



Angel One Limited
Q4 FY'24 Earnings Conference Call
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MANAGEMENT:

Dinesh Thakkar <i>Chairman & Managing Director</i>	Vineet Agrawal <i>Chief Financial Officer</i>	Amit Majumdar <i>ED - Strategic Initiatives</i>	Ravish Sinha <i>Chief Product & Technology Officer</i>	Jyotishwarup Raiturkar <i>Chief Technology Officer</i>	Ankit Rastogi <i>Chief Product Officer</i>
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Dr. Pravin Bathe <i>Chief Legal & Compliance Officer</i>	Subhash Menon <i>Chief Human Resources Officer</i>	Saurabh Agarwal <i>Chief of New Business</i>	Devender Kumar <i>Head of Online Revenues</i>	Bhavin Parekh <i>Head of Operations, Risk & Surveillance</i>	Hemen Bhatia <i>CEO – Asset Management</i>
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Moderator: Ladies and gentlemen, good day and welcome to Angel One Limited Q4 FY'24 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 "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

Hitul Gutka: Good morning and welcome everyone. Thank you for joining us today to discuss Angel One's Q4 FY'24 financial and business performance. The recording of today's earnings call and transcript will be uploaded on our website under the Investor Relations section. The financial results, investor presentation and press release are also available on the website.

For today's call, Angel One is represented by Dinesh Thakkar, Chairman and Managing Director; Vineet Agrawal – Chief Financial Officer. We also have the senior leadership team of Angel One, along with SGA, our IR consultants.

The leadership team will give us a brief overview of the operational and the financial performance of the quarter gone by, which will be followed by a question and answer session. Please note that there may be certain forward-looking statements made during the call which must be viewed in aggregate with the risks that the company faces.

With this brief introduction, I now invite Dinesh Thakkar for his opening remarks.

Dinesh Thakkar: Thank you, Hitul. Good morning, everyone.

In the financial technology industry where innovation is the currency of progress, Angel One has stood as a beacon of excellence for three decades. Today, as we gather virtually here, I am filled with gratitude for the journey we have traversed, milestones we have achieved, the trust we have garnered among our clients. Our legacy is one of relentless pursuit of excellence, innovation and trust. Through this pursuit, we have established ourselves as a formidable player in India's fintech landscape, where our name resonates as a symbol of reliability and innovation. Our digital outreach has enabled clients located beyond metros and tier-one cities to access and consume capital market products. This democratization of financial services has been one of our pillars of growth and we continue to deepen our roots into untapped opportunities. As we have reinvested in expanding our client base and offering them a more robust

platform, we have witnessed very strong growth. I am delighted to share that our average daily order have grown 86% between Q1 and Q4 of FY'24, in that process, achieving the peak orders per day of more than 10 million. This growth is testament to the resonance of our vision and the effectiveness of our performance.

With strong growth comes the responsibility to ensure adequate capitalization to sustain and fuel our expansion. In this spirit, we recently completed a capital raise of Rs.15 billion which will be primarily used for margin monies with stock exchange and the growth of our MTF book. These efforts underscores our commitment to prudently manage our resources.

We are extremely thrilled and humbled by the overwhelming response our fundraise received from both domestic and foreign investors as a testament to the confidence they have in our vision and strategy. To all our investors, both existing and new, I extend my heartfelt gratitude for your invaluable support and belief in our journey.

Turning to our operational performance, I am delighted to share with you that the Angel has once again delivered a historic performance during the quarter. We have experienced our highest ever quarterly gross acquisition, expanding our client base to new high of over 22 million. Furthermore, our client executed over 470 million orders during the quarter. This client surge, coupled with robust activity witnessed on our platform across our product and service offering, reconfirm the resilience and the scalability of our systems.

At the heart of our growth story, lies an unwavering commitment to client centricity. This ethos has guided us through our digital transformation journeys, enabling us to build a solid roster of clients who not only transact with us but also advocate for us. Each cohort acquired has consistently given us stable revenue every year. Our vintage clients too, who have been with us for more than five years, continue to contribute very healthy revenues even today. With higher client acquisition year-over-year, their revenue contribution is consistent like the previously acquired cohort. The stability and profitability exhibited by each cohort and the continuous influx of new clients serves as a bedrock for our future growth.

Our digital model not only enables us to penetrate deeper into market but also fosters long-term relationship with the younger demography, driving value creation and client longevity. Through this digital engagement, clients from every acquired year tend to become active and transact in one or more segment over time. For instance, about 54% of clients acquired in FY'21 became active over the next four years and continue to engage on our platform across multiple segments. It is heartening to note that even in respect of clients who commenced their journey as a trader, an overwhelming majority of them eventually build long-term equity portfolio, thus realizing the virtues of investing in equity as an asset class. This journey of value enhancement from novice trader to mature investor is extremely encouraging and defines client longevity on our platform, thus ensuring sustained growth in the lifetime value of the customer. It also motivates

us to offer our clients other value-added services and partner with them in their quest for wealth creation.

As we chart the course for the future, our focus remains steadfast to enhance client experience on our platform through superior engagement journeys and product enhancement to create value at every touch point. We continued our focus on further fine tuning our KYC journey, which is the first point of client interaction with our systems. We undertook development on the Super App with the rollout of dedicated sections for option strategies, allowing traders to discover and execute predefined and custom strategies easily. We also released a dedicated option expiry section which simplifies trading option on expiry days. To encourage creating long-term investing behavior, we enhanced journey for the cash segment as we introduce stock widget featuring a list of popular stocks, most-traded stocks on the homepage, a predefined watch list segmented to some predefined personas.

Dedicated to revolutionise client engagement and experience, our assisted business has been building a dynamic array of products. As a part of development, we are transforming the NXT application, a universal platform for all our channel partners.

Key developments currently being carried out include intuitive and intelligent features, empowering our channel partners for better lead generation and management. With clear call to action button and high degree of personalization, the platform acts as a personalized communication engine for our channel partners.

In our Mutual Fund journey, client can now customize SIP amount and dates, compare up to three Mutual Funds across all available parameters and track portfolio growth against indices. These innovations are driving significant growth in SIP adoption, reinforcing our position as a second largest player in incremental registered SIP. This underscores the effectiveness of our Super App strategy and the value it delivers to our clients. Last quarter alone, we registered nearly 1.4 million unique SIP, showcasing our commitment to guiding clients on their long-term investing journey and enhancing engagement on our platform.

Efforts continued during the quarter to seamlessly integrate credit and fixed income product into our platform, which is currently undergoing beta testing with select clients. Having crafted the MVP for this offering and initiating rigorous testing to ensure reliability and effectiveness, we expect to scale up the operation over the next few quarters.

On the AMC front, we have onboarded the core leadership team who have been working to get the final approval from the regulator for the swift launch.

With respect to our Wealth Management foray, I am happy to introduce to you the team led by Srikanth Subramanian as the co-founders of our Wealth Management business. Srikanth has extensive experience at Kotak Mahindra Bank in life insurance, private

bank including global wealth management and investment advisory and more prominently in the WelthTech initiatives at Kotak Cherry.

The co-founders offer decade of combined deep domain expertise across the function of wealth business and demonstrate impeccable skills to scale the wealth business with the sharp focus on tech-led models. While we will target the fast-growing segment of UHNI and HNI, we endure to progressively democratize this offering to the underrepresented segment in retail through differentiated digital offerings.

During the quarter, we further solidified our management bandwidth with the onboarding of Meenal Maheshwari Shah as our Group General Counsel. With a remarkable career spanning over 14-years, Meenal's expertise extends to working on diverse legal transaction, navigating complex legal landscape and providing insightful counsel on legal, policy and regulatory matters. Prior to joining Angel One, Meenal served as a group legal director and data protection officer at LemmaTree PTE Limited, a subsidiary of TEMASEK, led the legal counsel function at Essar and Times of India.

We have secured the associate partner sponsorship for the coveted India Premier League (IPL) for five years starting in 2024. This sponsorship promises us extensive brand visibility, through on-ground digital and televised media, allowing us to engage with wider audience, particularly in tier-2 and tier-3 cities and beyond.

Our investments in Q4 FY'24 reflects our proactive stance in expanding our team, client base and technological capabilities to continuously prime our client experience. While these investments may impact short-term margins, they are crucial to our long-term growth and profitability.

Let me now take you through some of our operational highlights. We onboarded about 2.9 million clients within a quarter, stacking up the total client base of 22.2 million clients. This serves as a testament to our commitment to operational excellence. Robust client activity drew us 35% sequential increase in total executed orders for the quarter. The ADTO on our platform continued its uptrend, growing by 23% quarter-on-quarter to nearly Rs.44 trillion.

Looking ahead, we anticipate sustained growth, requiring increased working capital deployment. Consequently, the Board has decided to defer the dividend payout for the next few quarters to conserve resources, optimize our balance sheet and support our growth trajectory.

Now, Vineet will walk you through our financial performance before we open the floor to your questions.

Vineet Agrawal:

Thank you, Dineshbhai. Good morning, everyone.

As highlighted by Dineshbhai, Q4 of FY24 has been a very strong operational quarter for us as we achieved our historic best performance yet again with average daily orders

growing by 32.3% sequentially to 7.73 million, taking our aggregate order count higher by 34.5% sequentially to 471 million in Q4 of FY'24.

We clocked our highest ever quarterly gross total revenue at Rs.13.6 billion, registering a 28% quarter-on-quarter growth. Gross broking revenue grew by 30% quarter-on-quarter to Rs.9.2 billion. Gross broking revenues accounted for 68% of our gross total revenues. Within this F&O continues to drive the gross broking revenue contributing 85% in Q4 of FY'24, while the share of cash and commodity segments remain stable at 11% and 4% respectively. Since the majority of our clients are part of our direct business, their share in the net broking revenue stood at approximately 77% while the balance 23% was contributed by clients acquired through our assisted business.

Our volumes in the cash delivery segment continue to improve. Higher activity in this segment is an important lever for the growth of our client funding book, which grew by 9.1% sequentially to average at Rs.20.3 billion for the quarter. This led to a corresponding growth in the interest we earned on this book. The interest earned on client funding, along with the interest earned on deposits with exchanges, led to a 16.6% sequential growth in our total interest income to Rs.2.5 billion, thus accounting for about 18% of the total gross revenues for the quarter.

The ancillary transaction income, linked to the turnover clients do on our platform, grew by 34.7% quarter-on-quarter to approximately Rs.1.1 billion, accounting for nearly 8% of our Q4 total gross revenues.

Finance cost was higher by about 56% quarter-on-quarter to Rs.556 million in Q4 of FY'24 due to a combination of higher average borrowings and higher cost of funds for the period. Higher borrowings were in line with the growth in client funding book and borrowings availed to fulfill margin obligations with the clearing corporation. The overall finance cost for the year has been within the anticipated increase as envisaged last year on account of incremental working capital required to manage the bank guarantee requirements for margin obligation.

With every trading day as an expiry day for indices across NSE and BSE, and growing volumes, the working capital requirement for broking businesses of our scale and size have increased considerably over the last few quarters.

Employee benefit expenses including cost of granting ESOPs, was at about Rs.1.59 billion for the quarter, sequentially higher by 12% due to additional headcount primarily in the Wealth Management business, ramp up of our asset management business, data analytics, technology and product functions.

Our other opex for the quarter clocked at Rs.4.3 billion being 33% higher sequentially, driven by 17% growth in our client acquisitions, leading to an increase in one-time client acquisition cost and onboarding cost. Other expenses for the quarter also include Rs.227 million, apportioned towards IPL associate sponsorship for related and related

digital and media advert spend. Operating expenses were also higher on account of higher spends on cloud infrastructure in line with the growth of the business. Here, I would like to inform you that Angel One will continue to invest in scaling up its brand over the next few years. In the ongoing quarter, we intend to spend about Rs.1.2 billion towards the remainder of the annual sponsorship cost and digital and electronic media advert throughout the ongoing IPL season. Our brand spend thereafter for the rest of the year will be in line with earlier trends. However, such spends will help us to significantly amplify the brand across the country, giving us better reach to our target audience.

Our consolidated EBDAT margin expanded to 44.8% for the quarter versus 44% in Q3 of FY'24. This margin remains within our guided range. The upfront one-time investment in acquiring more clients today helps us to grow the business going forward, thus reaping benefits of better operating leverage.

Depreciation and amortization costs increased by 27% to Rs.167 million in Q4 of FY'24 on account of augmentation of technology assets at a data center and disaster recovery site, required to manage the growing client base and order volumes.

Our consolidated profit after tax from continuing operations grew by 31% quarter-on-quarter from Rs.2.6 billion in Q3 to over Rs.3.4 billion in Q4, making this our highest ever quarterly profit.

Our FY'24 total gross revenues and profit after tax grew by 42% year-on-year and 26% year-on-year to Rs.42.8 billion and Rs.11.3 billion respectively. Period ending cash and cash equivalent increased to Rs.98.4 billion on the back of an increase in clients margins and cash generated from the business. Period end client funding book grew to nearly Rs.17.7 billion compared to Rs.11.5 billion as of March 2023. The consolidated networth of the company grew to Rs.30.4 billion. This does not include the recently concluded fund raise of Rs.15 billion as the funds came in early April. As we continue to operate the business within our desired margin profile, our FY'24 return on average equity remains healthy at 43.3%.

The funds raised via QIP have been deployed as working capital into the business. The current quarter will have some elevated costs on account of IPL, annual increments and new stock grants, which will have an impact on the margin of the business for this quarter. The ROE post the fund raise will also see a decline before gradually going back with growth benefits of deployment coming in towards the end of the financial year.

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

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Swarnabh Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee: Two, three questions from my side. First, in terms of your broking business, so the major metric which is the number of orders we are doing in a day, if you could give us some idea in terms of this growth, how much of that has come from what you alluded in your initial speech that the number of days when expiry is happening has gone up. So, that must be one of the factors. What are the other factors which would have taken this number up for the quarter, including maybe client activation or existing clients trading more. If you could give some ballpark quantification of that, that would be very helpful? And going ahead, what would be your aspirations to take this number because we have already seen a sizable jump in the number from where it was seen in FY23 and can it see a similar level of traction going ahead, what would be your aspiration if I were to ask you on that? So, that would be my first question and also maybe an addendum to that is if you could also give some color on what proportion of this number of orders that are coming in is coming from your engagement with BSE, that would be very helpful. So, that is the first part. The other things that the branding spend that you have mentioned, is it inclusive of the IPL-related costs that would be there in the P&L, if you could give some color on that? Sir, if you could also explain the pie chart in Slide #10, which you have highlighted, in particular, wanted to understand that two cohorts that you have provided FY'21 and FY'22, you have given a number which is close to around 50%, 54% for FY'21 set of clients and 49% for FY'22 set of clients who have transacted. So, what happens for the other close to 50% clients are? So, is there a scope of kind of accreting revenue out of them in future or would they remain as inactive customers and what broader message you would like to give to this slide if you could highlight that?

Dinesh Thakkar: First, I'll just answer in terms of increase in orders. If you see when we started this financial year, we were clocking around 42 lakh orders per day, which in Q4 was 86 lakh orders per day. Parallely, if you look customers that we were acquiring was around 4, 4.2 lakh per this thing a month which by Jan and Feb we were clocking around 10 lakh client per month, that is we're acquiring around 10 lakh clients per month. So, this new set of customers, when they come in, definitely they are active and what orders we get from our vintage clients and new cohorts also are of a similar kind of a nature when they are onboarded, within 10 to 15 days they are active on our platform. So, primarily it is because we have acquired a huge set of customer much beyond growth that we regularly clock and due to kind of like vintage clients also being active on our customer as we explained in Slide #9 and #10, combined with new set of customers, we saw activity growing up. And second proportion of order of BSE, we don't disclose that, but that is not a significant proportion. It is proportionate to whatever order we clock on NSE and all that. It is not that BSE has contributed in a big way, although we have a decent market share across NSE, BSE and all other segments. On branding spend, yes, what we have shown, it includes IPL. Vineet would be the right person to walk you through this number. And on Slide #10, specifically, Amit or Vineet, you can take this question.

Vineet Agrawal: On the IPL spend, as I just spoke in the commentary, we spent about Rs.22.7 crores in Q4 specifically in the month of March. This includes the proportionate share of the sponsorship as well as the spend towards media and digital adverts. So, as you would be aware, we've won the bid for Rs.82 crores annual bid for associate sponsorship.

This what we are doing is we are spreading it across all the matches. So, there are about 74, 75 matches to be held in IPL this season, of which about 13 were held in the month of March. So, the proportionate share of that Rs.82 crores towards the sponsorship cost has been booked in the month of March along with the spends towards digital and media adverts, and the balance plus the spend towards digital and media adverts would be spent in the month of April, May and June across the entire season. That will be roughly in the range of about Rs.1.2 billion or Rs.120 crores.

Swarnabh Mukherjee: Sir, the remaining amount would be Rs.120 crores. So, nothing additional apart from the IPL?

Vineet Agrawal: On the IPL front, this will be the total spend and thereafter we will continue to spend on our brands as we do as part of our general spend.

Swarnabh Mukherjee: Sir, just to clarify one, in Slide #9, you have given that for FY'24, branding spend was around Rs.88 crores. So, that number for FY'25, we can take Rs.120 crores. That will be a correct number?

Vineet Agrawal: No, Rs.120 crores only is in the first quarter. So, what you can do is you can reduce Rs.23 crores from Rs.88 crores and spread it over the balance, say, 10 months to understand what is the spend every month going forward in the future.

Swarnabh Mukherjee: So, understandably, sir, on this, the margin outcome of 1Q would be, I mean, lower compared to what your guided range is. For the full year, are we confident to remain in the guided range?

Vineet Agrawal: Yes. So, as I said, this elevated cost is going to be in Q1, but as we go through the entire year, the margins would be in the range of the guided range and that's where we always advise our analysts and investors to look at our business from a yearly basis and not on a quarter-on-quarter basis.

Dinesh Thakkar: Just to add over here, see, this branding cost and when we are acquiring more customer than what we acquired in previous quarter, it will appear there is an impact. As I always said, this is kind of an upfront cost. If you refer to Slide #9, we are clearly showing that all vintage customers across five years have given us revenue. So, best way would be that till the time this phase of growth continues and we are hopeful it will continue for many more years, whenever in a quarter we acquire more than what we acquired in previous quarter, that will appear as a suppression of margin. But that is only upfronted cost which if at all you want to know, annualised kind of an OPM that will help you to remove it for time being. And if you are taking it, you divide it by five years because you would have apportioned 12.5% of due kind of like cost that we have taken because lifetime value of a customer as shown in Slide #9, it is five years and beyond. So, this all cost that we are taking upfronted in terms of acquiring more customer and getting more market share is making our business model more stronger.

Swarnabh Mukherjee: Sir, on the aspiration in terms of number of orders per day, if you could give some colour?

Dinesh Thakkar: As I said that till this time we are able to acquire more customers and we are able to get revenue from our existing customers. This number of orders will grow. Now, to give a number would be like getting into forward-looking statements.

Swarnabh Mukherjee: And if you could take my last question?

Amit Majumdar: Amit here, I'll perhaps help you understand that slide. A couple of messages that we are giving out here. One is if you know the NSE headline active client that you usually get to see at the end of the month which NSE publishes, you will see that on an average Angel is about 27% to 28% active customers who are active on any given day in a rolling 12-month period. So, that's the data that you see as a headline number. What we are trying to convey is that that is not the right way to look at the active customers. The right way to look at is how many unique customers are active over a longer period of time because not all customers become active in the year in which they are acquired. And they begin to test the market, they begin to test the platform, test the process, the journey, and then they slowly begin to get active. So, this slide that we are referring to actually shows that for FY'21 the cohort of customers that were acquired, close to 54 customers, 54% of them became active over the next four years. And we looked at that for the subsequent years cohort customers. In fact, in the subsequent year, close to 50% customers became active in the three years that that cohort existed. This implies that directionally it can be far more than 50% because all these customers become active over time. And that is the power of the platform that we are trying to convey so far as Angel is concerned. And in that context too, the other message we wanted to convey is even for customers who are doing pure futures and options, over time, after having understood the market well, begin to carry out long-term equity investment. And therefore, this slide actually shows almost all the F&O customers and there's a very small portion of an F&O customer who have not gone into equity as an asset class, but an overwhelming majority of them eventually go into equities, build a portfolio and therefore stay consistent on the platform. Now, imagine these customers, even after doing F&O, because they have built an equity portfolio, one is, they have tested the fact that when they do long-term investment, moneys grow, at the same time they're now going to remain sticky on our platform when it comes to engaging with that customer, I hope Swarnabh that is clear to you.

Swarnabh Mukherjee: Just one point. So, the data shows that in both situations that the count for number of customers is only cash is higher than what it is for F&O. So, does that mean that people who are coming in near large part will actually only do cash and not F&O, am I getting it right?

Amit Majumdar: The journey here is that well, majority or at least some portion of our customers when they come on our platform, the first point of engagement could remain an F&O, but eventually they will also have equity. What this shows is F&O and equity. So, the blue

portion is actually F&O and equity. So, around close to about 25% or 30% of them are F&O who are also doing equity and close to another about 40% of them are actually doing only equity. So, the point is, not everybody is doing F&O. People who are doing F&O are also doing cash, and people who are in cash are only doing cash.

Swarnabh Mukherjee: I will maybe take this offline to understand this a little better. There have been some news flows regarding regulators looking at the F&O space. This has come quite several times in the last one year. But any conversations you were having in terms of risk management of customers on the F&O side, if you could give some colour?

Dinesh Thakkar: Currently, if you see there is nothing concrete, whatever like discussion we are having with regulator that has been implemented and that is something like does not really concern us because their mostly focus is on not to lure a customer, not to kind of show wrong loss and profit statements and all that. I think that is quite old news now. There's nothing new that I've heard about.

Moderator: The next question is from the line of Sanketh Godha from Aventus Spark. Please go ahead.

Sanketh Godha: I am referring to Slide #9 on the cohort analysis what you have given. See, if I do a simple math there, the revenue earned in that year where you acquired the client and do revenue per client in that particular year, then I see there is a structural decline in the revenue earned per new client what you have acquired means if I do that math that number is Rs.1,860 for FY'20, that number is Rs.700 for FY'24. So, just wanted to understand that incremental clients what you are adding, the marginal revenue they are bringing is meaningfully lower compared to what you are adding in FY'20. So, just wanted to understand that client addition really matters from a revenue growth point of view because incrementally the revenue addition seems to be much lower for every client you had. That's my first question. And the second question what I have is that with respect to QIP, Rs. 1,500 crores, you raised. Naturally, it will result in reduction in the working capital requirement. So, just wanted to understand how much borrowing costs will further come down in FY'25 going ahead with the fresh capital coming in? And lastly to Vineet, if I understood it right, Rs.120 crores is what you will spend on IPL and that number will be a recurring number for next four years. That's the way I need to look at it, right?

Dinesh Thakkar: So, let me answer the first one. See, on relative basis always when you acquire a new client from new territory or a new demography, always it takes time to optimize it. So, what we look at is not that okay, we want only customers who give like very high revenue and what we look at is what's the cost to acquire new set of customers. And if that fits in our model where we say that whatever cost we take to acquire this customer would be able to give us an OPM of around 50% to 60%, we would like to go and expand. That is how all digital players have expanded their market share. Traditional brokers were stuck with high ticket size. But we thought that we can go into new territories, acquire those customers if it is profitable, if unit wise economy is favorable, we should

go and acquire those customers. So, if you look at demographic change which has happened across years, we are now acquiring customers from tier-3 and beyond. We are acquiring customers who are young, millennials and Gen Z and all that. So, these are new set of customers who are getting exposure to capital market. What we look at, if you look at our margins and all that, this is how we have expanded our market share and there is a stickiness of our customers whichever year we have acquired, they continue to be on our platform for next years, following years and we are able to cross-sell many products. So, right now it is too early to say what would be a lifetime value of a customer where we haven't sold all the products to those customers. What we look at is cost of acquisition and what would be lifetime value of a customer. With this cohort that we are acquiring also shows that lifetime value of an customer would be around in the region of 7x. In digital model, I feel that up to the level of 5.5, 6x also we are profitable and we can maintain these margins. So, with that approach, every quarter we see what are the new kind of areas that we can get into. This process has been going on since last three, four years. So, we tried to get into new kind of like channel, new kind of demography, new PIN codes and acquire customer. But what we see across years, they're able to give us a decent OPM. So, we would not look at relative basis, we look at absolute basis, what's the cost, what's the revenue.

Sanketh Godha: A follow-up on that, Dineshbhai. A small clarification. So, the number is Rs.700 per gross client today, so any number below which you believe that it is unviable to acquire more clients, maybe say Rs.400, Rs.500 -?

Dinesh Thakkar: When you see Rs.700, actually, whenever a year complete, client has not completed 12 months. Some clients we have acquired in the later quarter, some quarter we acquired in the previous quarter. If I look at 12 month steady state content revenue, there we don't see any concern like big deterioration or big concern. Vineet, QIP and IPL, if you can take.

Vineet Agrawal: Sanketh, on the funds raised from QIP, we've raised about Rs.1,500 crores and this will be deployed across the margins with the exchanges and to grow our MTF book. In terms of the finance cost, that is a subjectivity-based question because with the growth in the business volumes, the growth in finance cost will be there. But I would tell you that it would be in that same range of what we have spent in the last quarter as a percentage of the gross revenue, it's not going to be very different from that. But again, it depends on how we grow our client funding book and the volumes of the orders growth that we see for the current year. On the IPL cost, the commit -

Dinesh Thakkar: I would just like to add over here. Sanketh, this QIP was not to retire debt, it's a growth capital. We can see a huge growth and we would like to deploy this capital for the growth of the business be it margin trading book or increasing orders and all that.

Vineet Agrawal: On the IPL, the committed cost for the next four years is about Rs.82.5 crores annual and beyond that, whatever we are going to spend on digital and media adverts is over and above that. For this year, you're right, we have committed to spend almost like

Rs.143, Rs.145 crores over this entire IPL season including the media adverts and digital ads.

Sanketh Godha: One small clarification. Rs.120 crores is excluding Rs.22.7 crores you have already spent in fourth quarter, right? So, for the full year, cost will be Rs.120 crores?

Vineet Agrawal: No, the cost of this entire IPL sponsorship and related advert spends is Rs.143 crores as we see it today, of which Rs.23 crores has been accounted for in Q4 and about Rs.120 crores will be accounted for in the current quarter.

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

Prayesh Jain: Firstly, sir, like the spend on IPL now we've already have almost seen one month of IPL. How has been the impact of the spend that we are doing on this -- Is the experience better than what we had thought or what we were doing without IPL, how has been the experience so far? Second, in fact, just following up on Sanketh's question earlier, so if we look at that run rate has come off from Rs.1,860 to Rs.700 and even in the second year when we look at it, it's come down from Rs.3,400 to Rs.1,500, for third year again, it's down from Rs.3,000 to Rs.1,600. That has been the declining trend. Whether is this something where possibly these are the numbers that we should look at or is there a scope for this to further go down? So, the point that I am making is the customers that we would have acquired in FY'24 about 8.8 million, they have given around Rs.615 crores of revenues, so that is Rs.700. So, what would be the number of trades that they would have given, whether that is a number that is kind of achievable or possibly further more downside can be looked at on this number? And lastly, just a clarification if you can give on the presentation Slide # 10, What do you mean by when you say realized equity gain of Rs.5.5 billion and unrealized equity gain of Rs.18 billion, could you just clarify this for FY'22?

Dinesh Thakkar: Prayesh Jain, thank you for your compliment first of all. And now coming on IPL spend, although it is one month, but like broadly we are looking at increasing visibility of Angel One across Tier-3 and beyond and IPL is the best media to really see a jump up in terms of spontaneous recall or maybe people recollecting Angel One as a fintech player. So, the benefit of this would be a bit long-term, I would say this will take some time for this visibility to kick in and result in some good numbers. But what we are seeing is that now when we are running our digital campaign and all that, acceptability and kind of like recognition is very high, and we believe that this will result in some business numbers. And for us, it is important to be visible across all tiers, because mostly customers that we are getting is from Tier-3 and beyond and cricket is a very popular kind of sport across all age group. So, initial numbers are showing tremendous kind a like visibility benefit that we have got. So, we believe this will boil down to business numbers. So, that is the main objective that we went for IPL to get a good kind a like spontaneous recall and top of the mind recall from audience was looking at digital stock broking. In digital space, what happens? There is a space for three players. So, we want to see when a prospective customer is thinking about stock broking, does he recall

our name on the top? That means you will get a market share of 35% to 40%. He or she has to recall that name in at least top three. So, that lead indicators which will help us that okay, when this population of people who are having PAN account, internet trading, internet account and all that which is around 50 crores to 60 crores. When they think about stock broking, are they thinking about Angel One? If the answer is yes, of this huge revenue pie that we are going to see in next five, six years, by default there's a lead indicator to suggest that like one out of three is recalling Angel One name. So, that's the purpose of this IPL and branding. Now coming to FY'24, the way you are calculating, we acquired 8.8 million, but the revenue of these customers did not come for all 12 months. So, if you see our most of the acquisition has happened in December, Jan and Feb. So, they haven't contributed for a total of 12 months. The way we look at is that these are lead kind of like parameters for our data science team works that if you are getting this kind of like revenue in first month, second month, so they extrapolate what kind of in like lifetime value or revenue will get when they complete 12-months. And we have been perfect modeling that to the tune of like error of 1.5%, 2%. So, the clients that we have acquired clearly show that they are profitable, and they will fall within that bracket of breakeven of six to seven months. They will fall in that bracket where you would be able to get an OPM of around 50%. So, that is our main objective, to be very focused on business metrics. So if a new pocket opens up and we see there is a huge potential in terms of increasing lifetime value and our data science team is able to extrapolate that trend. So, we try to spend early, and we have been doing it since the last three, four years. That's the secret sauce that we were able to be successful in digital model. Now, we have perfected that modeling to an extent, if we acquire a customer, we are able to predict what kind of revenue we will get in the next 12-months. So, then we work out if it fits in our OPM and breakeven period and all that, we go aggressive and acquire that market share. On Slide #10, Amit, would you like to take it forward on that?

Amit Majumdar:

So, Prayesh, on the Slide #10, what we mean by realized gain is these are customers who have traded in equity or at least bought an equity and then sold in the course of the last four years. So, for customers who were acquired in FY'21 in the four-year period that they have been in existence on our platform, some of them would have actually sold their portfolio in the course of four years and some have continued to hold the portfolio as on 31st March 2024. So, the realized equity gain is that part of the gain that was bought and sold in the course of the four years. The unrealized gain is those that are getting held, continue to be held as on FY'24 and that value of the portfolio is actually worth Rs.66 billion and a gain of Rs.24 billion of that Rs.66 billion, the Rs.66 billion includes the gain of Rs.24 billion.

Prayesh Jain:

But sir, when you say Rs.7.4 billion, does that include only cash portfolio churn or is this also includes F&O because these are the clients who are doing both F&O and cash, right, so would that mean that they would have also earned some profits on F&O and combined or possible in a combination of loss in F&O and gains in cash, is that the right way to think about it?

- Amit Majumdar:** No, Prayesh. So, the purpose of that is to say that there is a realized equity gain. It is not about F&O. It's pure equity gain. The intention here is to say that customers who are doing F&O are also doing equity and they are experiencing gain. That's the purpose of the slide.
- Dinesh Thakkar:** There is a concern in the market that people just do F&O. What we want to say is that this young population is always attracted towards quick money. But not that once they're unable to achieve something successful in F&O, they stop investing. They move towards investment. And once you move towards investment and you see some kind of like profit. This would be sticky on our platform because across all that kind of like life cycle when this person is thinking about saving instead of going to a bank and putting money at 6%, this person has seen the benefit of equity appreciation. This person will remain and put all that lifetime savings in equity market, if they learn how to really deal with mutual fund, equity, portfolios and all that. So, we are seeing early signs where we are seeing customers who started their journey as traders are also moving towards equity and creating a portfolio.
- Prayesh Jain:** Compliment on the amount of data you are disclosing. This is helping us to understand the business granularly. Thank you for sharing this information.
- Moderator:** The next question is from the line of Nidhesh from Investec. Please go ahead.
- Nidhesh:** On the corporate structure changes that we announced I think one or two quarters back, is there any update in the regulatory approval on the corporate structure changes that we are planning to do?
- Vineet Agrawal:** No, we are still engaging with the regulator in terms of making them understand the entire structure. So, no update as of now.
- Nidhesh:** What is the guidance for EBITDA margin -- are you saying that we will be in the guided range of 45% to 50% for full year FY'25 even after accounting for IPL cost?
- Dinesh Thakkar:** As I said, if you look at like increased cost in acquisition and cost that we take in IPL, it has a huge benefit. But if we stagger it for 12 months, we would be within this range of 45% to 50% OPM and only impact would be other businesses that we are building that can have an impact of around 1.5%, 2%. Vineet, would you like to elaborate that?
- Vineet Agrawal:** So, what we envisage is that we will be in that range of about 45%, 47% for the next year, but there will be an impact of about 1.5% on the new businesses that we are building across AMC and wealth. So, you can take the average margin profile to be in the range of about 43% to 45% for the next year.
- Nidhesh:** Lastly, the new businesses that we are incubating, how do you think about from a medium term perspective, let's say three, five years, what sort of revenue contribution all these new excluding broking business can contribute to our P&L?

Dinesh Thakkar: See, we see huge kind of synergy and this all business that we are building, complements to what we are doing until now. So, when we are talking about acquiring customers as we look at the prospect, if we look at that our services should be available across all segments, be it mass affluent, HNI, UHNI and all that. So, it will take its own time for us to build all that businesses to a level where we say it will have a contribution in terms of revenue, profits and all that. But all said and done, we are seeing a huge opportunity in both the businesses, particularly Wealth Management where we have got very senior kind of like co-founders who know their business and we are excellent at in terms of technology and all that, we see a great future. But for this one or two years I think broking is doing excellently well and it makes sense for us to invest in future trends.

Nidhesh: But any number you want to put this out, x-percentage of revenue may come from the new businesses?

Dinesh Thakkar: As we said that in terms of expenses, this will have an impact of around say 1.5% on the OPM margin. But in terms of building a business, too early right now, Srikanth, would you like to give a brief on this Wealth Management.

Srikanth Subramanian: As Dinesh mentioned, very early stage, I think the teams have just come on board about a month, month and a half back. We do have aspirations to create two large verticals. One is to cater to the ultra-high net worth or in other words \$5 million plus which is something that the team has almost two decades of experience in terms of catering to. We think that there are huge opportunities available there in terms of cost overheads that can be brought down using technology and that is one of the reasons why we are super excited being part of this family which is very efficiently used technology. And the second which I think is where a lot of interest also lies for all of us to create is the affluent or the emerging HNI as we call where there is a lot of width available for us to take all our trade and brand that we have taken so far for the ultra-rich to the next level of emerging rich in India. And I think that reach and width is not possible if we don't marry the right domain and right tech, and that is how we are trying to build. As far as some guidance is concerned, very early days. I think in some of the other calls that we will interact, we will have a little more guidance. We are also awaiting the necessary regulatory approvals to come in place before we hit the rubber on the road. So, we will keep everyone posted.

Moderator: We will take the next question from the line of Jayant Kharote from Jefferies. Please go ahead.

Jayant Kharote: I have two questions. First is on the F&O broader market in general wanted your view sir. We've seen a lot of HFTs are sort of increasing, if you track the NSE market pulse for the share of co-location based trades is now almost 60%-65% in the equity derivative segment. We have seen the low latency prop traders were making profits, but retail still got to keep some, but with the HFT sort of increasing and the outlook is much, much larger players coming in the market in the next one or two years, do you think the retail profit pool can shrink meaningfully and then spread on these five products can come

off meaningfully and it will have of course a knock-on effect on overall retail volumes. So, would love to hear how is your view of these two problems specifically because NSE is also adding the data center in New Bombay. So, that will open up much more colocation tracks. There is a regulatory sort of arbitrage between having access to those tracks for retail. So, just wanted you view on this one?

Dinesh Thakkar:

See, when we look at F&O, there are two sides of a trade when it's executed, one side is retail-retail, core retail. And the second side is HNI, HFT and FIIs who are putting that trade. So, when we are talking about retail, second leg is executed by these players what you're talking about HFT or co-location or kind of like FIIs. So, retail is not impacted. You see, the market share of retail almost it has remained constant, that does not fluctuate in a big way, would be in the region of 44% to 45%. So, we take a part of the market share from this segment. We are not into HFT, we are not into colocation business, we are not into kind of unlike arbitrage desk. So, whatever volume you are seeing it is purely because of retail participation. So, what we are seeing is that retail in India is really taking lots of interest. They want to participate in the capital market. And when they are participating, that is a segment that we are aiming at, and we are saying that we are able to increase market share. But if you look at retail that what is needed to come in this market? We are saying you need an internet connection, smartphone or any other device and you should have a PAN account and reasonable saving where you can start your journey, investing in equity market. It can be as low as Rs.500, Rs.1,000, Rs.2,000 start your SIP in Mutual Fund. Slowly as you progress in your life, they try out different, different segments, F&O, cash, commodity and all that. So, we are seeing a huge opportunity, but the potential is huge. Now, when a larger player comes in this market, they enable larger market, they enable wider market to come in and participate. And we as I said that being recognized as a fintech player where we have a kind of an incremental kind of like market share on this incremental acquisition that we do, to the tune of 23%, 24% we are beneficial. Because our model is very different. The customer on our platform slowly evolves to a higher ticket size and moves towards kind of like area where he wants to invest in equity, Mutual Fund or maybe later on go towards Wealth Management product. So, we feel that the introduction of larger player is going to help expand this market. When we have such a big population, who have reasonable saving, what's the reason they're not coming to equity market? Because of lack of awareness, because they're concerned about lots of things which must have happened in the past. So, we always feel that a new player coming in with a big budget is going to expand this market and that is going to help us increase our market share.

Jayant Kharote:

Actually, my question was more about product profitability because we have limited products in the F&O market, right, five products. Because I was more worried that the product profitability of the spreads will become so thin that for the retail player basically does this lead to fatigue?

Dinesh Thakkar:

No, currently we are not seeing any kind of price pressure or any fatigue in terms of the product that we are offering. Retail is just like playing on the direction of the market. So,

they buy, call or sell the thing, buy, put, beyond that their activity is limited. So, what we do is that we try to design certain kind of like product journeys where they're able to understand this better. When it comes to pricing, I don't think there's any price pressure. In fact, there's a concern like opportunity for us, even charge for cash segment. But right now, we are looking at kind of an revenue that we get from customers that are onboarded. It's quite decent enough for us to justify our costs. We are not charging on cash segment. But if we want, we have a huge volume on the cash segment. If we want, we can charge it also. Few of the competition in fact are charging on cash segment. But we are saying there's a huge cash like revenue that is generated to other segment, we are okay keeping that at a zero price.

Jayant Kharote: Second question is if you can explain the journey on the bank guarantee replacement, how has the -

Dinesh Thakkar: I am unable to hear you.

Jayant Kharote: If you could explain what is your average daily clearing margin with the clearing corporation, what's the mix of bank guarantees in that, how much has been replaced and how is the journey over the next few quarters?

Dinesh Thakkar: As we said that this QIP was raised for growth, it was not for the replacement of any instrument, but Vineet would be the right person to take this question.

Vineet Agrawal: Our current bank guarantee deployment across the clearing corporations is about Rs.2,800 crores. And apart from that, we also avail intraday facilities for the time differences for the settlement with the exchanges.

Jayant Kharote: These Rs.2,800 crores is fully owned funded now?

Vineet Agrawal: Yes. Since September of 2023, all bank guarantees that we have been deploying in the business are own funded.

Jayant Kharote: This panel that the government is setting up with RBI, SEBI, there is some concern that the bank guarantee limits may be sort of difficult to get from banks. Anything you are hearing on our banks being a little more cautious in extending limit?

Vineet Agrawal: No, we did not face any kind of difficulty in availing bank guarantees.

Moderator: The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Just wanted to understand, We've seen on the AMC side, the peers go ahead, I mean, I understand it's the approval side, were they faster in filing the approvals and that's why they are ahead, just wanted to understand because we've been leading so far in everything.

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- Amit Majumdar:** We will take it. Hemen – our CEO is here.
- Pallavi Deshpande:** On the AMC side, I understand you mentioned some approvals pending, but we've seen our peers actually launched that ahead of us. So, wondering were we late in filing the approvals, are we behind them in filing them or how exactly that has happened?
- Hemen Bhatia:** On the AMC front, we are currently undergoing the process of getting the approval. While there is no regulatory TAT on when will get the approval, I can just say you that we are progressing well on that front. With reference to competition, I would not like to comment on any particular player but let me tell you as compared to the general in the industry trend of getting the approval, we are very much in line with where we are progressing currently, so nothing much to disclose on that front.
- Pallavi Deshpande:** You mentioned about the unrealized gain in the slide about the client making. Is that post the brokerage or pre-brokerage, equity gain of Rs.5.5 billion for the F&O client?
- Amit Majumdar:** Pallavi, this is the net realized gain; this is after all expenses for the customer. So, the customer has made a net gain on his portfolio. Either he has realized it by selling off and therefore it is called realized gain. And if he has not sold it and holding it, it is called unrealized gain. So, it is the gain to the customer after setting off of the cost of acquisition of those assets.
- Pallavi Deshpande:** After the brokerage expenses?
- Amit Majumdar:** Yes, these are all post-charges.
- Pallavi Deshpande:** So, on the advertising spend, we've seen a significant ramp up even excluding the IPL this year triple the ad spend excluding IPL. So, could there be a regulatory backlash given this very high thing on the IPL side, I mean?
- Dinesh Thakkar:** Pallavi, we were always below average spending on branding and all that. If you look at like the last few quarters, it has been almost like been constant except for we getting into IPL sponsorship.
- Pallavi Deshpande:** Now, just given how much concern was there by SEBI, I mean like you said that there's nothing much they can do, but given their concerns -?
- Dinesh Thakkar:** There is no restriction like that.
- Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.
- Dixit Doshi:** First question is on Page #9 presentation where you have given the vintage clients. So, you have given the margins excluding the branding spend. It's more or less flat over the last three years. Can you give a margin excluding the branding and the client acquisition cost, just to understand that once the vintage client's revenue comes, the vintage

client's margin is how it increases over the years? And secondly, on Wealth Management, you have mentioned that the cost will increase next year. So, will our business be similar to the other Wealth Management companies where we will be having a large pool of RMs and the physical bit is more of an offline business or being a technology player, we will be doing something differently on the Wealth Management side also and leverage our technology and also our existing 22 million customer base. And third, What will be the ESOP cost next year?

Dinesh Thakkar:

We don't really disclose the sales cost, but I think we have been incurring this high sales cost since many quarters that will give you a great sense in terms of what our OPM has maintained across all these quarters, maybe there is a quarter when we ramp up our sales, there is some kind of depression, but as revenue kicks in, we have seen that margin will catch up. Branding we gave separately because the new exercise we are doing, so, for all analysts to understand that, okay, what does this cost, so, that you all are aware that how this would be shaping up in maybe three, four quarters. So, vintage wise client already we had given a kind of like what kind of like revenue we generate. So, you see there is kind of like very less drop in customers we acquired even pre-FY'20, FY'21 and FY'20 & '21. So, if you take the sales cost, as you say, this chart clearly shows that there is a lifetime value of five years and beyond. Up to five years already, you can see the data. So, whatever sales cost we do, it has to be apportioned for five years. But exact number we do not reveal, so I would not be able to help you on that. On the Wealth Management side, I will ask Srikanth to take it over, but on ESOP, Vineet can give you more clarity.

Vineet Agrawal:

So, for the next financial year, our budget for the ESOP cost is about Rs.100 crores, of which about Rs.50, Rs.52 crores is the carry forward cost of the ESOPs that have been granted over the last two or three years and about Rs.50 crores will be the cost which will be incurred towards the new grants that we are going to do in this year.

Dinesh Thakkar:

Srikanth, if you can take model and differentiator?

Srikanth Subramanian:

I think it's a fair question, but in some sense your question also alluded to the answer, that is yes. We envisage the deep integration between domain and tech. I think at least we believe in the next five and 10 years the right to win in the ever-expanding Wealth Management landscape will be by people who can embrace technology in a way where you can take technology to much wider space. I think Wealth Management in India so far has been more about going deep. We at least in Angel One Wealth believe that it will now have to be played both in terms of depth, which is where high quality domain knowledge comes in, and in terms of width, which is where technology comes. So, for example, over the next few years many products that could be available in a fractional manner. We've already seen white papers and circulars around fractional REITS. We are already seeing similar fractionalization across products. So, while the team has a deep insight on what the ultra-high net worth clients require and we will continue to service them. We will use technology for that space to bring opex down because one of the things that we see is, most of the cost models for current Wealth Management

firms are built keeping in mind revenue models which have completely changed. So, revenue models have over periods of time being disintermediated, have moved from upfront to a very back-ended kind of revenue model. So, we believe that usage of the right technology can enhance productivity. But we also think that large investors may not be 100% ready to fully consume everything without high quality RM. So, we envisage the right mix of an omnichannel kind of a requirement for a client and the next customer segment, which is the HNI and the affluent, we will be present in both, that's the plan in terms of having good quality RM, dispensing good quality wealth services and also using the technology leverage with the parent partner here Angel One, create interfaces across app and website which we will be able to give customer the right services. So, the idea is the right mix of domain and tech to be able to capture both depth and width which would be there.

Moderator: The next question is from the line of Aditya Sharma from Aditya Birla AMC. Please go ahead.

Aditya Sharma: The MTF book has declined quarter-on-quarter from Rs.1,980-odd crores to Rs.1,770 crores while the market has been buoyant, especially the cash market has been quite buoyant last quarter. If you could just help us understand, I know it's a balance sheet item, probably it was reflecting on the day 31st March, but I just wanted to understand the reasons for the decline?

Dinesh Thakkar: So, MTF book was also rising proportionate to our customer base and volumes that we did in terms of number of orders. But by Feb, we realize that it is going to a point where we need more capital. That is where we had put restrictions on customer availing this margin trailing. So, that's the reason we did QIP and all that. So, that we are well capitalized to ride this trend kind of like growth in this MTF book. So, we took a pause. Now, we have restored back to normal. You will see a growth in MTF going forward.

Aditya Sharma: Any aspirations from your side in next two years, can we do around Rs.3,000 crores of lending in terms of MTF by the end of FY'26, is that a reasonable assumption to make?

Dinesh Thakkar: Yes, it is a reasonable assumption. So, like already, as I said that by Feb around Rs.2,100, Rs.2,200 crores of MTF. So, to get to that Rs.3,000 crores is like possible, it is not a difficult target, aspirational target will be higher than that.

Aditya Sharma: And also, sir, in terms of margins, when you have provided the breakup, so there has been significant improvement in terms of the margins from the AP business, so around 62%-odd. So, just wanted to understand, what's the reason behind it and is it something structural or is it just for the quarter?

Dinesh Thakkar: No, no, it is structural. I think I would ask Nishant to give a brief on this AP business.

Nishant Jain: So, what has happened is that we were essentially having an omnichannel play whereby a lot of engagement with our existing sub-brokers was through digital means and we were also last year largely not acquiring new sub-brokers. So, any expense on

account of sales would not have happened, and therefore what you're seeing is a slightly, I would say exaggerated version of what the usual margins would look like. Going forward as we kind of start onboarding new sub-brokers and we start incurring some of those costs, plus as we unlock new regions, in particular, rest of India where the existing presence or the existing contribution to the revenue is not that strong, I think some of these costs would also come into play and therefore the margin that you're referring to would kind of sober down a bit, but yes, overall story is very robust, and we would continue to kind of register the similar momentum going forward that you've seen in last year.

Aditya Sharma: Just a follow up on this. So, how are we progressing in terms of the AP addition, if you could share some bit of color on that, that would be helpful?

Nishant Jain: So, there has been a very, very strong interest ever since that we restarted that process. However, we have been a bit choicefull in terms of the kind of sub-partners that we would like to engage with. We have kind of enhanced some of those screening parameters and ensuring that people who are coming onboard are coming onboard with a certain persona and therefore the idea is that going forward we would like to onboard higher quality sub-brokers who can be kind of contributing meaningfully to the client addition and be a long-term partner along with us.

Moderator: The next question is from the line of Aravind R from Sundaram alternates. Please go ahead.

Aravind R: What is our aspiration in terms of client addition and what is our aspiration in terms of improving that to make the client active, the client is becoming active usually in five years and now come down reasonably, is there any further improvement possible there? And what are our aspirations in lending and deposits business that we have mentioned either in terms of penetration among existing clients? And are there any aspiration in terms of disbursements by FY'25 or '26? And another question is considering the IPL association for five years, will this expense be recover for next five years?

Dinesh Thakkar: So, our aspirations on this client addition, as we always say, being a digital player, we would aim to get a market share of around, in new acquisition, to the tune of around 35%. That is where we feel that a digital player should position themselves. So, there's an aspiration kind of like we have that whatever new client come to market, we should be aspiring to get to that market share. Progressively, we are inching towards higher number every quarter and all that. So, that is a positive thing. In terms of offering customer multiple service, we believe time has come that we have to leverage our Super App platform where we offer multiple services to customer to increase their lifetime value and engagement on our platform. So, because of that, we will see lots of active customers. As you refer to Slide #10, we have clearly shown that when we acquire a customer across here they become more active on our platform. So, Amit, if you can take that point, that would be helpful. On lending side, Saurabh can take that

platform. I'll just complete IPL and then hand it over to Amit and Saurabh. On IPL, it is not about recovering cost, it is about, as I said, that we have an aspiration to get a market share of new acquisition to 35%. And as I said in digital business lead indicators are that what a kind of recall people have for your brand. We do lots of surveys and exercise to see our spontaneous recall for our brand and top of the brand recall when we are asking them which is the broking firm you're going to open. So, there should be Angel One name in that. That's the lead indicator that we would be able to reach that market share of 35%. So, this IPL is more about visibility, about that spontaneous recall that people should have, if they're thinking about stock broking, Angel One should come in their mind.

Amit Majumdar: Aravind, so as I understand, I guess you also want to understand how the customers will evolve over time, right? If that is the question, then I mean this slide actually says that in about four years' time, I mean we are comparing this to or we are actually kind of veering the discussion towards the active customers and we are saying that notwithstanding what NSE reports as the total number of customers who are active in a given year. What we are seeing is that when we see a certain cohort of customers that we acquire in a certain year, how many unique customers of them actually become active over a period of time, and therefore this data actually represents that, that in FY'21, whatever customers we acquired, in this case 2.4 million, 54% of them became active over a period of four years. So, when we now revisit this data in the following year, I am sure we will see a larger number there and similar is the behavior of the subsequent cohort of customers that we acquired. So, I hope that addresses your question, Arvind.

Aravind R: Yes, sir.

Amit Majumdar: I'll give this to Saurabh to address on the lending and deposits aspirations.

Saurabh Agarwal: Hi, Aravind. I think your question on lending is what is our aspiration in the next couple of years, right?

Aravind R: Yes, sir.

Saurabh Agarwal: Lending is largely the biggest area in Financial Services in India, and we also have very high aspirations there. At the moment we are in beta testing phase of the lending product and the experience for our customers. And as soon as we are out of it, we will start to aggressively build this vertical in the next two to three years, you should see a very large lending distribution play from our side. In terms of deposits also, I think most likely this quarter or early next quarter we should be out with our deposit offering, where we will have tied up with a few banks and NBFCs to offer their corporate bonds and FDs.

Aravind R: Any numbers you can give in terms of penetration you would like to see in few years or like the quantum of this that you would like to see through?

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- Dinesh Thakkar:** So, this question is pertaining to overall penetration, right?
- Aravind R:** Yes, especially with respect to new business, mining the existing clients.
- Saurabh Agarwal:** I think as of now we are still in the early stages of the business, right. The aspiration is quite large, but too early to give out a number right now in terms of the penetration that we would hit.
- Aravind R:** Just one clarification. I understand the IPL association. I understand the importance of it. I am just trying to understand like will this expense continue for like FY'26, FY'27 also?
- Dinesh Thakkar:** See, Aravind, if you look at IPL spend as our revenue will increase, so this spend would be very small amount compared to what we are spending today. So, we are spending this so that we are able to gain market share. So, when we see our growth rate and if this organization becomes 3x or what we are in five years, this IPL spend would be quite small and insignificant.
- Moderator:** Ladies and gentlemen, due to time constraints, that would be the last question for today. I would now like to hand the conference over to Mr. Dinesh Thakkar for closing comments. Over to you, sir.
- Dinesh Thakkar:** Thank you for joining us on the call today. I hope we were able to answer your queries satisfactorily. Should you require any assistance, please feel free to contact Hitul Gutka, Head of Investor Relations or SGA our IR Advisors. Good day.
- Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Angel One Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines.