To,

Listing Department	Department of Corporate Service
National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, C-1, G Block,	Phiroze Jeejeebhoy Towers,
Bandra Kurla Complex,	Dalal Street,
Bandra (East), Mumbai - 400 051.	Mumbai - 400 001.
Symbol: ANGELBRKG	**Scrip Code: 543235**

Dear Sirs,

Sub: : 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 April 23, 2021 intimating of the earnings call with analysts and investors to be hosted by the Company on May 06, 2021, 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.angelbroking.com.

You are requested to take note of the same.

Thanking you,
For Angel Broking Limited

PATEL NAHEED REHAN

Digitally signed by PATEL NAHEED REHAN
DN: c=IN, o=Personal, postalCode=400059, st=Maharashtra, serialNumber=333b54bd95a7b4b7206 6364d67a6162749f8eacabfc4132538e 641ebee970e18, cn=PATEL NAHEED REHAN
Date: 2021.05.11 10:49:52 +05'30'

Naheed Patel
Company Secretary and Compliance Officer
Membership No – A22506

Date: May 11, 2021
Place: Mumbai

"Angel Broking Limited Q4 FY2021 Earnings Conference Call"

May 06, 2021

MANAGEMENT: **MR. DINESH THAKKAR – CHAIRMAN & MANAGING DIRECTOR – ANGEL BROKING LIMITED**
MR. NARAYAN GANGADHAR – CHIEF EXECUTIVE OFFICER - ANGEL BROKING LIMITED
MR. VINEET AGRAWAL - CHIEF FINANCIAL OFFICER - ANGEL BROKING LIMITED
MR. HITUL GUTKA - IR HEAD - ANGEL BROKING LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Angel Broking Limited Q4 FY2021 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 "*" 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 guarantees of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Dinesh Thakkar. Thank you and over to you Sir!

Dinesh Thakkar: Good morning everybody. On behalf of Angel Broking Limited I extend a warm welcome to everyone for joining us on our earnings call. Along with me I have Mr. Narayan Gangadhar our new chief executive officer, Mr. Vineet Agrawal, our chief financial officer, Mr. Hitul Gutka, IR Head and SGA our investor relations advisors. I trust all of you and your loved ones are safe and are in good health. We have released a detailed investor presentation and a press release to stock exchanges and we hope you all had a chance to look into it.

Let me give you a short overview about Angel Broking and then Narayan and Vineet will take you through the operational and financial performance. I take this opportunity to introduce to our new chief executive officer Mr. Narayan Gangadhar. Narayan, a MS in computer science by qualification, has over two decades of global experience leading technology businesses at top tier Silicon Valley companies such as Google, Microsoft, Amazon and Uber. He brings with him tremendous amount of operating experience in leading highly disruptive business by driving innovation in product technology, capability building and process automation. I am sure Narayan's vast experience will help the company spearhead to pole position.

Coming to the industry, FY2021 has been a momentous year with many milestones being achieved. The industry witnessed 35% year-on-year growth in demat accounts to over 55 million as of March 2021, up from close to 41 million last year. Despite record-breaking demat accounts being added in FY2021, equity penetration in India continues to remain low at just 4%, this as compared to China and USA where penetration is close to 11.4% and 32% respectively only strengthens my belief that the industry is at an inflection point and is poised to witness robust growth for a long period of time. This journey from 4% to 10% plus will largely be driven by digital brokers, including Angel Broking, as we accelerate penetration further into Tier 2, Tier 3, and beyond cities thus expanding the overall market pie. This strong growth in demat accounts have also translated into corresponding growth in active client base on NSE, which grew by 75% on year-on-year basis close to 18.9 million as of March 2021. A significant 73% of this incremental active client on NSE in FY2021 where by the top 5 digital brokers, with Angel Broking being in the top quartile of this fraternity. Share of top five digital brokers in overall NSE active client steadily increased to 47% as of March 2021 from 19% as of June 2019. As a result share, of individual investors in cash and F&O segment has risen considerably over the last five years.

Amongst the growing digital brokers, Angel Broking experience strong momentum in FY2021 and achieved many milestones some of which are as follows,

- We clocked our highest ever gross client acquisition in the financial year at close to 2.4 million a growth of 322% over the previous year, thus more than doubling our client base within a year to 4.1 million
- Highest ever quarterly gross client acquisition of 0.96 million in Q4 FY2021 with March 2021 registering our best ever performance to date.
- Highest active client base on NSE at 1.56 million as of March 2021, a growth of 171% over corresponding period last year. This translates into 8.3% market share in NSE active client base.
- Third rank in terms of incremental NSE active client during FY2021.
- We managed 5 million trades in a single trading session with an aggregate of 671 million trades during the financial year.
- Highest ever overall ADTO of over Rs. 3.75 trillion in Q4 FY2021 which has grown exponentially by close to 15x between Q1 FY2020 to Q4 FY2021.
- Highest overall retail equity turnover market share of 20.8% in Q4 FY2021.

During the recent quarters, 90% of our client acquired are under our flat fee tariff plan, which have grown by close to 18x over Q1 FY2020 to Q4 FY2021. This flat fee clients continue to dominate our ADTO with a 93% share in Q4 FY2021.

Over the last few quarters our focus on acquiring younger, tech savvy digital natives, millennials and generation Z clients have led to a median age of our client reducing to 30 years as compared to 34 in Q1 FY2020. Close to 94% of our new clients added in Q4 FY2021 came from tier 2, tier 3 and beyond cities. Our robust AI/ML led targeted digital marketing efforts, coupled with best in the industry digital interfaces and an all-encompassing and extremely competitive tariff structure helped us create a strong foothold in future growth pockets of the country.

These achievements were purely on the back of efforts undertaken over the last four to five years to transform Angel Broking into completely digital first organization, which offers seamless digital experience with strong user-centric features for our clients. Amongst the many initiatives, embedded artificial intelligence and machine learning base algos, across all processes from client acquisition to client engagement and servicing, are at the heart of this digital transformation and the applications, while gaining significant momentum are yielding extremely encouraging results both operationally and financially. Our focus has been on evolving and disrupting the normal way of doing things as we continuously improvise to offer superior client experience.

As we continue to grow and attain a stronger position amongst the Fintech businesses in India, we realize the need to adopt a formal and more inclusive dividend policy, to take care of the interest of our shareholders. Given our asset light business model and relatively low capex requirement, the business is poised to generate surplus cash. Our endeavor would be to share on an aggregate basis at least 35% of our profit of the business of the financial year with our shareholders on quarterly basis, in the spirit of adopted aforesaid policy. I am happy to share with you that for FY2021, Angel Broking has distributed an aggregate of 35% of its consolidated profit after tax, spread over three interim dividends.

We have successfully demonstrated the implementation of our digital strategy over the last two years and plan to further augment the same as we move forward to achieve our long-term target of

a. Attaining leadership position in the retail broking industry in India,
b. Establish substantial client base in technology led investment advisory business,
c. Continue to augment investment to further update and scale up our technology infrastructure, mobile platform, artificial intelligence, machine learning capabilities by embracing new innovative features,
d. Capitalize on consistently growing investable wealth in India as we expand our footprint across into the hinterland of the country.

In addition to this, the board of directors of company have also approved our proposal to setup an asset management company. Through this vertical we plan to manufacture product to mobilize our clients fund into low cost passive and rule-based investments. This will further enhance our ability to participate in India's financial inclusion journey. We shall be commencing the process of seeking relevant regulatory approvals, earnestly.

Last month we lost our erstwhile CEO Vinay Agrawal, his passing away at a very young age has been a shock to everyone who knew him. His contribution to Angel Broking and to the industry at large, over the last several years, will always be revered by everyone.

With this I request Narayan to give you a brief on his vision for Angel Broking.

Narayan Gangadhar: Thank you Dineshbhai. It has been just a few days for me into this business but I feel like I have been a part of this entire journey for a very long time. As Dineshbhai has already articulated our key milestones that we achieved in the last financial year, I want to mention that all of this is possible due to his foresight and agility, and that is ingrained in the DNA of every Angelite. Robust digital processes have facilitated us to gain a 17.6% market share in incremental demat accounts in Q4 of FY2021, which means one out of every six demat accounts, which were opened in the country during this period were with Angel Broking. Now this feat was achieved due to our extremely intensive and targeted strategies. Our efforts have paid rich dividends as we experienced phenomenal growth of 18x and 12x in client addition from Tier 3 and Tier 2 respectively over Q1 of FY2020 to Q4 of FY2021. We drive client engagement with a strong zeal to educate them on various nuances of the stock market, the unique features of our products and services, along with the latest news on the stock through our digital advisory platform etc., thus empowering them to make more and more informed decisions. Our growing client base and superior engagement led to a multi-fold expansion in our turnover market share across all segments from Q1 to Q4 of FY2021. Our broking platform managed a healthy share of 20.9%, 25.5% and 16.3% in the retail industry turnover across F&O, Commodities and Cash segments respectively in Q4 of FY2021.

My vision for Angel is to be India's most largest, most trusted and most revered Fintech company. With the onset of digitization across various industries, I firmly believe that India is at the cusp of a major breakthrough, a major economic breakthrough and that will experience unprecedented growth going forward. Now this growth is largely fueled by tech-led innovations across many sectors.

The broking industry has adopted digitization of various processes, client acquisition, client advisory engagement, etc., but as more aspects of this wealth creation industry get digital, I am firmly convinced that wealth tech will permanently change the way investing has been done and Angel will lead this change. Today, the industry has access to world-class talent, rapidly improving infrastructure, high degree of innovation and one of the best regulatory frameworks to support future scale and growth.

At Angel, we have already embraced this change over the last few years and our FY2021 operational and financial results are a testimony to this. We are fully geared to capitalize on the huge growth opportunity of the wealth tech industry with our continuously evolving platform and client journey. Our endeavor is to be the first choice fintech partner for every Indian as they scale their wealth creation journey from start to retirement to beyond. I am completely convinced that as the industry dawns a new era, Angel Broking is best placed to garner a significant share.

Dineshbhai, along with our late CEO Vinay, and score of other Angelietes have been working tirelessly to make Angel one of India's best tech companies. Being continuously featured as a 'Great Place To Work' over the last five years is a validation of these efforts.

I now invite Mr. Vineet to take you through our financial performance.

Vineet Agrawal: Thank you Narayan. Good morning everyone and I once again thank you all for joining us today. I will take you through the financial snapshot for the quarter and for the year gone by. As explained by Dineshbhai and Narayan we delivered an exceptionally strong performance on all operating parameters which also translated into strong financial results for the quarter and the financial year.

Our Q4 performance reflects the strong momentum we have so meticulously built over the last few quarters and it further strengthens our resolve to enhance stakeholder value as we grow the business profitably. We reported total gross revenues of Rs. 4,189 million in Q4 of FY2021 that is 33% higher over the previous quarter. The peak margin regulations, though have had some impact on the business but we have clearly been able to offset that impact with significantly higher client activity. Strong client addition of 960,000 clients coupled with robust growth in turnover at Rs. 3.75 trillion; trades aggregating to 218 million and a fledging client funding book, which clocked a sequential growth of 69% to average at Rs. 9.6 billion, are some of the key drivers for our financial performance during the quarter ended March 31, 2021. The Q4 financial year 2021 revenue is bifurcated as follows,

1) Gross broking revenue accounted for ~68% of our total cross revenues,
2) Interest income which includes interest on our client funding book and interest from deposits accounted for ~15%
3) Depository income contributed ~6%
4) Income from distribution of third party products was ~1%
5) Whilst other operating income contributed ~9%

F&O, Cash, Commodity and Currency segments comprised of ~60%, ~33%, ~6% and ~1% of the gross broking income respectively.

After paying commission to our authorized persons, ~72% of our net broking revenue was contributed by our direct clients; whilst the balance net broking income was attributed to the clients of our authorized persons. Since we have been adding clients at a very brisk pace over the last two years, the net broking revenue share of our clients who are less than two years on our platform continues to remain high at about 72% in Q4 of Financial Year 2021, whilst the balance is contributed by clients who have been for more than two years on our platform.

On net broking revenue under the flat fee plan, continued to witness strong momentum having grown to a significant 72% of our overall net broking income from 47% in Q1 of FY2021. At the same time, the share of net broking revenue from the traditional plan in the total revenue pie, has been reducing consistently from 50% in Q1 of FY2020 to 17% in Q4 of FY2021. Strong activity in cash segment aided 5% growth in our net broking revenue from the traditional plan. Since we witnessed 87% sequential growth in our gross client acquisition during the quarter, there was a corresponding increase in other operating expenditure as well. Also we spent a higher amount on technology and software, etc. during the quarter to further strengthen our systems.

We continued to witness robust operating margins at 49% for the consolidated business in Q4 of FY2021. During the quarter, we settled some old tax matters under the Vivad Se Vishwas Scheme which entailed an additional tax impact of about Rs. 36 million. Factoring this, our reported profit after tax from continuing operations increased by 39.2% sequentially to Rs. 1,020 million. We ended the year with a balance sheet size of Rs. 48.1 billion registering a growth of 23% quarter-on-quarter. This expansion in our balance sheet is driven by a robust 82% sequential growth in our client funding book to Rs. 11.7 billion coupled with higher security deposits with exchanges as margins for a rising volume. This was funded through a combination of our own funds and borrowings.

Our full year FY2021 performance is as follows, we have reported total gross revenues of Rs. 12.99 billion a growth of 72% year-on-year. The full year operating profit of Rs. 4.3 billion translated into 48% operating profit margin. Profit after tax from continuing operations grew to

Rs. 2.98 billion, a multi-fold increase of 243% year-on-year. Earnings per share grew to a robust Rs. 38.8 per equity share. Our balance sheet expanded 120% year-on-year. This was primarily due to a 3.8x jump in our client funding book and 5.4x growth in our security deposits with exchanges. This was funded out of our own funds, bank borrowings and client funds. With a net worth of Rs. 11.3 billion, the return on equity from the business was a healthy 34.6%. The consolidated business generated operating cash flow of about Rs. 3.2 billion, excluding the impact of changes in the client funding book.

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

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rajesh Kothari from Alfa Accurate Advisors. Please go ahead.

Rajesh Kothari: Good morning Sir. Congratulations for a good set of numbers, I have two questions one is the basically strategy related question as Narayan has explained that vision is to be the largest and also to be the best, so overall if you have over next two to three years because I am not asking for next five years because in technology things do change rapidly, how do you see in terms of the business change or do you see any significant changes in business, in terms of the business mix, as you go more digital, in terms of the spreads and final in terms of the new verticals contribution to the overall business? So can you give some color on how do you see the business shaping up over the next two three years?

Dinesh Thakkar: Very good question. First of all, our focus is to become like a leader in this stock broking industry and what we are seeing this industry is getting expanded due to contribution from digital players like us. So we see great potential in stock broking business for immediate future, but parallelly we would like to become a platform company where we are able to offer lots of other financial services to our customers. So that will take its own time to contribute in revenue because what happens when you are getting into a new line for example we got an approval from board to set up AMC, now to go for regulatory clearance and set up business it will take around two years and it takes around one to two more years for it to contribute to topline and bottom line. So for next two-three years, our focus would be to get maximum market share from stock broking business, to get maximum market share in mutual fund business and to get some inroads in insurance business on digital platform. Everything is on digital platform, so if I take a view of three to five years, majority of the revenue will come from broking because we are seeing huge growth in stock broking business. Even if we start any new business, because of limited exposure, initially to build a base and to grow on that so that, that base is able to contribute significant amount in our revenue will take some time. But nevertheless, our attempt would be to get market share across all financial services. Primarily three to five years, I would say we would see big growth in stock broking. Over there I am not seeing any kind of like suppression of margin or any hurdle or any kind of competition which we feel that we may not be able to address. So already we have been successful in transformation in stock broking and we have a good grip on this business. So we are expecting in two or three years, we will be able to achieve a leadership position in stock broking.

Rajesh Kothari: And you mentioned about the mutual fund and insurance so can you give a little bit details in terms of the strategy to get the more market share in these two verticals?

Dinesh Thakkar: First we are focusing to create a multifunctional app where we are able to sell mutual fund and insurance on the same app platform that we have. Currently, we have two app. So our approach would be for distribution trying to like, we will make this multi-functional app so it becomes easier for a customer when he is trading or investing with us to buy other products. Second when it comes to manufacturing, as I said we see a big scope in passive investment and ETF business and smart beta product. We already have ARQ engine which has given an excellent performance when it comes to Robo advisory service. So our plan would be, to introduce mutual fund having backed by this passive investment ideology where we are able to reduce costs of distribution as well as cost of managing funds, so we see great future in that area.

Rajesh Kothari: Great Sir thank you Sir and I wish you all the best.

Moderator: Thank you. The next question is from the line of Nilesh Jethani from Envision Capital. Please go ahead.

Nilesh Jethani: Thanks for the opportunity. Sir my first question is on the advertising side like we have created most of the platforms products and even the brokerage offerings are now in place. What are we doing on acquisition side for acquiring new clients? Are we doing a lot of advertisements, tie-ups, activation and what are our plans going forward?

Dinesh Thakkar: On this acquisition side, we have created lots of AI/ML led acquisition plans. We have tie-up with engines like Google, Facebook, YouTube who help us to get to that target audience which is relevant to us. Currently, we do not spend on mass media like TV, newspaper and all that it is more of a targeted kind of like branding activity that we do. When it comes to targeting people into tier two, tier three, we prefer going into that social media platform what they are using for their day-to-day needs and that is how we are able to get visibility as well as acquisition from the target audience. We have been increasing spend on branding side but it may not be visible because we do not spend much on mass media but overall our budget in terms of increasing branding expenses and all that continues.

Nilesh Jethani: What would be your exact spending in terms of revenue on advertisements?

Dinesh Thakkar: On advertisement as I said now it is mixed with performance marketing, so I do not have a separate number for that.

Nilesh Jethani: Okay understood. My next question is on the flat fee. What is the flat fee? Can you please explain the economics of the same?

Dinesh Thakkar: See like traditional plan used to be when you trade, so broker used to charge percentage based on your trading volume. Now model is that based on order size we just charge Rs. 20 for intraday and for F&O trades and zero for your delivery trades. So immaterial of size of your order it can be 1,50,000 to 5,00,000 to 10 lakh whatever, per order we will charge Rs. 20 if you are trading in cash intraday or F&O segment, but if you are taking delivery it is absolutely free.

Nilesh Jethani: Understood. Sir my last question was on the growth side coming from tier 2 and tier 3. So what I have observed on the presentation that a lot of growth for us has come from tier 2 and tier 3 cities. Just wanted to understand the trend in the market. So the other players like Zerodha, Upstox are also seeing the similar kind of growth in these tier 2, tier 3 cities or is Angel doing something different which I would like to know?

Dinesh Thakkar: We are not privy to their data because they are not listed player. What I understand, trend would be almost like similar if it is not same. After this digital India campaign, it has become easier for millennial coming from tier 2 and tier 3 to have an access to market, to make payments, on-boarding for this services and plus they get lots of education and awareness on social media. So digital player like us who are able to give access to this kind of like audience, they are getting a huge inflow. So what is important is to understand is that like if you look at our model, 90% of the customers that we acquired in Q4 was from tier two and tier three. So these are the people like who are educated well aware about this product through social media, and these are the people who are getting their first job and they do not have any kind of avenues to put their saving into risk-free asset because hardly they will get 5%. They are getting sufficient premium for the volatility of the risk which is associated with this asset class. Across all digital player, I would say pattern would be same in terms of acquiring customer from tier 2 and tier 3, because it is not viable to have a physical office or a relationship person and make business profitable. So I see a huge opportunity for digital players to acquire customers from tier 2 and tier 3.

Moderator: Thank you. The next question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.

Kashyap Javeri: Thank you so much for the opportunity and congratulations for amazing numbers for the quarter. I have a few questions one on the client acquisition side, in our gross addition of client throughout the quarter was almost about a million odd but if I look at active clients addition was limited to less than half of that. Now, when we look at our strategy of digital advertising targeting tier two and three customers, sound customers, youngsters it seems like activation is taking a bit of backseat over there. So would you change your targeting of customers in that fashion or is the strategy fairly working well for you at this point of time? That is the first question. Second is on your flat fee plan, does in this kind of fees environment, share in ADTO become a bit irrelevant but let us say market sharing in trades which might be smaller in size still maybe more relevant in terms of revenue per customer? And that brings me to the third question is what is your strategy on revenue per customer side alongside the client acquisition strategy that you mentioned?

Dinesh Thakkar: So on your first question that number of customers that become active that is an industry trend from beginning. It is not that because of tier two, tier three or because of digitization less people are becoming active. Look at industry trend, always it has been in the range of 35% to 38%

customer become active of whatever we acquire. But business model goes that we have to spread our net wide and whatever customer we get, we try to create nudges and awareness so that more and more customers become active. So our activation ratio is around 38% to 40% which is far better than industry standard. That is because we have created lots of AI/ML led kind of journeys or nudges where we see customer becomes inactive, we try to give them good offers or good advisory recommendation so that that person becomes active. It is very easy for that person to understand market, so it has been working well for us. Now coming to flat fee plan, in the flat free plan rightly as you said that ADTO has become immaterial because if you look at new regulation norms where ADTO took a hit, but our revenue did not take a hit, because customer started trading with a lower ticket size. But revenue that we get is from number of trade they do, number of orders they do, which remain almost same but if you see ADTO dropped but number of order number of trade still are same. The people who are active, they are trading but they are trading with a lower ticket size. Now coming to revenue and the business model the way we have built, I feel that like acquiring this kind of people like who are at a very low ticket says currently also we are profitable. Like when we started our digital journey, our OPM was negative like to the tune of -80% or something, but as we grow in this digital model to a scale after that almost maximum of the topline comes to the bottom line that is how we were able to expand our margin. Today from this new business model, digital model also, our OPM is in the region of 44%. So that is the target that we have to maintain an OPM of around 50%, and our focus for next two years would be to get more market share, so spending will go on marketing and sales side and we will try to get more market share with the same OPM.

Kashyap Javeri: Any strategy on revenue per customer versus client acquisition strategy?

Dinesh Thakkar: Yes so like our strategy in terms of revenue per customer it is working fine so that is the reason I am saying that we are able to break even from new customers in three to four months. So it will remain same when OPM from a newly acquired customer is also as I said is around 44% to 45%.

Kashyap Javeri: Sure that is it from my side.

Moderator: Thank you. The next question is from the line of Prateek Poddar from Nippon India Mutual Fund. Please go ahead.

Prateek Poddar: Congratulations for a great set of numbers. Sir two questions one thing which I noticed was that in your presentation you talk about one crore downloads whereas we have only 40 lakh customers. So I did not understand where is this 60 lakhs, is that an incremental opportunity for us that is question number one. The second question is to Mr. Gangadhar, he talked about his vision being the largest and most revered Fintech company. I just wanted to ask him, what is needed to achieve this and what are the timelines for this? I meant what is needed is in terms of investment, capabilities and what is really required for you to get to that phase where you become the largest and revered Fintech and how do you define or in what timeframe do you want to reach that? These are the two questions

Dinesh Thakkar: So one on download what happens many customers they download the app but then they realize that okay this is more about stock broking or investment and they do not become active. So if there is an opportunity, we will try to sell something else that would be their requirement. So currently our focus is on stock broking. All nudges and intelligence has been created to check whether customer wanted stock broking service, investment or mutual fund and all that. We are trying to make our journeys more intelligent to understand what else can be offered to same customer who are not become active.

Prateek Poddar: In the beginning, you talked about creating a super app to sell insurance and other products. Does that mean once you do that this becomes a big size of opportunity for you and your client acquisition which is today only limited to the extent of stock broking increases materially and then the client acquisition or the pace at which we acquire clients will further go up once you integrate the super app or create that super app?

Dinesh Thakkar: Yes, so it is like work in progress. As you rightly said, that once we are able to make this as a multi-functional app or a super app, it gives us opportunity to cross-sell to the same set of customers. So we will be creating lots of journey where customer who comes on this app can find some other solution for what he had downloaded the app. That is one of the opportunity. Second is that people who are already engaged in stock broking for them also it becomes easier to browse and check what are the other services that we can offer. Not only that, with intelligence that will build, we would be able to predict that what kind of services we can offer and hand hold this customer, so he finds value in the same app. What happens when once app becomes popular or is user friendly customer would not like to download five or six app, they would like to see whether they can get more services on the same app. That is an opportunity that we are exploring. Now coming to your question of largest fintech, what I said largest stock broking firm and we would like to work out a way to become a preferred fintech company. So let me put it in perspective, so largest when it comes to becoming the largest company in stock broking. Our vision is that we want to achieve this pole position in next two years. Second, parallely when we are building this multifunctional app or super app, we would like to give more services on the same app. This journey will start from, like a company having a one app for a product and moving towards a platform where it becomes a part of ecosystem, where we are able to integrate services of people around us who wants to offer their services on our platform. That is a journey which will take some time, it is working progress. First step that we have taken, is that applying for AMC license; mutual fund industry is a big industry and we feel there is a big disruption which can happen by offering passive investment fund and smart beta product. Already we have ARQ in place which we have tested for last two or three years. We have seen excellent performance, so we would like to start this journey with applying for AMC, get AMC and continue to be distributor of mutual fund and insurance on our main app. I would put it in perspective in two years, our target is to be leader in stock broking, achieve a good market share in SIP in mutual fund, sell good amount of third-party products like loan insurance and slowly progress towards producing our own mutual fund products, which are more relevant to Tier 2, Tier 3 people where they are able to save cost on distribution as well as fund management. This journey will take almost 6 to 7 years to become a preferred fintech company.

Prateek Poddar: And lastly Sir is it understanding correct that once you go to the next stage from scaling up your third party products and distribution, today distribution income I think is 1% of your total income that will be a material driver going forward and since there is no incremental cost to it, most of it will flow down to the bottom line. Is that the way to think about it?

Dinesh Thakkar: No Prateek. I would put it this way. When we will be acquiring a customer for mutual fund there will be a cost. So breakeven in that model would be not like stock broking where breaking is just four months, in mutual fund industry when you acquire customer breakeven would be a bit longer. Plus, as you rightly pointed out there is an opportunity of cross selling to existing customers where we will be able to expand our margin. But our focus is to become market leader in SIP industry also. So we will be acquiring customers, selling them this mutual fund. For us to make all that profitable and that to contribute in our bottom line larger than what you are seeing it will take some time. Because our focus on SIP business that takes time to build. Overall, I would say because I am seeing a big growth in stock broking even if that third-party product grows equivalent to stock broking, it would not be able to be becoming a significant part of our revenue.

Prateek Poddar: Yes that I understood. My limited point was that incremental sales whatever happens even on the cross-sell franchise will all flow to the bottom line right so today 1% on distribution revenue….

Dinesh Thakkar: All third-party product that we will be selling to existing customers, it will be improving our margins.

Prateek Poddar: And Sir last question and I think I have been asking this when do we see finally this cross app or the super app being created and are the partnerships in place, what is the timeline for that?

Dinesh Thakkar: Already if you know Angel BEE has lots of partnership established. Now we want to integrate this into one. So when we are talking about making this journey and creating the super app that is the reason we have got talent like Narayan on board. So that we can build one app which can solve all the needs of customers but if you look at Angel Broking and Angel BEE, like they are well integrated with ecosystem. Now this journey has started, we are in the process of launching a new app maybe in a quarter or two that we will try to enhance more services on the same app.

Prateek Poddar: Great Sir. Thanks I will fall back into the question queue.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Thanks a lot for taking my question so there are two questions first of all on the strategy piece. As Narayan said that we want to be a leading and most respected fintech player. Now if we look at the competition of a typical fintech entity today in India as well as abroad, they are all losing a lot of money because they are able to raise money from the private markets at exorbitant valuations and then they are using that cash to burn in two ways, one is advertisement, marketing etc., and second is on the employee. So the employee expense of a typical fintech would be a very different structure from a broking from where the employees are typically paid far lesser than what you would see in a new age fintech player. So given all of this, given your strategy to be playing more on the fintech side, what sort of cash burn, investment etc., that you are looking at, because it is a game of big boys. So that is number one. Second is on this quarter's performance as such Q2 and Q3 were sort of growing but we were still at a particular revenue level. Now, this Q4 we have seen a very sharp jump. So are there some lumpiness or lumpy revenues or something else which has flowed in this quarter versus the previous two quarters which has caused such a steep Q-o-Q jump of 33% so if you can answer these two questions?

Dinesh Thakkar: See Mr. Gupta what you are saying is right. If we start the company from scratch, then there is a big burn but this company is 25 years old and we have achieved our scale. So when it came to transforming in broking also like first call would be that okay when we go to flat fee broking, we will take a hit of around 65% on every revenue from the customer that we acquire. So logical calculation would be that we will burn cash, but it did not happen because when you have a scale and size, it is very easy to build like a volume. So that it is able to compensate for the cost that you take. So whatever plans we have in terms of third-party distribution offering, more service to existing customer base and all that we have sufficient base and we are growing at a sufficient rate to have enough cash flow. In fact we believe that our company is very asset light and does not require much of capital. That is the reason we have enhanced our dividend policy and we have decided minimum of 35% of profit will be distributed every quarter. So that gives a perspective that we are well versed with what we are doing and we feel there would not be any big need for capital because we are talking about in fintech industry distribution of other products on our app where already acquisition cost is taken care by one or two services. So we feel that we are very comfortable because of scale and size. Second comes question on Q2, Q3 and Q4, to answer that there is no lumpiness in Q4. So what happens when we design some AI/ML kind of like plans in terms of client acquisition or servicing a client, there is an optimal point which takes sometime to build. So if you look at Q4, in fact we have spent more on sales. We are going to see like it is always like front-ended kind of like expenses. Our client base grew at around 87% that means we have spent on acquiring customer but revenues are going to come in next few quarters. So that way I think Q4 everything is in line with activity that we do, there is no lumpy kind of income which has come in which is one time.

Sarvesh Gupta: So Q4 becomes like a new base level for you to grow in from the current levels right?

Dinesh Thakkar: Yes. In Q4, we acquired around 960,000 customers and our run rate I think we are confident to achieve that run rate in future.

Sarvesh Gupta: Okay Sir thanks a lot and I will join back in the queue.

Moderator: Thank you. The next question is from the line of Aejas Lakhani from Unifi Capital. Please go ahead.

Aejas Lakhani : Sir I wanted to understand that the AMC moves that you were talking about the entire AMC business and you mentioned that you want to be in, while I understand your entire thinking behind that philosophy, you have mentioned the timeline being two years to scale up in that business whereas the setup costs in that business are high and therefore distribution and brand led business added the fact that you are looking at the markets that you are, customers require conversation around these products because they are still new or they are not exposed probably in that segment. So I really want to understand that what is the thinking here firstly that why allocate capital in this area because it will take time and by that time the entire industry would have shifted, a lot of ETFs etc., are already sort of coming into the marketplace so what is the entire philosophy behind the AMC?

Dinesh Thakkar: Yes, if you look at AMC business for past two to three years, performance was coming better from passive management and there was a big cost which were going into active management as well as distribution. So being into like a digital businesses and having ease of like acquiring customers from tier 2 and tier 3 and serving them, we thought it is better that, see when we are talking about platform, I am not talking just selling our AMC product like we built ARQ engine which were able to give a far better performance and was able to beat market performance in even worst market conditions, so we have tested that engine. So there are two things which makes AMC successful. One, good performance, selection of good stocks and all that, which is again like as I said AI/ML led, it is all based on some robotics it is not human selection of stock. So we tested this engine for last three years and we have been publishing the number of performance of ARQ, if you see since IPO. If you see even in that COVID time also, we were able to get a better returns. Second thing is distribution. The two things are required, one performance that we are confident that we know and we have understood AI/ML led solutions of stocks. It is not just ETF but we will try to create our own smart beta products. Second is distribution the way we are able to penetrate deep into tier 2, tier 3 where I think to serve low ticket size, digital is the only way. So we see a big opportunity. Our calculations shows that we will be able to breakeven faster than many competitors, who do not have a distribution a kind of digital distribution that we have. So that makes us confident that this is far more kind of like wise approach when we are talking about becoming a platform selling all other AMC plus AMC where we believe.

Aejas Lakhani : Thanks. My second question is, do you guys reveal the cost of acquisition for customers and could you mention the tech investments in terms of the absolute cost you have incurred in FY2021 and over the past few years? And how did you manage to get Mr. Narayan from a very different background to come into this, if you could throw some light on that time?

Dinesh Thakkar: We do not reveal the cost of acquisition and how much do we spend on that. I think Narayan would be the best person to answer, why did he select Angel that is what I always wonder. We selecting a candidate that is a different thing but Narayan selecting Angel Broking is really like a big achievement for Angel. Narayan if you can answer that question?

Narayan Gangadhar: Yes, thank you Dineshbhai. So for me there were three key drivers for selecting Angel. The first is the vision that Dineshbhai has for the whole company and for the whole industry is extremely transformational. It is very inspiring and when you look at the journey of the company over the last 25 years, they have constantly made a series of bets and stayed ahead of the curve. So this is a company that knows how to innovate, this is a company that knows how to operate at the next level in a very professional manner, that knows how to make the calls and make that manifest destiny happen. That was the first most important thing that drew me to Angel Broking is really the sheer vision and the magnitude of that thought process in my conversations with the executive team and Dineshbhai in particular. Second thing is that this market is right for disruption in many ways the market is very, very similar to a large-scale platform play that you see very much like Amazon or very much like all the other fintech companies in the Bay Area. They are all about leveraging a platform, which we can build in a platform which we can leverage and launch future services on. So to me this is just a starting point in many ways, I always tell my team, we are just very young right now, we are just getting started, because quite frankly in the next 10 to 12 years, there is going to be so much in the way of new services that the customers are going to demand. There is going to be so much in the way of new data science and machine learning and AI algorithms that are going to come and create those transformational experiences that you are going to see a massive growth in the whole sector. So I would not pick any sector except fintech at this point to my career. So when I look at the sector and I look at the company and the team that has been built at Angel I feel blessed to be here.

Aejas Lakhani : Sure, do you think there will be a need to hire more people on tech side or the current team serves the requirement?

Narayan Gangadhar: Your question was, would this require a big investment of the tech side and you wanted to understand about the state of the current team. So basically like any other tech company, we have a team that is in transformation. There are pockets of the team that are outstandingly well built, well designed and are in place as the right foundation to build on the future. Now there are newer areas that we need to invest in, for example our investment in data science, we need to continue to invest more in that area and for that we are going to pursue our strategy of getting the best talent whether it is grooming people from within or getting people from across the industry to leverage that gross experience. So that is going to be a big part of my focus, emphasizing and building large teams with the right skill set on their machine learning, data science and AI side. And then also continuing to really bring in the right engineering talent to build these large systems of scale. So to give you a quick perspective, the kind of traffic that you see today on Angel's website and on Angel's app, this starting to hit planet scale and there are very, very few companies in India that have even built technology at this scale and we are one of the very few that operate at that level. So it is not even fair to say that, I look at Angel already as a Fintech company. To me the question is how do you take it from where it is today to take 10x level and that requires really designing the next-gen systems which you see at the companies like Uber and Google and Amazon and things like that it is basically at that league is where we need to operate and that requires bringing in the right set of new talent and fresh blood. So that is the holistic answer to give you that perspective.

Aejas Lakhani : Thank you and the tech investment number in your absolute figure for 2021 or 2020 could you share that number or that is not possible?

Vineet Agrawal: The tech investment that we do is close to about 13% to 14% of our total opex excluding the fees and commission expense and the finance cost. So that is the number that we have been spending we spent a similar amount or a similar percentage in the last year as well as in the financial year 2021.

Moderator: Thank you. The next question is from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Sir firstly on the opex, do you think this is a now sustainable uplift in the opex that will sustain or are there any one off in this current quarter?

Vineet Agrawal: There are no one-off expenses or something which is exceptional in the quarter. Increase in the opex during the quarter has been largely due to the increase in the client acquisition, as I mentioned in my speech, we have added clients just close to about 87% more on quarter-on-quarter and that is the reason why we see an increase in the opex. With the volumes growing, of course and the client acquisition also holding up to the levels, as Dineshbhai mentioned earlier, we would see a similar growth in the opex but overall our strategy is to maintain our operating profit margins in the region for 48% to 50% and that we continue to expand.

Dinesh Thakkar: Mr. Jain when we talk about opex due to increase in sales that is front loaded and beyond three months or four months that same customers are able to contribute to the bottom line. So overall if we take a block of 12 months, we are easily able to achieve like OPM of around 50% from a newly acquired customer.

Nidhesh Jain: Sure from that perspective over a period of time, your margin should continue to go up as let us say, because we have seen very strong growth in our customer base in last two to three quarters. If that tapers down, then in that scenario our operating margin should increase significantly because our opex is linked to new customer acquisition while revenue is linked to the stock of customers that we have?

Dinesh Thakkar: Mr. Jain you are right but as I said in the last call also that our focus is now to be maintained this operating margin and spend more on innovative product and acquiring more market share. So when we spoke about getting in more about talent to develop product technology and all that so we would like to, for two years like to, spend that additional OPM in that areas.

Nidhesh Jain: And secondly Sir can you just share some color on the behavioral aspect of the customers that you acquired last year how many of those customers are still active with us in Q4, how is the churn rate in that customers that we are acquiring in the new flat fee structure?

Dinesh Thakkar: As I said that newly acquired customers after achieving the scale are giving us a good OPM of around 44% to 45%. So we see expansion in this margin up to 50% after that as I said incremental investment will go into new tech and all that. We are happy with maintaining an OPM up around 50% that is one thing. Second for Q4 almost more than 90% people investors were millennial, generation Z and younger group, so our acquisition age of customer has dropped from 34 to 30. When it comes to revenue in terms of OPM, we are seeing that OPM that we get even from tier 2, tier 3 is decent enough. It is in the range of what we are speaking about broadly about all the customer base. So what I see that going forward like growth will come from tier 2, tier 3, primarily because of like digital reach and because of digital, our expenses are really capped. It is not going higher than what we have taken today in terms of technology and all that but benefit is that people from tier 2, tier 3 are able to enjoy access to the market in a similar way what metro used to get and in terms of information also we are spending heavily on content creation, on awareness program. So overall I see a good kind of like growth for players like us maintaining like profitability on newly acquired customers.

Nidhesh Jain: And Sir on this mutual fund venture that we are starting what sort of budget we plan to set aside for creation of this entity? If you can share some perspective on that?

Dinesh Thakkar: See as I said that our board has approved forming of AMC and applying for that. So when it comes to applying and all that then at that time cost is not very high, because it is more like regulatory approvals and all that which takes around one year. It is only after one year we would be investing on working out business processes and that also cost is not very high. Cost comes when you start marketing this product that would be at the third year.

Nidhesh Jain: Okay any budgeting, any rough sense of numbers that you have built out now or it is too early to say?

Dinesh Thakkar: It is too early right now to put numbers, but it is not very significant. Significant whatever capital and profits we have.

Nidhesh Jain: Sure. That is it from my side.

Moderator: Thank you. The next question is from the line of Akshay Ashok from Dalal & Broacha Stock Brokings. Please go ahead.

Akshay Ashok: Congratulations on a good set of numbers. Sir I have a few questions to ask, so this client addition numbers what you are doing like, 3 lakh clients have been added in April. So this kind of run rate will you be able to maintain going forward? And that is number one because 3 lakhs clients means, you will be adding around 9 lakhs even this quarter and it looks like a very strong runrate. This kind of run rate, can there be an issue where, and is there any soft months for you where the client addition in the previous year has not been that strong in some particular month or some particular period where you see a bit of softness?

Dinesh Thakkar: See if we look at like CDSL number last year, CDSL grew at the rate of 35% and primarily this growth came from digital players. 75% of newly acquired customers were from this digital players, what is really happening is because of digital reach which has been created by this digital player, we are able to see participation from tier 2, tier 3. This is new normal now because we cannot like refer to historical trend where we were seeing CDSL is growing at around 17%-18% that was traditional model. But now even tier 2, tier 3 have participated that becomes a new base. As we look at India, as I referred previously, equity penetration is just 4% and if you compare to China, Korea it is around 12%. So I think this is an inflection point where because of digitization, one; second because of interest rate coming down huge population is coming to this market and because access is available through applications it is very easier for this new customer to have an access to market and invest in equity. So I see it is a new normal so I am very confident that we will be able to continue with this trend of three plus kind of an acquisition rate.

Akshay Ashok: Okay very nice to hear and then this Angel BEE, last time when I was on the concall I asked you it was not yet launched completely, is it launch now Angel BEE?

Dinesh Thakkar: So as I said that Angel BEE is ready, but we have deferred the plan in the sense, Angel BEE continues to function but we would like to provide its all the journeys of mutual fund, third-party product on the same app. So we would like to integrate this app.

Akshay Ashok: So another super app is being built which will have the features of both Angel Broking and Angel BEE. So this Angel broking app will become redundant so you are building a completely new app?

Dinesh Thakkar: We are building completely new app. So within two quarters, we will be able to launch it and as you rightly said that progressively we have to move, we cannot make it redundant immediately progressive will be moving from this old app to new app.

Akshay Ashok: Okay so the new app will take another more quarters. Okay Sir that is it from my side. My condolence for Mr. Vinay Agrawal first thing and all the best to the new CEO, Mr. Narayan Gangadhar. Congratulations on a very good set of numbers.

Moderator: Thank you. The next question is from the line of Hardik Jain from White Stone Financial Advisors Pvt. Ltd. Please go ahead.

Hardik Jain: Good afternoon Sir and congratulations on the numbers. Sir one question is on regarding the technology, one of our competitors faced an issue of frequent down times and these downtimes can invite bad name and litigation. So what precautions do we take that our downtimes are kept at minimum and did we face any such downtime in the current quarter?

Dinesh Thakkar: See we have a very good architect build in and because we were growing at a good speed that is the reason we brought in a best of talent that is Mr. Narayan. I think Mr. Narayan would be the right person to answer this.

Narayan Gangadhar: We built a set of processes and systems to ensure that the downtimes and errors were addressed pretty adequately and also within the right time so that the system would always operate at three 9s reliability. So what has happened over the last several months is as systems have become more and more mature, you are now starting to get to a scale where these new processes and these new tools that we have built and launched, they are now starting to hit that next level of maturity. So what I see in the coming months is that the app will continue to get there is going to be a renewed focus on the stability of the systems. There is going to be a renewed focus on ability on the reliability and availability of all our platforms not just the app. That ultimately is going to result in a much, much better trading experience on our platform. So the team has come up with a very good strategy that is in place. Some of these changes are going to happen within the next six weeks, some of them will happen within the next 12 weeks and some of them will happen over the course of the quarter. So the way I am planning it is I am looking at this from a point of view to get the entire app operate at four 9s reliability, four 9s means under a few minutes of downtime every week. So that is really our goal, that's our true north star and we are firmly well placed to get there.

Hardik Jain: Okay and my next question is, Sir in the flat fee plan that we offer to our customers, do we charge any account opening charges or any recurring or annual charges to our customers or it is just on the trade just depends on the executed order?

Dinesh Thakkar: See one charges are only for flat fee apart from there, there are DP charges, there are regulatory charges and all that. Apart from them, that demat account what they open that we charge annual fees. Vineet if you can just clarify on that front?

Vineet Agrawal: Yes, so we charge Rs. 20 per month DP maintenance charge and beyond that whatever are the regulatory charges and exchange related charges are only levied over and above Rs. 20 that we charge per order for intraday and derivative trades and for all other delivery trades there are no broking charges.

Hardik Jain: Okay and what will be our yield on the margin book that we run, what is the kind of yield that we get on an annual basis?

Vineet Agrawal: On the margin trading funding book the interest that we charge to our clients is 18% per annum and cost of borrowing is closed about 9% so our yield is about 9%.

Hardik Jain: What is the kind of own cash that we have on the books currently, which is of course invested in either margin funding or with the exchanges but what is our own liquid fund as of today?

Vineet Agrawal: As of March 31, 2021 the own cash on the balance sheet is closed to about Rs. 850 - 900 Crores.

Hardik Jain: Okay and just one last question Sir, we always mentioned that 72% of the net brokerage income comes from the flat fee customers. If we see it on a gross brokerage percentage would be much lesser, would it be around 50%?

Vineet Agrawal: That would be in that range. Yes. But as we have moved to a flat fee brokerage plan and as we have been repeatedly saying that our dominance is on the flat free broking plan so 90% of the clients that we have been acquiring over the last few quarters are under the flat fee plan. So this number is going to just go up quarter-on-quarter the dominance of the flat fee broker plan.

Moderator: Thank you. The next question is from the line of Anil Sarin from Centrum Wealth Management. Please go ahead.

Anil Sarin: First of all excellent job done at Angel Broking. It was ahead of atleast my expectation. So congratulations on that. Most of the questions have been answered. Just one thing on the CAC, fine you do not I mean for competitive reason reveal the CAC, but you mentioned that breakeven happens in four months. I was interested in knowing when do you recover it? Breaking even is when you start making incremental money, recovering, I mean the payback is when everything that was spent in acquiring a customer comes back as gross profit, how many months or more than a year does it take for that to happen?

Dinesh Thakkar: See like Anil, in digital market what happens major cost is cost of acquisition. Otherwise systems are running and whatever incremental business we get there is no incremental cost apart from just e-sign, KYC and all that, that is also like a small portion. So for us to become profitable in the similar customer, would not be more than four to four-and-a-half month, maximum. And life cycle of the customer, almost we have seen they give good revenue for next five years.

Anil Sarin: Okay so that I think if you can recover anything within a year, so you have an excellent CAC ratio, very happy to see that. Thank you very much no more questions.

Moderator: Thank you. The next question is from the line of Amit Jeswani from Stallion Asset Management. Please go ahead.

Amit Jeswani: Hi Sir majority of my questions have been answered. First of all, congratulations on a good set of numbers. Dineshji you have been in the business for the last 25 years. My question is about competitive advantage. We have seen many cycles. We have grown, we have de-grown. This time again you have an opportunity. You have a strong market, you have a strong platform, this time Sir, how will you create a large competitive advantage that even though there is a bear market which of course will come we will be relevant in the game?

Dinesh Thakkar: Amit my experience in this market is that first of all, this market is cyclical. So one has to understand and accept that fact. Second thing is that because of experience of 25 years, we are able to build a very robust model where we focus more on being connected to user and understanding his changing needs and change has to happen before customer asks for that. So that is always our competitive advantage, I cannot number what is the competitive advantage today but I would say be relevant in all transformation, because we are focused on users need we never say that we are into digital disruption or we are into e-commerce. We are here to serve our customer in the best possible way which delights them. So now if you look at competitive advantage, I would say always be focused on your user. Whatever changes they want, we need to create that resources before time. So endurance and having an sharp eye on changes which is happening and opportunities that are getting created is an edge that Angel has always.

Amit Jeswani: Right Sir typically our customer segment are people who are doing retail people who are doing intraday and futures. How long do you typically think these customers, what is the lifetime value of a customer if they basically go through cycles typically, that you have seen?

Dinesh Thakkar: So always this question is to haunt this industry, that people are burning their capital, up to what day they will last. So I used to feel that maybe once they get educated they will go more into mutual fund and investment but today also if I look at U.S., there are lots of people still there trading and volumes are increasing. So that gives us faith that what happens in our stock market industry, people come and they invest some risk capital and they get converted into long-term investment and again they become active. So overall I feel that today we may feel that intraday volumes are high but if you look at India, India is young. I think population over here has that risk appetite, they have an access to market. They will try their trading strategies, their investment strategies for longer time because if I say that penetration in India is 4% and we are expecting this to go at least in near future 11% to 12% like what we are seeing in China and Korea. This whole journey would be filled with people coming in the market, they do some intraday, next day shift to delivery. So this will go on at least for next 10 to 20 years atleast.

Moderator: The next question is from the line of Prasheel Shah from CapGrow Capital. Please go ahead.

Prasheel Shah: Hi most of my questions have been answered I just wanted one clarification so you said the activation ratio was somewhere around 50%?

Dinesh Thakkar: 38%.

Prasheel Shah: Activation rate is basically percentage of clients that traded in the quarter that you have acquired in the clients?

Dinesh Thakkar: Client were created once in a year that is in definition by NSE.

Prasheel Shah: Okay so basically it is a new client acquired and trade in the same year right?

Dinesh Thakkar: Same year once.

Prasheel Shah: So just one thing so if the activation ratio is 38%. How are we breaking even in four months because if the client is only 38% of the new clients are trading in the same year, how are we breaking even in four months?

Dinesh Thakkar: No, like what we take cost of acquisition is average of people who are active and who are not. Whatever customer we acquired and whatever the cost we had, we divide that and then we work out what are the revenue we got from the same set of customers. So that equation shows us that our breakeven is in the region of four to four-and-a-half months. So we include even cost that we have to incur for inactive customers.

Prasheel Shah: Okay and so and how long would a new customer take to mature?

Dinesh Thakkar: See like new customers as I said that it is not that one customer becomes active and remains active forever. There are like different set of customers who become active across the year. So when we track revenue that we get from new customers, we take averages from all new customers that is where I said that we are able to break even in four to four-and-a-half-months and this same set of customers will last at least for next five years in terms of giving revenue. They last beyond even five years but what we are tracking in terms of lifetime value is up to five years, they are very active and they give good amount of revenue.

Prasheel Shah: And you said that in FY2021 most of the customers have been millennials & Gen Z, so basically under the age of 30 more like 25, 30 year olds right?

Dinesh Thakkar: Gen Z would be around say 25, 26 and then when I talk about 30, 30 plus would be millennials.

Prasheel Shah: There are a lot of players, it is a highly competitive market, so what is the stickiness of these new customers that you have acquired in recently and what would be the wallet share of that customer with you?

Dinesh Thakkar: As I said that newly acquired customer almost 90% are from tier 2, tier 3 and most of these people are in that age bracket of 30. Now if you look at this people like they are educated, they have got their first job and if I calculate lifetime value though we do not have any kind of an empirical evidence on that, but see like lifetime value of this generation would be higher. So these are the people who are using social media to get aware about this asset class, these are the people who are educating themselves on social media unlike that previous generation and physical model where we have to call people in our office and educate them. So that there was a limitation of educating 30 people, 40 people, 50 people per office. But when we are using this digital media, we are educating almost like Crores and Crores of population. So I feel that long-term stickiness of this millennial and this generation would be higher, one because inflation has come under control and interest rate has dropped from double digit to single digit unlike opportunity for previous generation who had opportunity to invest in risk-free asset and earn 10%. So now this generation have to understand this asset class and when they understand the asset class properly, we will see this generation will participate more. That is the reason I am confident that penetration which is low in India until now, we have reached an inflection point and we are going to see growth in this participation from 4% to at least 11%-12%, that is what has happened in many countries like UK, Korea where when inflation was under control, the interest rate came down and population started moving towards this asset class.

Moderator: Thank you. The next question is from the line of Jigar Walia from OHM Group. Please go ahead.

Jigar Walia: Hi congrats and thanks for the opportunity. My questions pertain to demat segment firstly what percentage of our fee income would be coming from demat?

Vineet Agrawal: So 9% of our gross revenues come from depository related activities.

Jigar Walia: Understood and is there any trend over here or this is a number that one should look at?

Vineet Agrawal: This number as a proportion keep on moving in terms of the number of active clients as well as the client acquisition that we are doing.

Moderator: Thank you. The next question is from the line of Vikas Yadav from Moonsort Ventures. Please go ahead.

Vikas Yadav: Thanks for a good set of numbers. I want to ask that what is the revenue of Q1 to the recently added Q4 revenue?

Vineet Agrawal: No, we do not have that number as of now.

Dinesh Thakkar: Overall if you look at like as a margin and the quality of customer now I do not see much of a difference.

Vikas Yadav: Actually I want to understand that life cycle of a customer, how revenue per customer will grow?

Dinesh Thakkar: So this is what I was saying that it is too early to comment on this. But our gut feeling says that revenues that will generate from this generation would be bit higher than what we have seen in previous generation because if you look at this generation, they are using digital app and he remains on the app. In previous traditional model, what used to happen, once they discontinue then they lose their contact number of RM, dealer. Over here, it is easy for us to nudge a customer, give him some kind of a notification to become active. So overall my gut feeling is that revenue that you get from this generation for using digital app would be much higher than what we got from previous generation.

Vikas Yadav: Okay but I was looking your other expenses, your CAC is almost I think much higher than the leader of the segment so how you trying to address this. Another thing I want to ask that whether this CAC, whatever you are spending let us say X, whether that is trending down because of word of mouth and all this?

Dinesh Thakkar: As I said that we want to maintain market share. So we try to maintain that cost of acquisition because what happens because of this organic growth, word of mouth, if we maintain that level what we were achieving in past few quarters, then we can achieve efficiency. If you look at Q4, we took a jump, we are acquiring almost 87% more customer than what we acquired in Q3. That means we are trying to innovate on ideas of how to acquire more customer keeping same CAC.

Vikas Yadav: My last question is that Amit was asking that why do not you acquire some of this, one of the asset management companies, the smaller one, so that you can scale it very fast because some of your competitors are already scaling it so fast that if you start after maybe two years then it will be quite a late?

Dinesh Thakkar: Good question. One like we always believed in disruptive model, we would not like to pay any premium for old model as I have always avoided any area to enter just because of revenue. Just because of quick revenue, I would not like to acquire and take over an AMC with an old model. We would like to build this model from scratch.

Vikas Yadav: Actually I want this clarification only from regulatory standpoint of view and some of this?

Dinesh Thakkar: This is what I am saying. It is better we apply and regulator does vet our application based on our merit and based on our model. That is more important. Even, if we try to transform old model, it will take same regulatory time but I think it is better we start from scratch and we are able to build it the way we want.

Vikas Yadav: Okay congrats Sir.

Moderator: Thank you that was the last question I would now like to have the conference over to Mr. Dinesh Thakkar for closing comments.

Dinesh Thakkar: Thank you. There is a tremendous growth opportunity for us as you heard, as we penetrate deeper into country and acquire more clients from Tier 2, Tier 3 and beyond cities. Growing population of mobile tech savvy Gen Z and millennials will be a key driver for this growth. Our role in this growth opportunity will be in facilitating them to invest in the right and most appropriate manner. Best-in-class product suite, at the simplified pricing, places us competitively in the industry. Parallelly, we are also expanding our product and service bouquet over the next couple of years which will significantly add to our future growth. With Narayan on board, I am sure that you will witness a lot of new technological transformation in times to come. Thank you everyone for joining us today on this earning call and wish you all good day ahead. Stay safe, stay strong.

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