahej Mittal: Build in capacity for Angel to handle derivative trades in a single day, given that the orders are going up…

Narayan Gangadhar: So good thing is that we have been provisioned for peak and I believe you're asking this in light of our scaling traffic here. So basically see, we have been provisioned for peak. And I don't anticipate much in terms of any rise in capex, especially as far as, that at some point, we'll have to start looking at building out newer data centers and such, to scale our business even more. And there could be and that's something we have not yet looked at, right? I mean that is something we'll continue to plan as we go forward.

Sahej Mittal: That means you're seeing-- so currently we are seeing close to about four million orders in a day, which are being done through our system. So what kind of capacity is built on? How many trades can be handled on the current system from this four million, doubt?

Narayan Gangadhar: Jyoti, can you just give a quick flavor on this?

Jyotiswarup Raiturkar: Sure Narayan. So essentially, our systems are horizontally scalable, right? So if you get more orders, we just have to deploy another building block, which will serve the new set of the order. So as long as we can deploy hardware, theoretically, we can go to any levels of scale. And this is what we've been doing for the last few quarters, right. Every time we hit new highs, we just deploy a new building block to serve the load

Moderator: The next question is from the line of Jignesh Kamani from GMO.

Jignesh Kamani: Just reiterating on the cohort, so if you take about our daily order per day, which declined by around 23 percentage Y-o-Y and ARPU, which declined by 20%. This impact is mainly because of zero to two-year old client, right, for more than two years old and more than three-year old clients, both ARPU and daily order per day has not declined, right?

Narayan Gangadhar: Correct. That is correct Jignesh.

Jignesh Kamani: And second thing on the Tech Investments, our fixed assets has increased by 42% Y-o-Y. So how much Tech Investment you capitalized in the third quarter and the full year, nine months?

Narayan Gangadhar: Yes. This is a question for Vineet. Vineet, do you have data handy? How much have capitalized, do you have it handy? One second?

Vineet Agrawal: In quarter 3, we capitalized about INR 25 crores of capital work in progress. And for the entire nine months, I think it's in the range of INR 70 crores, INR 80 crores.

Jignesh Kamani: And how many period we amortize this Tech Investment?

Vineet Agrawal: So software, we amortized over a five-year period and hardware we amortize over five or six years.

Moderator: The next question is from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Congrats on a great set of numbers. Narayan, just in firstly, could you talk about the customer acquisition strategy now, things have been kind of difficult in the market, especially because of the macro environment and secondly, I have to understand the competition has also increased, for acquiring customers. So a year back, what was your strategy was, and what kind of strategies are you implementing now? What changes are you thinking about from a future acquisition perspective?

Narayan Gangadhar: Brilliant question. So let me see, we have-- let's give a recap of the past two years in a nutshell, okay? In the past two years, our strategy has been at a macro level, we try to acquire and breakeven all clients within six months. That's been our overall playbook. Now we went with the playbook, our overall macro picture is that we want to keep the company operating at an OPM of 45% of 50%. Going forward, we still want to keep, we want to stick to the 45% to 50% point as far as the overall OPM is concerned.

But at a micro level, we want to we are revisiting this whole six-month play, because what we are seeing today, is that our clients are sticking around in the system a lot longer than we thought. That is we are seeing that our second year, a person that we acquire today, is not just a, it was not like we acquire and then we drops-off after next year, that's not true. Because guys are staying on the platform. The second year, they are in fact contributing same or even more revenue than they contributed first year.

Third year revenues are starting to rival their second year revenues. So which means, my strategy no longer is just looking at a six-month payback period, we are looking now at a lifetime play. Now this lifetime play is something we want to approach while keeping the broader company envelope, which DT has talked about many times in the past, Dinesh Thakkar, about the 45% to 50%. We believe we can accomplish our lifetime play within that 45% to 50% envelope, right? Now so that's the first thing, this is changing. What is changing next year is, moving from six-month look backs to a lifetime view, Number one.

Number two is our strategy this year is, we want to penetrate very selectively in certain markets, because what we are realizing is now the markets are naturally they are depressed, okay? And likely, that will change once the budgets and everything get announced. So what we have realized is, we are no longer a market participant. We are actually the market maker right now.

If you look at our acquisition numbers for almost eight to ten months straight, we have been number two in acquisitions. And if you look at ADTO, we are far ahead than the number one acquired. In terms of NSE actives, we have grown faster than almost everybody, and all other major players have de-grown, including the number one player who is privately listed. Now what this means for us, is we want to take a role of a market expander and a market enabler, and we want to start looking at what new cohorts to go after.

So, two things are changing, just to recap and answer your question. One is the payback, looking more at a lifetime value. This aligns very well with our Super-App strategy. And number two is, we are going to start looking at which cohorts we want to pick and choose, because we know that some cohorts are far more profitable than others. So, this is where we stand. Now I can't obviously divulge a lot more detail, because these are highly sensitive data. But hopefully, there gives you a flavor of what the next year is going to look like.

Prayesh Jain: Great, interesting. Also in this light, your market share in terms of NSE active clients is 12%, ADTO is 21%. How do you see this panning out? I think we've mentioned in the past that you want to become the largest digital broker. But how do you see this panning out over the say next two to three years?

Narayan Gangadhar: It's a great question. See my internal benchmark is very clear. I want us to get to at least 18% to 20% NSE active number. If we get to 18% to 20%, by far, we will be the dominant player. Naturally, that will translate to an ADTO of around 30% to 35%. I think this is where I want the company to aim for.

Now on our natural trajectory, I believe with the right kind of product interventions, we'll get there and that's where, I think what we have realized is, unlike we have never thankfully changed our playbook. Even when people were burning capital and VC money, we stayed the course. So whatever steps we take, is always going to be with that broader perspective in mind. But overall, I think the ADTO and as you're spot on, is that the two matrix we look at, ADTO and NSE active, both of them are a critical function of how our business performs.

Prayesh Jain: In this journey, what are the regulatory challenges, that you anticipate and how do you plan to overcome them?

Narayan Gangadhar: So, I'll have Bhavin give you more color on this in just a few minutes. But see, basically, what has happened is, I want to give a huge shout out and round of applause also to the regulators. Because what they have done, is by introducing those changes, they have actually created a fair playing field, and they have created a safe ecosystem for all participants. We have always told, we have a vision for having 10 crores customers on our platform.

Now the only way it's going to go to 10 crores, is if the customers feel safe. Today, they don't feel safe. They still loose ends to tie, which the regulators are coming wonderfully on. So, I believe the regulatory environment is going to get tighter. Any opportunity to earn free money, is going to go out. So, we have to get smarter. I mean, whether it is ASBA, whatever it is, that might be more regulatory change.

I'll have Bhavin give you an overview of some of the bigger things, that are happening this year, and then that will give a sense of how the business is shaping. Bhavin?

Bhavin Parekh: Yes, Narayan. Mr. Jain, basically, we have always remained positive about all the regulatory changes, because they aim at investor safety and investor protection. The meta point, that regulators drive is, how safe are the investors and there we act like a custodian for their wealth or their assets, and that is where that safety measures have to come in. We have always remained positive.

So, in a nutshell, see there would be lot of things that the regulators would be working. So, I don't want to preempt in terms of what actions are going to come in, over a short-term or a long-term aspect. But whatever has come, has made market more safer and better for investors to trade in this particular market.

So, we have always taken this in a very positive spirit, and it always gives us an opportunity, to grow with-in this framework. So, I will leave it at that, because there are some speculations, there would be a lot of white papers that SEBI would be working and stuff like that. But as and when it comes, we'll have a better insight, about answering those questions.

Prayesh Jain: Last question from my side, just a clarification, this MF which will be direct, but you will still earn brokerage on every transaction, right?

Narayan Gangadhar: No, it's a proper direct offering. I don't think, we there's no plan to charge any extra brokerage for that. Prateek, am I mistaken this?

Prateek Mehta: So, we have on the consumer side, it will end up being a regular direct-offering and as Narayan pointed out, that's not a place where we are planning to charge brokerage. Having said that, in our partner channel and we'll possibly continue to watch this, because SEBI has also come out with the transaction only platform play, and we'll see if at some point in time, there's an opportunity and the customer rationale to do it. But for now, it will be another convenience on the platform, as far as the consumers are concerned.

Prayesh Jain: So just to clarify this, there will be no revenue that you'll earn from mutual funds subscription, by your customers on the platform, right?

Narayan Gangadhar: Sorry Prateek, go ahead.

Prateek Mehta: Yes, except for the sub-broker channel.

Moderator: The next question is from the line of Gautam Chand Jain from GCJ Financial Advisors.

Gautam Chand Jain: Congratulations for a very good set of numbers. I was looking into the fee and commission income that for the quarter is Rs. 609 crore. Out of which, Rs. 510 crores is the broking income. So, what constitutes other than the broking income, the Rs. 99 crores?

Narayan Gangadhar: Yes, Vineet can you just share the breakdown?

Vineet Agrawal: Rs. 510 crores is brokerage and about Rs. 8 crores is distribution income. The other operating income of Rs. 63 crores constitutes the turnover charges, the primary source of the other operating income.

Gautam Chand Jain: Okay. And the DP charges is included in Rs. 63 crores?

Vineet Agrawal: No. DP charges is separate.

Gautam Chand Jain: But that is part of Rs. 609 crores?

Vineet Agrawal: Yes. That's about Rs. 27 crores DP charges.

Gautam Chand Jain: But that is not part of broking income, right?

Vineet Agrawal: No, broking is Rs. 510 crores.

Gautam Chand Jain: And fee -- the commission payable to the partners, is declining quarter-after-quarter. That is primarily due to your fixed fee plan income which is growing more? Is that the correct way to look at?

Vineet Agrawal: Yes. As I also mentioned in the earlier part of my speech, that the proportion of the fixed fee income, the number of clients and the proportion is increasing and that's the reason why, overall, we are seeing a decline in the fees and commission payout.

Gautam Chand Jain: And just to clarify out of Rs. 510 crores...

Moderator: Mr. Jain, may we request you to please rejoin the queue. We have participants waiting for their turn.

Moderator: The next question is from the line of Nidhesh from Investec.

Nidhesh: I have two questions. Firstly, the way our revenue model is designed. It doesn't grow over a period of time, even if the customer wealth increases, let's say, five years out. The ARPU from the customer at best will be flattish on a four, five year's vintage basis. So, do you see any possibility of a revenue model, which grows with customer wealth over a period of time? So that is first question.

Second question is, if you look at our admin and other expenses that has actually, if we exclude the one-off of last quarter that has actually grown quarter-on-quarter. While the new customer acquisition, has slowed down quite significantly on a quarter-on-quarter basis, I understand that this expense line item is linked to customer acquisition costs. So why this number has not declined? These are the two questions, sir.

Narayan Gangadhar: So first of all, we don't give a breakdown of our customer acquisition cost at that level. But I'll still answer the question to whatever degree we can. But let's take your first question. See, the first question is right. We are currently, if you look at our ARPU, we today are approaching an ARPU of around 400. Now that has two, three years of cohorts in it. Now in any digital business, you need to have at least one generation of cohort and at least you have to bake them in your system for at least two or three quarters, to know what the long-term impact is going to be.

Now at the current rate of growth, what I do anticipate is that at some point, this will plateau out. In the sense, the ARPU it's not like to go from Rs. 398 to Rs. 150 or something like that. How it went from Rs. 699 to say Rs. 398. I don't expect that kind of a drop. What I expect, is that the median will converge. It will converge to a number. The number could be Rs. 320, Rs. 330. Currently, we don't have a, we have a guess, but we don't have a good approximation of what that will be. We know that it will be in that range. That's one.

Now second thing is, that what we are seeing though is our median acquisition cost and our overall unit economics continue to be very robust. We are still operating the company within the 45% to 50% range. In fact, this quarter, we are at 54% and so that we could have actually spent more, but we didn't.

So, what we see is that the overall unit economics is likely to stay at a macro trend to the 45% point, while, I shift the company away from the six month payback mindset to a lifetime view. And this is a very, strategic call, because if you look at our journey, what do we want in the next five years? We want revenue diversification. We want people to come in and build a wealth management platform. That has been the vision of the company. For that, we already have the right cohorts, which are going to mature.

So, I want to just, this is my high-level view on how we are going to play this strategy out. I will just hand over to Prateek. Prateek, if you can give them a lens of how you see the business, the Super-App business play out, and how you see our cohorts maturing and things, that would be very helpful.

Prateek Mehta: It's a great question, because if you look at new consumer, their life stage and their earnings potential and hence, as outcome of that stage of wealth, that progresses with time. And if you look at our consumers, they already have a very great relationship with the platform. They're coming in on a regular basis, they log in, they transact, and if you look at the traditional way of looking at any of the digital businesses, there's a high recency and frequency in terms of how they interact with the platform, and there's the intimate relationship, as far as the transactional money is concerned.

Now in that context, we already know some of the things that our consumers have been asking us for, like we've had some intelligence on the distribution business as well, basis our historical forays in that area. So, we would be clearly building out solutions for a specific area. Like mutual fund or something that Narayan already hinted about. But we know that there are various other need of state that consumers are talking about and have been asking us for.

While we have not disclosed what is the exact plan on each of those initiatives and how will we roll them out. But we have learnt a lot about what our consumers need and have been asking us for, and we will be building a bunch of solutions across the board, both on the product side and also on the financial services side, so which essentially will feed in then into the maximizing the lifetime value of the consumer, which is the larger lens we are now taking on our consumer relationships.

Nidhesh: And just a small follow-up that when we are talking about focus on lifetime value, does that mean that the customer acquisition costs, we are willing to increase our customer acquisition costs, because lifetime value will be a significant multiplier of that? Is that the mindset change you're talking about?

Narayan Gangadhar: Absolutely correct. Now, of course, how we increase it is going to be our secret sauce. But yes the macro trend is correct. See now that we have invested in the Super-App, we have built a Super-App, and we know our customers like the journey. The only way to our profile customers for let's say, we were to introduce insurance product, we were to introduce lending product, that person is very different than the broking product, a broking customer. There is some similarity, but still that cohort needs its own maturation or own incubation. So, we know that there is a business case, so we have to start expanding that reach while operating within the 45% to 50% point. That's the catch. Is that -- as long as we can remain in the right envelope, we are golden.

Moderator: The next question is from the line of Ankit Babel from Subhkam Ventures.

Ankit Babel: So, my first question is on you on your ESOP cost? In last quarter you had mentioned that the ESOP cost would be Rs. 30 crores in the second half of this year. And if you look at the ESOP cost in third quarter it is already at Rs. 21 crores. So that transfers to

Rs. 40 crores or Rs. 45 crores for the second half. So just wanted to have your comments on that?

Narayan Gangadhar: Yes, so Vineet has already commented on the break-down of the cost. So I think that is the accounting part, Vineet, if you want to add.

Vineet Agrawal: Sure. So if you recollect in my previous discussions, I've told that the overall ESOP cost for the year will be about Rs. 80-odd crores, out of which the incremental for the issuance grants that were done in 2022 will be about Rs. 60 odd crores. And we continue to toe that line. So the overall, total cost for the year would be about Rs. 80 crores, incremental would be about Rs. 60-odd crores.

Ankit Babel: So what it would be next year sir? Whatever ESOP cost which would flow down from the P&L, total ESOP cost for next year?

Vineet Agrawal: Next year it's going to be about Rs. 50-odd crores for the issuances that have already been done. For the issuance that is going to happen in this year, those costs will depend on how many stock options we issue and what are the breakup.

Ankit Babel: Any approximate amount sir? Because I mean it's very volatile on a quarterly and yearly basis, just for our consumption?

Vineet Agrawal: We won't be able to give you a number right now, because we are still not firm on the quantum of issuance.

Narayan Gangadhar: One thing I can comment, we can give you a, just to comment on how we are looking at it. Basically like every publicly traded company, we have a stock option plan, we have a stock option pool. And we have a certain framework around how much of the pool we allocate each year. So we will always stick to the legal and the fiscal guideline which has been established by our Board of Directors and our Chairman and Board of Directors. So we will always stick to that, whatever percentage that is.

Now, within that percentage, yes, there is elasticity. Last year, for example, we spent one point something percent. This year, we might, we don't know, we might be spending 2%, we just don't know that. Whatever we spend, it will be within the overall envelope done by the Board with the ESOP plan, number one. And number two, it will be within the overall profitable envelope that we have talked about.

So overall, if you are wondering if our expense is going to shrink, the answer is no, because as a growing company, we have to continue to expand our talent and our reach. So I don't see the ESOP costs going down. It's not like Google or Amazon, where they have already invested in all the employees so far ahead of time that now they can afford to keep it at whatever a few basis points of their overall P&L.

A very good case in point is if you look at HDFC, in the first 10 years of their P&L, look at their ESOP costs. It's always increasing. So that's how growth companies operate because you need that premium to get talent onto the team. But that's just to give you an idea of, I wanted to just give you the color of how we are thinking about it, just so you have a sense of how we are planning.

Ankit Babel: I understand it won't come down, but I'm just worried will it shoot up drastically in the coming years?

Narayan Gangadhar: See, let's say, if it shoots up, okay, that means that we have the right vehicle to justify the return on investment. Ultimately, you have to look at employees as our prime assets. They are the ones that are moving the needle and creating business value. If I invest 10 bucks, if I can get 1000 bucks of value, then it's a brain dead decision. If in absolute terms it means I'm spending more so be it. We are actually adding more to the bottom line.

So, what we do is when we do the plan we look at overall, we are in the business of maximizing opportunity cost for investors, shareholders and employees. And if we cannot return, cannot create that market, if we cannot create that opportunity then obviously, there is going to be a correction in our piece of costs and everything accordingly. But so far, that has not been the case. So, that's really how we look at it. So, the mindset is growth and the mindset is wealth creation for the institutional shareholders, company and obviously also for employees.

Moderator: The next question is from the line of Prithul Shah from Anubhuti Advisors.

Prithul Shah: My question is with respect to the advertisement spends for the quarter and nine months ended December this year. So, what is the expenditure for advertisement spends?

Narayan Gangadhar: We don't go into that level of we don't discuss that level of detail. But I can just have PT give you a broad flavor and PT can you just walk him through how we have strategized this year?

Prabhakar Tiwari: So see, we are a very established brand last year, when we did rebranding that time we spent enough advertising dollars to ensure that our total awareness reaches the 90% kind of level. This year, we have been conservative because one, the market was soft. And second, we were waiting for our new app to be fully in place. But in terms of advertising spends, our strategy is to be conservative, more digital spends, less TV, more digital and focus more on organic traffic with the spends, focus more on search volumes across Play Store, YouTube and Google. So that has been our strategy. So we have been conservative, but I think once our app is in place, post this quarter, starting this quarter to next year, we are going to be more aggressive given that we will be supporting new lines and new businesses also.

Prithul Shah: And the next question is with respect to the active clients. So currently those clients is basically 34%. So where do you see this ratio going in medium term?

Narayan Gangadhar: So, I think in the medium term, I believe our activation rates will be basically hovering around the same point. Largely, this is for a couple of reasons. One is that there has been no significant decay, either decay or appreciation in our cohort groups. If you look at the quarter the people that we have acquired, the age profile, the tier in which they are coming from, nothing has changed. So I don't think the number will change dramatically.

However, what will change is that we will have new people coming to Angel, which we have never had. We have never had anybody who has come to Angel for anything other than stock broking. But that 100% I'm certain is going to change. Because as you can see, we have always talked about our road map we are going to launch MF. MF has already launched. And I told you guys, it's going to come next in Q1, but we are actually ahead of schedule. So, we already launched it.

Next, we are working on a lot of products, insurance is coming up. We have including other exciting products on the lending side, which we'll talk about when the time is right. But we are working on multiple new families of products. So, I do expect that with that, the overall activation ratio will actually get a slight bump. But what it is, I can't quantify this yet. We don't have the data.

Prithul Shah: So basically, you are saying that with the new app, the client acquisition number, the gross client will slightly inch up. But the broking side, it might not likely to translate into the trading volumes or trading orders per se and that will result into slightly lower in terms of activation ratio or how should we look at?

Narayan Gangadhar: No. It will go up. It cannot come down. So, it will only go up.

Prithul Shah: Because what we are seeing is the industry-wide ratio also declined to the two years back ratio, sub-30% level. And we are also tracking that trend, what the industry is facing. So, we are kind of concerned about whether that ratio will slip below 30% any day.

Narayan Gangadhar: I don't see that ratio slipping below 30%. See, I know that some of our other brokers, large digital brokers have come out and said that, I know what you're referring to. But see, you should look at their acquisition set. Well, our largest broker, the number is lower for him, not for us. For us, the number is black and white. We are publishing every month and every quarter.

So, we are not seeing any decline. Now in fact, I would say we are not -- I would go as far as to say that -- and Devender you should add, you should bring your perspective year. I actually think that the super app, the activation can get better because customers come to the app for more reasons than just broking. But let me just refer to Devender here because he has a lot more data which he looks at and he can give you some more perspective. DK. over to you.

Devender Kumar: We I look at the NSE active clients, I think overall, the industry is trending lower because it's on macro environment. And this trend, I think, is going to subside and lower in some time. It has not subsided yet. So, the overall industry will continue degrowing for some time and long with that, our numbers are also going to go. But as rightly mentioned by Narayan that we see the lower impact because our activation programs and our behavior of clients who are new to the cohort is actually increasing over the last quarter period. We are seeing higher activation of clients who are now because with the launch of the new platform and the new ML-based and data science-based program that we have started. So, we are actually able to see that ramp-up happening very, very strongly. So at an overall, we don't see that these numbers will go very down, definitely not below 30%, maybe around 32%, it might go to. But we definitely see that they still plateau out. And as we launch more services, I think there will be more acquisition of cross-selling of clients where you will actually sell the right products to the right client, which will actually increase activation in the long run. Just think about it this way that today we acquire clients in a one pocket and we then try to figure out solutions for them and then go ahead. But when you try to do the same thing in multiple pockets, you will have understanding of doing the right thing to right product, which will then allow only the right product people to get into the system and actually experience services to that level. So, I see that this has plateaued out and this will continue that way.

Narayan Gangadhar: And also just to add one more thing. You should look at every month, we publish our NSE active numbers. Why don't you do this? Why don't you plot a graph of our activation number. And plot Zerodha's right next to it. And you'll see the answer. I don't want to use the competitor's name here, but do that analysis yourself, just do it over the past 12 months, you will see how fast they have decelerated and you'll see how fast we have grown. So you will get your answer right there.

Prithul Shah: We have done that. So, the number two guy without naming it has been losing the activation number quite rapidly.

Narayan Gangadhar: Exactly. So, that's why we are -- that's why I was yes.

Prithul Shah: That's the reason why our concern, we are not seeing that in Angel and that's a very positive print, which we are reading right now. But given the macro built up right for the next

Moderator: I'm sorry to interrupt you, sir. But your voice is breaking, we are unable to hear you clearly.

Prithul Shah: I was saying that the market was kind of stabilizing or likely to not generate enough return versus past few years, which the market has witnessed. We might see this trend for the temporary, more services you guys are able to bring in the app then that will start to reverse. But before that, it will trend down that was the concern I had.

Narayan Gangadhar: See, interestingly, I'll tell you one other way to look at it. Let's assume that the market, I don't believe it is going to be bearish, okay? But let's just say it actually goes into a bear mode, okay? Even then, if we are growing faster in this broking industry than the competition and we are growing, then our business is already in great shape. This is a long-term play for us. We see this as a multi-decade play.

So overall, from all lenses our strategic position continues to become stronger as we introduce the Super App platform. So, there's a lot of room for improvement. We are not saying no to that. But as it stands, we are off to a good start.

Moderator: The next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta Congratulations on a decent set of numbers. Sir, one, most of my questions have been answered. But one thing which I wanted to understand that given that our business hardly has any working capital requirement or much of even if you are adding hardware, but that's also not much compared to our absolute profit base. So, why can't we increase sustainably the dividend payout rate from the current 35-odd percent, because there's really not much of a need, especially during this time when the growth is also not coming through as strong because of the macro reason? So, that is question number one. And secondly, you were talking about this active client ratio. And when I was seeing this graph for the last two years, you versus the industry, I think our active client ratio versus the industry was at a much higher with a much higher gap. So, we were better off compared to the industry at a higher margin. And that has actually come down in the last 10 years -- in the last two years. So, what explains that? Because ideally, we would have expected our active client ratio minus the industry active client ratio to be trending upwards, but it has actually, in the last eight quarter span it has actually trended downwards.

Narayan Gangadhar: Yes. So actually two things. First of all, let me take the -- I'll just very quickly talk about dividend payout and then get to other stuff. See, dividend payout -- first of all, we're in a growth phase of our company right now, okay? So, our growth phase of the company, our strategy is to continue reinvesting our capital in expanding our business, building our book of business and growing and expanding into new territories and new areas.

So, there is not much to add beyond that. D. T. Dinesh Thakkar is on call as well. D. T. is there anything you'd like to add this before we jump to the next question.

Dinesh Thakkar: No. So I think what is important is to keep in mind that we have a high aspiration and potential seems to be quite huge. So definitely, this kind of like earnings that we have, I think it's not very big enough like to think about an increasing dividend at this stage. What we are doing, I think it is perfect. And we have to keep enough capital for whatever growth opportunities we see in the future. And already we have like invested huge amount on Super App and we would like to see that we are able to capitalize, capture good market share in each and every service that we offer. That will require a good amount of capital backing with us.

Narayan Gangadhar: Thank you, Dinesh. So, and now your other question on activation see, basically there, right, if you remember last year, there was a huge influx of venture money. And there were huge ETF-related schemes which were going on. And that completely skewed the activation chart. If you look at the number four player right? They were at an industry all-time high activation ratio because they were giving out free ETFs. And the minute I give out free ETFs or even INR 10 rupees you trade on the platform that shows up as an NSE active number. Whereas we never did that. We have never done that. We don't do that even now, okay? So obviously at a macro level, yes, you can say that why do these numbers look so different, right? But if you look at the actual NSE active number, there, we have only continued to rise.

So, when it comes to people actually trading, we are keeping more traders on our platform than everybody else. And I think that's the more important trend we should -- that we are focused on. Other than that, these numbers whether it's 35% or 40%, it's kind of a moot point if the person doesn't end up staying on the platform and trading, right? So, we have to look at it from that point of view.

Sarvesh Gupta: And as you are thinking of adding more and more to our Super App now, in the past few years, there were so many new entities, which came to the game doing variety of stuff. And now that VC money is not flowing in as strongly as in previous years, so, are you also seeing some inorganic opportunities in the market right now that we can sort of bolt-on to? Or we feel that it is better to organically sort of build-up everything in our own way?

Narayan Gangadhar: A great question, actually, great question. See, in the past, we had we could never even look at it because we -- without having a Super-App platform, there is no play to integrate you know. There's no value creation there for the customer.

Whereas now that the platform is built, I think I'd say, as a team, we are strategically going to look at both organic and inorganic options. And you are absolutely correct that with the funding seen drying up, there are some excellent opportunities which will open up and, we are currently open to those ideas, if the timing is right.

Moderator: Thank you. The next question is from the line of Deepak Sonawane from Haitong Securities.

Deepak Sonawane: Congratulations on a good set of numbers. So, I just have one question regarding our client base. I just wanted to understand much more in detail regarding our customer profile. If you see that over the last eight quarters, we have been adding around 1.2 million customers, right, on a quarterly basis. Can you just give us color and more color based on -- I mean among these 1.2 million customers, how many customers -- I mean, how many percentage of customers are not trading at all with us? I mean -- and even after a particular period of time, we have been -- I mean we give up in terms of nudging these customers to get active…

Narayan Gangadhar: So, yes. Got it. Okay. So usually, we don't give this level of data, but at least I'll try to answer -- I'll try to answer a part of that question. So, your question really is what is the dormancy metrics going to look like? How does it evolve? Because we are paying upfront cost. See, the issue is that, I've already paid the KYC cost for acquiring all these customers, among those only 50% are becoming active. The remainder of the 50%, what are we doing about it? Because it's sunk money. Now, that's the marketing that the Holy Grail of marketing, if you can optimize and fine tune your CAC to that level. So first of all, even with 50% activation, which is obviously, it's a phenomenally high number, we are performing extremely well. Even if that number goes down by another 5%, we'll still be performing very well. So, I'm not too worried about that metric, right? But your other question is very insightful. See, we have -- over the last year, we are one of the few companies today who have built a machine learning-based dormancy model, okay. And just this quarter, actually, we hit an all-time high in terms of how many dormant clients became reactive. So, I look at this as an emerging area for Angel, because with very large customer base, a large part of our customer base is already within our system. They already have the KYC; they have just gone dormant. If you rekindle them back, your obviously, your time-to-market, your brand efficiency, all of that goes up dramatically. So, this is a strategic initiative, which has been -- which we have been working on for the last year and we have started seeing some phenomenal results in that. But the results are still too early to call out at this point. But we are -- to give you an idea, we are -- it's a heavy data science influence play and we have actively started looking at this. And we, in fact, we track it at the CEO level. That is at my level. So, that gives you an idea of how important that is you know.

Moderator: Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Suraj, please go ahead with the -- your question your line is unmuted. As there is no response, we'll move to the next question, which is from the line of Gautam Chand Jain from GCJ Financial Advisors. As line has been placed on the hold, we'll move to the next question, which is from the line of Shubham Goel from Motilal Oswal.

Shubham Goel: Yes, I wanted to ask that the company is giving out dividend, right?

Narayan Gangadhar: Yes. Sorry?

Shubham Goel: The company must be giving out dividend, right?

Narayan Gangadhar: Yes. Vineet had already announced that. Yes.

Shubham Goel: So, my doubt regarding that was that if the company is also spending money on technology, then how and why is it giving dividend? Like why not invest more money into technology?

Narayan Gangadhar: See, basically, when we set the it's a great question. See but when we did the plan and when we look at the overall fiscal outlook of the company, right, we feel that for the kind of growth we want and for the kind of scale we want, we can operate well within the financial envelope of the 45% OPM. And in some quarters, as you saw, like this quarter, our OPM is 54%. We don't ever want to be at that number. We actually want to be between 45%, 47% if you ask me. But many times, what happens is because our operational efficiency, that is still much higher than we think, we believe it's very wise to return that money as dividend back to our shareholders. Because very simply could the -- our capital needs were completely addressed. We don't need any more cash than this as of this point. And if needed, we always have other ways and we can revisit that topic.

Moderator: The next question is from the line of Anant from Electrum Portfolio.

Anant: My first question is basically what is the update on the incorporation of the AMC? And the second thing is what is the outlook on your distribution business side?

Narayan Gangadhar: Yes. So, incorporation on AMC, I think the paperwork is on. We likely expect it to complete within the next quarter or so I think it will be ready by then. Now that said, just because its formed it doesn't mean we are going to spring into action, right? It's going to take us some time to figure out how we actually go and actuate a plan to operationalize it. That's a longer topic, which we currently have not -- we are currently working on the right models there.

Your second question is more relevant is distribution. Our entire future play is built on the distribution platform. This is where we are hedging our -- not hedging, this is where we are -- hedging is the right work actually. We are actually hedging on this for the long term because I anticipate that our profile, our customer base is so strong that there is huge opportunity to up-sell and build even more stickiness than introducing new products. Prateek, do you want to just give us a sense of how you're thinking about the step pyramid of all these services?

Prateek Mehta: Shubam, the way we are thinking on this, right and that if you look at the consumer and typical -- we are currently in the broking space and something which is larger than broking is the entire saving space. And then, of course, there is an earnings space and there is spending space, right? So, if you look at the consumer, literally 100% of the consumers are earning and they're spending, right? Some of them are saving and some of them are investing and then eventually, some of them are active in broking, right? What we want -- what we have realized is that our consumers and especially as the years have rolled by, our consumer profile is continuing -- a large number of consumers are still very young. So, what is going to happen over the next few years is that their requirement for financial services across all of these states is just going to go up. And hence, we will solve for whatever problems they might have across these areas. Now, to what Narayan has already alluded to, which is there would be some interesting lending solutions that will come by. There's insurance and then -- depending on what is the right experience and what is the right product for our consumers we'll keep doing more on the distribution side. Clearly, mutual fund, insurance and some of the other fixed income products will be part of the play, which we are already in panel we've been distributing in the past, but that is something that we'll expand on the product and then there completely new solution that we will build over the course of the coming year and beyond.

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

Narayan Gangadhar: Yes. So, thank you, everyone, for joining us today on the earnings call. As we have discussed, we are extremely excited and really super pumped about the launch of our Android app. This app is going to be the cornerstone of all our future journeys and we are betting big on how we can introduce newer and newer products to the market on top of this platform.

So, we continue to invest and open up the market. We are going to take a pool position in expanding the market going forward. We want to continue our penetration in Tier 2, Tier 3 and even to Tier 4 and 5 cities and bring these customers live on our platform and expose them to this wide range of products that we are about to build. So, we'll also continue to invest in up-leveling our clients through better education and better refinement of our digital infrastructure.

So, I want to thank all of you for your continued support and confidence in Angel One. For any further queries, please do reach out to Hitul, our Head of IR or SGA, our Investment Relation Advisors. I wish all of you a great day ahead. Stay safe and stay strong. Thank you very much.

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