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: ANGELONE	**Scrip Code: 543235**

Dear Sirs,

Subject: Filing of the transcript of earnings call with analysts and investors under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further to our intimation on September 28, 2022, intimating of the earnings call with analysts and investors to be hosted by the Company on October 14, 2022, please find enclosed herewith the transcript of the said earnings call for your reference and records.

The transcript of the earnings call will be posted on the Company's website at www.angelone.in.

You are requested to take note of the same

Kindly take the same on record.

Thanking you,
For **Angel One Limited**
(Formerly Known as Angel Broking Limited)

NAHEED REHAN PATEL
Digitally signed by NAHEED REHAN PATEL
Date: 2022.10.18 10:39:47 +05'30'

Naheed Patel
Company Secretary and Compliance Officer
Membership no. A22506

Date: October 18, 2022
Place: Mumbai

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A SEBI Initiative

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SEBI Registration No Stock Broker: INZ000161534, CDSL: IN-DP-384-2018, PMS: INP000001546, Research Analyst: INH000000164, Investment Advisor: INA000008172, AMFI Regn. No. ARN–77404, PFRDA, Regn. No.-19092018.

Angel One Limited
Q2 FY23 Earnings Conference Call

October 14, 2022

MANAGEMENT:

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

Moderator: Good morning, ladies and gentlemen, and welcome to Angel One Limited's Q2 FY'23 Earnings Conference Call. 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.

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.

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

Hitul Gutka: Good morning, and welcome, everyone. Thank you for joining us today to discuss Angel One's Q2 FY'23 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 is represented by its leadership team. We have with us today Dinesh Thakkar, Chairman and Managing Director; Narayan Gangadhar, CEO; Vineet Agrawal, CFO; Dinesh Radhakrishnan, Chief Product and Technology Officer; Jyotiswarup, Chief Technology Officer; Ankit Rastogi, Chief Product Officer; Prabhakar Tiwari, Chief Growth Officer; Ketan Shah, Chief Strategy Officer; Dr. Pravin Bathe, Chief Legal and Compliance Officer; Subhash Menon, Chief Human Resources Officer; Bhavin Parekh, Head of Operations Risk and Surveillance; Devender Kumar, Head of Online Revenue; and 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, followed by a Q&A session. As a reminder, I would like to inform you that the company does not provide any operational and financial guidance. There may be certain forward-looking statements during the call, which must be viewed in aggregate with the risks that the company faces. With this brief introduction, I now invite Narayan Gangadhar for his opening remarks.

Narayan Gangadhar: Thank you, Hitul, and good morning, everyone. Q2 FY'23 has been a strong quarter for Indian capital markets, with indices returning 8% and 16% for NIFTY and NIFTY Midcap, respectively, supported by healthy volumes in cash, F&O and commodity segments. This is contrary to negative returns of 4% to 21% delivered by some of the developed and developing markets. Global investment climate has been dampened by rising interest rates, rising inflation, geopolitical tensions, the risk of recession, et cetera. During this period, India too, raised interest rates to rope in inflation, which has been higher than the comfort zone of RBI. This may moderate growth prospects of the country.

However, the silver lining is that India added another 6 million-plus demat accounts during the quarter, thus expanding its demat base to approximately 103 million as of September 2022. We strongly believe we have a strong, long runway ahead of us. This stems from the fact that India's demographic dividend is largely underrepresented by the current investor base. With nearly 435 million unique PAN card holders as of March 2019, there is enough growth opportunity available.

While the headline demat account is about 103 million in terms of unique accounts, this may be significantly lower as many investors have multiple demat accounts. Thus indicating a robust growth opportunity for the industry as we progress towards achieving penetration levels, akin to other developing or developed markets.

Diversification of assets is another growth driver for us, and this, coupled with rising wallet share across financial products. The country is already witnessing a fall in the share of physical assets as the current generation better understands the virtues of investing in financial assets. With an average age of just over 28, India has the youngest population across the world. As this cohort grows in their working career, they will prime to become future wealth holders with a larger deployment in financial assets. We at Angel are clearly building products and are fine-tuning our acumen to service this category of population, especially from Tier 2, 3 and beyond cities of India.

Since most of these clients will be first timers, there's a greater responsibility on regulators. Over the last year or so, the regulators have played a phenomenal role in creating a conducive environment for investors and reducing their risk of investing in the capital markets. We sincerely appreciate their efforts to increase retail participation in equity and the overall financial markets. Such insulated environment encourages more investors to participate in India's growth story and players like us are using technology to empower these investors to better leverage this opportunity.

Our digitally enhanced products enables us to steer ahead of our peers. This is evident from our robust operating performance we have been reporting month-on-month amidst volatility in the market. Our endeavor to bring capital markets to large parts of the society is playing out well as we continue to onboard over 1 million clients per quarter, for 6 consecutive quarters now, with more than 93% coming from Tier 2, 3 and beyond cities. We garnered about 19% share in incremental demat accounts opened in India during Q2 FY'23, thus representing almost 1 out of every 5 clients onboarded.

Rising share in incremental accounts led to a steady expansion in the overall demat market share to 11.3% as of September 2022, from 7.5%, 6 quarters back. This demonstrates the superiority of our digital marketing strategies.

The robustness of our business model is depicted from the rising turnover market share, which now stands at over 21%. Our clients transacted average of more than INR12 trillion daily through 230 million cumulative orders in Q2 of FY'23, which makes this our best quarter ever.

September '22 was our best month in terms of average daily orders and turnover. Our emphasis on deploying advanced analytical capabilities based on data science, machine learning and AI across acquisition, onboarding, engagement, communication, et cetera, has aided us to consistently grow despite tough market conditions.

Last few quarters have been challenging for the industry due to market volatility. In this background, new-to-market investors have taken some time to start their investing journey. And this is reflected from the approximately 300 bps quarter-on-quarter contraction in active client ratio for the industry to 36.4%.

At Angel too, we have seen our active ratio declined by approximately 250 bps quarter-on-quarter. However, what is heartening and a testimony to our client acquisition strategy is that despite this decline in active ratios, we clocked our highest-ever ADTO and the number of orders in Q2 FY'23.

To further extend and benefit from the maturing ecosystem, we rolled out the first phase of our Super-App on iOS, which is Apple, and the web platform to a limited set of clients, which was progressively offered to the entire iOS population.

We have become one of the first listed fintech companies at our scale in the country to successfully demonstrate such a large migration to a new app without operating two parallel versions of the app. With the new application, we have a far better capability to iterate quickly, and we have demonstrated a industry high SLA, service level agreement, of 99.995%. Over the last 2 months, we constituted a customer council to proactively assess clients' experience and receive feedback from our clients. We are now better positioned than ever to close the loop faster and course correct wherever required.

There are still some upgrades planned, which will be integrated and rolled out during this current quarter. With the changes incorporated on iOS, we experienced constant decline in client complaints and we experienced a corresponding increase in Net Promoter Score, NPS, for our journeys by over 40%. This was an important learning for us as we replicated the critical responses on to our Android version as well, and we are now ready to initiate the Android rollout during the quarter.

During the quarter, we focused on scaling up our organic traffic and revamped our website with this purpose in mind. The optimized site led to 11% increase in page load speed on mobile. We also got rid of technical debt built over years of extended workflows and layers of cache, which calcinated our portfolio feature and made it sluggish. Hence, it was imperative for us to rewrite the entire code, which now makes the feature nearly 7x more efficient.

Customer requested updates are now faster and easier due to fewer touch points. We deployed fully managed cloud solutions for improved traceability, reliability and monitoring of our services, which further improved our troubleshooting process. We have also scaled up efficiency on charts as well as integrated the upgraded version of trading view library and resolved issues that led to slowness, et cetera. We continued to ruggedize the core trading services, thus building improvements for better reliability, monitoring and alerting and automated deployment of services.

A new data center was commissioned as a replacement to our vintage data center. This one has better hardware and networking capabilities. We recently concluded mock testing and validation of the same. I'm very happy to share that the Board of Directors have approved distribution of 35% of the quarter's consolidated post-tax profits as the second interim dividend to shareholders.

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

Vineet Agrawal: Thank you, Narayan. Good morning, everyone. It is heartening to see that despite the tumultuous phase in capital markets globally, India continued its resilient performance, and we reported healthy operating and financial performance quarter-on-quarter. Q2 of FY'23, continued this trend as we report our best quarterly performance across all key parameters.

Our gross revenues grew by 9% sequentially to a historic best of Rs 7.5 billion. Gross booking income continues to remain the mainstay revenue driver at Rs 5.2 billion contributing 70% to our gross revenues. Interest income, which includes interest on our client funding book and interest earned from deposits with exchanges remained stable at Rs 1.2 billion contributing about 17% to our gross revenues. Higher volumes on our platform led to approximately 20% sequential increase in our ancillary transaction income to Rs 651 million, accounting for about 9% of our gross revenues. Depository income contributed 4% to our gross revenues at Rs 270 million. Income from distribution of third-party products declined sequentially due to muted IPO environment and accounted for 1% of our gross revenues.

For Q2 FY'23, gross broking revenues further split as follows, share of F&O segment increased to 82%, while contribution of cash segment came down marginally to 13%. Share of commodity and currency segments remained flat at 4% and 1%, respectively. The average revenue per client, which is calculated on the entire client base at the end of the quarter stood at Rs 430 for the quarter. This trended lower, primarily due to a higher share of the new-to-market clients, which were 88% of our gross acquisitions for the quarter. Basis our experience, these clients initially are low revenue accretive, but stabilized in prime time. Despite this, we have been able to maintain our growth and profitability metrics.

On a cohort basis, we have seen revenue per client mature as they progress into year 2 and onwards of the wealth creation journey. In contrast to our pre digital model, where year 2 revenue per client were significantly lower than year 1, the same is now more stable. Since we acquired clients at a robust pace over the last 2 years, their share in the net broking revenue continued to dominate at 69% in quarter 2 FY'23. Here, I wish to draw your attention to the fact that now some of the older clients are moving to the next aging bucket of 2 to 5 years. As a result, we are witnessing an increase in our net broking revenue from this cohort thus indicating longevity of clients and their corresponding activity levels.

Our net broking revenue under the flat fee plan continued to witness very strong momentum contributing to a significant 85% of our overall net broking revenue. Share of total net income from our flat fee clients to the consolidated total net income grew 1.5x to 85% in Q2 FY'23 from 58% in Q2 of FY'21. Since Q2 FY'23 has full quarter impact of the grants issued in Q1, ESOP cost appears higher on a sequential basis. This will normalize going forward as the older grants complete their tenure and corresponding cost will not be reflected.

Upfront margin penalty was earlier passed on to the clients. However, basis clarifications received from the regulator, we have now reversed the same and provided the entire amount of Rs 166 million pertaining to the period from October 2021 to September 2022 in current quarter. This amount forms part of our other expenses. As discussed in the previous earnings call, we witnessed some softening of costs towards acquiring clients in Q2 of FY'23. This is likely to normalize further as we progress into future quarters.

Our payback metrics continue to remain efficient with breakeven being achieved within 2 quarters. Our Q2 FY'23 operating margin came at 52.4%. Accordingly, we achieved our lifetime best quarterly profit of over Rs 2.1 billion. Our consolidated earnings per share stood at Rs 25.6 per equity share on a quarterly basis.

On the balance sheet side, cash and cash equivalent increased to nearly Rs 53 billion. Our other financial assets increased to Rs 19.4 billion. This increase is largely due to the cash collateral parked with the clearing corporations as a run-up to the quarterly running account settlement in early October 2022.

The period ending client funding book was at Rs 16.7 billion. Our borrowings increased to Rs 30 billion at the end of the quarter. A large part of this incremental borrowing is temporary in nature, which has already been repaid as we speak. The borrowings were utilized to partly fund our client funding book, place margins with the exchanges to fulfill the incremental margin and allocation requirements, partly to temporarily fund the running account settlement obligations.

Our continued investments in development of the Super-App and augmentation of our IT infra, that is data center in DR site, led to an increase in our fixed assets by Rs 540 million to Rs 2.2 billion as of September 2022. Our net worth increased to over Rs 18.9 million as of September 2022, with our book value per share at Rs 226.5. Our annualized average return on equity stood at 45.5%.

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

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

Prayesh Jain: Congratulations on great set of numbers. Just a few questions from my side. Firstly, Narayan, could you talk about customer acquisition and the way you are thinking about spending on customer acquisition and what channels that you'll use in this new environment that they are coming in. So firstly, could you talk on that front, as to how do you see this shaping up going ahead?

Secondly, we want a deeper explanation on the increase in the financial assets and borrowings from Vineet, if you can give some more clarity as to what happened? And Vineet it will be great if you could extend that context and help us understand as to really how the things shaped up when the payout on the first Friday, the previous week happened. So that would be great if you could explain that? And yes, so that would be the questions that I have right now.

Narayan Gangadhar: Great. Thank you Prayesh. So you've asked 3 different questions. So let's go one by one. So see, our acquisition strategy, right. Our acquisition strategy has not really changed from the past few quarters. We believe that this is a market that is currently in expansion phase. We believe there's a lot of new entrants coming into the market, and we want to tap them when they are young. We want to tap them when they are young and we want to curate them.

So very specifically, by young, I mean, people who are under the age of 25, who are in their first jobs and who are just getting started with their journeys. This cohort is going to continue to mature over time. And as you see in our financial results already, because the cohorts are matured, our revenue streams and our businesses have stayed pretty robust because as these client groups continue to get better understanding of the markets, better understand the financial ecosystem, better understand the products involved, they tend to trade more. And also, they tend to look at the wealth management in a whole holistic portfolio. So our game plan for acquisition has really not changed. We are focused on acquiring these customers.

Secondly, as far as how we continue to curate these customers, our strategy has always been, we believe that there is going to be a need for introducing a portfolio of products, which is why we are investing very heavily in our Super-App, and as the Super-App gets launched, we are going to be introducing multiple journeys in the future so that this same cohort that we acquired today can continue to nurture and expand their own investment horizons over a longer period of time.

Now you asked another question about borrowing, which I'm going to defer to Vineet. He can give you some more data there. But let me just answer one of your final questions, which is around payout. So payout, as you guys know, it has been a major event, it was a much anticipated event for the whole industry. But I'm extremely happy to report that we have performed exceptionally well on this front, and we have had pretty much zero to no business loss at all. In fact, if anything, our business numbers have improved post this payout event because we used this opportunity to reinforce our technology strength and actually come up with better experiences to allow clients to refurbish the platform with capital and things like that. So I will leave this now to Vineet, who can touch on the borrowing cost and others.

Prayesh Jain: Yes, Narayan before Vineet gets in, could you give certain example as to really what have transpired on that side? And so whether you were able to get the money from the client on the same day or whether you've got the money by over the weekend because this leads to a loss in float income, right, for you guys to a certain extent. So could you give some example what really transpired in this 2 days?

Narayan Gangadhar: Sure. So see, the payout happened on the 7th, as you guys already know, right? And we basically swung into action pretty much that same weekend. We hardened our processes. We hardened our product experiences around the pay-in factor. And because of this hardening and the investment that we made upfront, we saw that we had recovered almost 80% of the capital within the first 3 or 4 business days. So as a result of that, right on the very first day, that is the very first day after the payout, we actually didn't see any loss in our order volume. Of course, we don't share those numbers, but we didn't see pretty much any loss. On the contrary, within 2 days, the order volumes were up, right?

So this essentially is a testament to not only our technology prowess in handling this transition fully, because I'm sure you're aware that there were many other institutions with actually this process of payout, pay-in with downtimes and things like that. But fortunately, we were well prepared, we have approached this very scientifically and accordingly much ahead of time, and we run a lot of aggressive campaigning also from a product strategy perspective, which really helped us communicate to the client in terms of methods in which we can have zero lost productivity as we continue to trade. So this is really how the whole thing materialized. Now over to Vineet, who can address the questions on borrowing. Vineet, over to you.

Vineet Agrawal: Yes. Thank you. So I've already explained in the speech that the incremental borrowings that we see at the period-end balance sheet were largely temporary in nature, and these were primarily to use the proceeds to fund the incremental client funding book, the margins that we placed with the exchanges towards segregation as well as allocation requirements and of course, some was used towards the fulfillment of the client payout in the first week of October.

Prayesh Jain: What was the other financial assets jump?

Vineet Agrawal: So this money that we borrowed and the FDs that matured over a period of time, we just parked them as cash with the clearing corporations in anticipation of the payout. So most of the FDs were maturing towards the end of the quarter or early in October.

Prayesh Jain: Okay. I will take this offline.

Vineet Agrawal: Sure.

Moderator: The next question is from the line of Uday Pai from Investec. Please go ahead.

Uday Pai: Yes, I wanted to know the impact of the regulation of margin requirement at the client level and not at a company level. What would be the impact of this on the business?

Narayan Gangadhar: So see, as far as the regulation change is concerned, I'm assuming you're still talking about the payout, correct?

Uday Pai: No, no. Margin requirement at the client level.

Narayan Gangadhar: You're talking about the margin side. So essentially, at a client level, there is no perceived impact per se, largely because it's a better workflow and a better orientation of client funds to help and protect their ability to trade subsequently. So from that perspective, the upfront margin, which now we have to pass it back to the client, right, it's anyway something that the regulatory changes which have happened have already been factored. We have already built those features in our products and our back-office systems.

So ultimately, all this has actually done is, it has introduced a much greater level of transparency around how the costs are managed, both from the regulator, from a broking standpoint and also it helps the client manage their costs very well. So if anything, I think this is a great catalyst to help more people come to the market. So with this, I will just hand this over to Bhavin he's our head of operations. So he can add some more perspective here.

Bhavin Parekh: Thank you, Narayan. Good morning, everyone. See, pertaining to the allocation circular, where anyways, segregation and allocation circular that you are referring to, this came into existence in this quarter itself, and we are well ahead of that particular thing. See, anyways, whatever customer assets that we get as funds or securities, it's parked at the exchange. Anyways, pledge of securities went live almost a year back. So that was actually allocated to that particular customer who is pledging the securities. The fund allocation went in this quarter, and there is no impact on the business as such because we used to follow the same work flow earlier also.

Vineet Agrawal: Just to add what Bhavin said, this is Vineet. So we've been able to place enough and more bank guarantees with the clearing corporations to take care of the incremental working capital requirement for margin segregation. And in fact, we've not seen any decline in the business. In fact, this can actually be an opportunity for us to actually grow our business with some tweaks.

Narayan Gangadhar: And just to add to that, just to close this out. I think we are going to see more push from the regulators, which is actually great for the rest of the industry. Because what they are trying to minimize is the amount of client float, which is either unutilized or not clearly utilized at either their end or with the brokers. So I believe this is actually a great move on behalf for the rest of the industry. And as Vineet said, this will open doors for better innovation on the product side.

Moderator: The next question is from the line of Pujan Shah from Congruence Advisers. Please go ahead.

Pujan Shah: Sir, my first question would be, our quarterly average revenue per client has been mostly Rs 430 and it has been declining for at least from last 6 quarters or so. So can you just quantify on that part, it would be great?

Narayan Gangadhar: I don't understand the question. So what do you want me to quantify?

Pujan Shah: Yes. So from Q2 '21, if we check the quarter, we were earning an average revenue of Rs 714. And now we are earning average revenue of Rs 430. What is actually the declining, like what's your view on this actually?

Narayan Gangadhar: See I think this is happening because our industry is maturing. There are more and more people coming to the market. And if you look at our business, let's say, 5 years back, the participants were only few and far in between. Most people would not even enter into equity markets about 5 years ago. It was still considered a niche product. Today, what has happened is the commodity appeal of equity investing has significantly broadened and as Dinesh Bhai always says, he's our founder, right? So he always makes this point that this is poised to expand over the coming decade.

Now as this expansion happens, as new entrants come to the market, I think it's very natural to see 2 things go down. One is obviously the average revenue because the ticket size and everything will go down and adjust itself to the average mean of the people we acquired. And second is so will our operating costs because ultimately, we are now starting to offer this product at almost planet-scale. So because of this, what's going to happen is as a business as a whole, I do think that at some point, this trend will materialize, it will normalize at some point, but that point is not today. So it will normalize maybe in a few years when things have just started to plateau out a little bit, like I think the customer acquisition has started to plateau out a little bit.

But at the same time, if you look at the way we are approaching the business, we want to run the business at a healthy operating margin between 45% and 50%, that's our stated objective. And to that end, we look at our goal is to expand this market and continue to penetrate, underpenetrated segments and drive broader retail participation. So if I were to give you a full 360 view on it, yes, I think this trend is here to stay. But at the same time, I think with greater volumes coming in, I think the robustness of the business will only continue to get better and better and better with time.

Pujan Shah: My second question would be on employee stock options. Can you just quantify how much expense will be there for FY'24 and '25?

Vineet Agrawal: You were asking how much expenses would be there for FY'24.

Pujan Shah: Yes. And half of FY'23. So you can quantify for FY'23, FY'24, if you can?

Vineet Agrawal: With the current grants that have been already done with, the estimated cost for FY'24 for the incremental grants would be about Rs 47 crore. And for FY'23, it should be in the range of about Rs 25 crore, Rs 30 crore.

Moderator: The next question is from the line of Aditya Dixit from Morgan Stanley India Company Private Limited. Please go ahead.

Aditya Dixit: Many congratulations, first of all, on an amazing set of numbers. I actually just have one question. As you continue to acquire new customers in Tier 2, Tier 3 cities, from a top of the funnel perspective, what are you really seeing in terms of behavior? Is that acquisition really happening from a digital sort of stand purely? Is it a mix of 2 through your sub-broker networks? Or is it predominantly physical initially, and then moving them on to digital?

Narayan Gangadhar: So the entire acquisition is digital. There is nothing physical at all. What we are seeing in Tier 2, Tier 3, is the penetration from a digital standpoint is extremely robust. What we are also seeing is that as these clients onboard, their engagement with the product is also very significant because in these underdeveloped markets, right, under penetrated markets, what we are seeing is that there is a lot of appetite to understand the product, to understand what are the options available, to understand what kind of financial tools are available at their disposal.

So this is a very ripe customer base for us to harvest. So from our perspective, obviously, in terms of terminal value, we really don't see much difference between Tier 2, Tier 3 or Tier 1, and that's testament to our strong economic growth the country itself is seeing across. And this is a cornerstone of our strategy because we want to continue building our presence and our brand in Tier 2 and Tier 3 and eventually even Tier 4, 5 and 6 markets. We are already strong there, but we need to make it even more stronger.

Aditya Dixit: Have you, again, think about your customer split irrespective of which tier. Do you see more customers coming in from the salaried segments or more coming into the self-employed segments?

Narayan Gangadhar: I don't know, interesting question. I don't think we have any greater insights than what's available in the market. So I won't be able to tell you what's the actual split in terms of salaried versus non-salaried. We generally look at only a macro level view from the KYC. So yes, there is some KYC data, but I'm not sure if it is truly representative. But if I were to gauge just based on what we are seeing in the KYC, I would say, majority of them would be employed. And there will be a small percent, maybe 5%, 10% whatever, who are in the self-employed bucket. So this is what we see so far.

Moderator: The next question is from the line of Deepak from Haitong Securities. Please go ahead.

Deepak Sonawane: I have 2 questions mainly related to our cost of acquisition. So can you give us a breakup, I mean, your advertisement and business promotion expense that has been sitting in other expenses. So can we have the absolute number for your marketing cost for the quarter?

Narayan Gangadhar: Deepak, we don't share those numbers largely. I'm sure you want to appreciate that's very sensitive data. Clearly, it's a competitive moat that we don't want to share, right. Now that said, just to give you a broader sense of our cost of acquisition, the core metric that we are after at the top line is we want to make sure that we run the business always between 45% and 50% OPM. So no matter what the operating costs, no matter what the overall situation, our goal will be always to grow the top line and maintain this operating margin going forward.

So as far as the financial envelope of computation is concerned, this is the macro level number. Similarly, our turnaround, when we say, are time to recoup, right, it's still breakeven, it's still at around 2 quarters, and we have not really changed that or moved back significantly. So within these parameters, our company operates the whole business. And this across what I can tell you is this metric is true across most of the channels that we pursue for acquisition, okay. So that's how we look at our entire business plan and our entire holistic acquisition strategy.

Deepak Sonawane: Okay. Fair, sir. Sir, my second question is towards Vineet sir. How do we account our marketing costs? I mean do we defer it over the year, I mean, book it on a quarterly basis or is it on a monthly basis?

Vineet Agrawal: The entire customer acquisition cost is expensed out in the month in which the customer is acquired.

Moderator: The next question is from the line of Prachi Kodikal from Bay Capital Partners. Please go ahead.

Prachi Kodikal: So my first question is regarding this chart you have on Slide 10 of the presentation. So here you're saying that the share of top 5 digital brokers in incremental NSE clients this quarter has drastically reduced. So it's been in the 70s and this quarter it has almost come down to 40%. What is the reason for that? This drastic drop that has happened?

Narayan Gangadhar: Yes. See, there's a couple of things, right. First is what has happened overall is that the current market conditions are still recovering. It's not fully, fully recovered just yet, right. And already, the country has seen its fourth interest rate hike within this year alone. The repo rate today at the RBI level is 5.9%. And any time there is a 40 bps to 50 bps hike in the central bank interest rates, naturally, there is going to be a muted participation in the market because cost of capital becomes more and more expensive and things like that.

So for this reason, there is also another factor at play here is that every central bank, if you look at what the Central Bank of U.K. is going through, if you look at what the Central Bank of China, just for example, are going through, right, almost in every case, there is a macro theme which is being developed. And become of this, what has happened is overall participation is a little bit subdued than it normally was. I think apart from this, we don't see any other extraneous conditions that can explain why the situation is what it is.

Prachi Kodikal: But my question was directed more towards the share of digital brokers going down so drastically and that of traditional brokers going up. So I mean, the data in Q2 of '21 and this is the first time we've seen this trend in almost 2 years, that is.

Narayan Gangadhar: Yes. So as I was explaining, right, a couple of things. Because for many of the other digital brokers that are continuing to play in the market, right, their acquisition strategies and their strengths are directly correlated to the strength of the overall investment climate. And many of these digital brokers, they are also VC-backed. Unlike us, we are publicly traded and we operate with full fiscal transparency and such. In many cases, the numbers have gone down because the VCs have started putting less money into the ecosystem.

So yes, this trend is also a combination of what's playing out in the venture world, which you are seeing today in the top 5 digital brokers. And as you can see, out of the top 5, almost there's no bank-based broker in there. It's basically all new age brokers, right, and out of the top 5, 3 of them are the VC funding. So as the venture climate has dried out, which is what I was explaining earlier, because of rising interest rates and such, the climate is not right, is not perceived as right for further investment, at least from the top 5. But from our perspective, our game plan and our acquisition play and our strategy hasn't changed. If anything, we continue to increase our investment and our participation to drive this number overall.

Prachi Kodikal: Got it. Also, my second question is if you could just help me bridge the gap. So when I look at your average daily turnover, that has been increasing steadily. But on the other hand, ARPU has been falling on a quarterly basis. So just 2 numbers. How should we think about it increasing average daily turnover and reducing ARPU?

Narayan Gangadhar: See, increasing ADTO is very clear that our existing customers are participating and they are participating heavily in the market. And they are participating heavily in the sense that they're participating at an expected rate of cliff, which we normally always see in the previous quarters, right? So that part is going well. Now at the same time, the ARPU, as we explained, the ARPU decline can be attributed to the fact that as this business becomes a more commodity business, we're going to start seeing the net ARPU obviously go and normalize to a certain level, right?

And as we see that, what we are seeing, though, is the overall unit economics of the business are still very strong, which is what I was explaining earlier, is that with the fall in ARPU, with the growing customer base, with more cohorts getting matured, our terminal value for the business is only going to continue to get stronger and stronger. In many ways, this business is becoming more like a commodity stock. And this is where we are in the very early days of that. So if you look at the trajectory over the next 5 years, you are essentially seeing the makings of a rapid fire commodity business, which is going to grow very substantially, and it's in a serious acceleration phase at this point in the industry.

Vineet Agrawal: If I can just add, the average revenue per client, as we disclosed, is on the entire base at the end of the quarter. So while we are adding clients month-on-month, the calculation is done for the entire base at the end of the quarter. And if you see that the ARPU will show a slightly lower trend because those clients who are coming in, let's say, in the last few days or a couple of weeks may not be immediately trading. That's one. On the turnover side, the turnover is increasing because the number of orders and the activity levels have increased for those who are trading.

Prachi Kodikal: Correct. Correct. So that's what I was trying to get at. So if the activity level is increasing, shouldn't that translate to higher ARPU is all I was trying to ask.

Vineet Agrawal: So yes, so actually, the number of orders have increased. If you see, the orders quarter-on-quarter have grown considerably. So that shows that the activity levels have increased.

Prachi Kodikal: But does that also mean concentration is increasing, so the top trading clients are trading more. Is that a fair comment to make?

Vineet Agrawal: Whatever is the industry trend that's continuing. I mean it's not like we have a significantly lower number of clients trading a larger volume. Whatever is the industry trend that continues for us as well.

Narayan Gangadhar: And to just add to that, right? What we are also seeing is that as I said, our latent base, latent base is customers who are residually in the system who have been there for a long time, and their engagement is obviously continuing to get stronger and stronger, which is what explains, which is how the numbers can be rationalized and explained, right? Because you are acquiring new guys. Let's say, 80% or 90% of your customers are new. They are obviously not contributing a significant portion of the revenue. But the folks that we have acquired in the past, who we have curated and they continue to remain in the system and their engagement actually goes up, which is why you're seeing their order volumes at 230 million orders, right, so that explains the macro trend. And this is what I was explaining earlier that I expect the ARPU to normalize. It's going to normalize at some point. And that some point, I don't think anybody in the industry can predict when it is, right? Because we are still in rapid growth mode.

Vineet Agrawal: In fact, one more important thing is to decouple the way we look at the turnover and then compare it with the ARPU because ARPU is now largely driven by flat fee plan, which is driven by the number of orders placed on our platform, executed on our platform. So it's very important to see how the number of orders is growing. The turnover in some ways could be misleading because if there is an F&O trade happening, then the turnover constitutes the contract value. So it's always good to check the number of orders to get a better sense.

Moderator: The next question is from the line of Gautam Jain from GCJ Financial Advisors LLP. Please go ahead.

Gautam C Jain: I was just looking at your balance sheet. I couldn't understand it properly. So you said sometime back, what is lying in other asset Rs 1,939 crore?

Vineet Agrawal: Rs 1,939 crore. So a large part of it, almost all of it is the cash that we place with the exchanges, in form of margins.

Gautam C Jain: Okay. And you report cash and cash equivalent, that is cash within your bank, right?

Vineet Agrawal: That would be cash in our bank and the fixed deposits. So equivalent means the cash in some other form, which is fixed deposits. So if you see cash, cash equivalents, bank balance put together, which is Rs 53 billion, that would be in the form of fixed deposits and cash and Other financial assets, Rs 1,939 crore, almost the entire amount is the liquid cash that we placed with the clearing corporations, because there was a payout event happening in the first week of October.

Gautam C Jain: So we increased cash level at our end, just to make sure that we are smooth in terms of payout, right?

Vineet Agrawal: Yes, absolutely.

Gautam C Jain: That is the reason why the borrowing has gone up sequentially?

Vineet Agrawal: Yes. So part of that was funded through short-term borrowings.

Gautam C Jain: Okay. And can you help me understand your ESOP cost because it's volatile. In Q1, it was Rs 17 crore. This quarter, it's Rs 22 crore. So on what basis we understand it would be going forward?

Vineet Agrawal: So the ESOP cost of Rs 17 crore in quarter 1, a large part of it was the grants were done towards the third week of April. Hence, in the quarter 1, the entire 90 days cost was not there. Now if you extrapolate that cost, it will come to about Rs 22-odd crore, and that's what we've reported in this quarter. And I said about Rs 30-odd crore would be the cost for the next half year of the grants that have already been done.

Gautam C Jain: Okay. Okay. So Rs 25 crore each quarter?

Vineet Agrawal: Yes, roughly about that. No, Rs 25 crore each quarter, no. Rs 30 crore would be the incremental cost for the entire half year going forward, H2.

Gautam C Jain: Okay. Got it. And sir, if I look at your number of orders. The September month was significantly higher than July and August. So was there any one-off because we were running at 7 crore order and suddenly, in September, it was 9 crore plus. Just help us understand was there any one-off or some event because of that, the order has gone up, or we are consistently going above 9 crore? I mean, can you just throw some light on that?

Narayan Gangadhar: See, I think the September month, this month was a good month for the market overall. But just to keep things in perspective, had the global political situation not being so tense, naturally, this year, you would have seen most months operate at this number, okay? Because if you look at the history of where the market was 2 years ago and the rate of growth, the growth got muted from its normal rate of growth, it actually got muted because of the geopolitical climate. So we feel what is happening is, at a macro level, India has been one of the few countries, in fact, I would say, in developing economies, perhaps the only country, which has operated with a very high degree of economic resilience and very good fiscal policies by the Reserve Bank of India, which has helped us kind of deal with these headwinds in a much more better manner. This is why capital markets, the impact is not as high as you see elsewhere.

So the rate of growth, I don't think anybody can explain to you, if there is any one event that has caused it? No. In fact, if you look, the fourth interest rate hike actually went on September 30, right. So, if you look at the history, the RBI has been doing it, almost all of those have actually protected our country against severe inflationary pressures and severe fiscal pressures. So I think what you're seeing in the market, this is a way of the market to reward and kind of show that trust back in our entire financial ecosystem. That's really the only explanation that at least I have to this. And there's no other macro trend which has changed.

Gautam C Jain: It's clearly a normal number, right?

Narayan Gangadhar: Yes, there's nothing unique that has happened except that the country has done a good job.

Gautam C Jain: Okay. And the final question is, we have provided some reversal of margin penalties, which we charge to the client around Rs 16 crore, Rs 17 crore. That is one off, right? That is not recurring and that won't come in Q3, Q4, right?

Narayan Gangadhar: No, no, that's not a recurring item. No.

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

Sahej Mittal: Congratulation on a great set of numbers. Sir, a couple of questions from my side. Firstly, on the marketing spend. So in FY'22 the marketing spends were close to about Rs 300 crore which found about 55% of your admin and OpEx, right? So what percentage of your marketing spends are fixed in nature. So if your customer additions go to zero right in a hypothetical case, even then how much would we continue to incur? And the second one is with regards to this question was about what proportion of our customers are now coming from the organic channels.

Narayan Gangadhar: Okay. So 2 questions. I'll go one by one. First is, on the marketing expense, see we don't divulge the split or we don't talk really about how we don't talk about the makeup of our spend in a public domain, okay. So this is where our key competitive intelligence and our strategy is kind of playing out in those numbers. So obviously, for obvious reasons, I cannot tell you why and what and what not.

Now let's talk about I guess your important question is what is the degree of elasticity in the marketing spend. The elasticity is almost 100%. In the sense that, yes, there is some residual spend which is there month-over-month, obviously, for example, things like brand. We cannot just turn that down to zero, right. But 90% of whatever we spend every month is elastic by nature and by nature it is dependent on market conditions, which we continue to monitor and demonstrate. I want to have Prabhakar Tiwari, who is our Head of Marketing and Growth. I wanted to just add a few things there. PT Over to you.

Prabhakar Tiwari: Thanks, Narayan. See, we operate in a competitive market, and you know our venture-backed competition, they are also hungry for growth. And we have been keeping on the top notch in terms of incremental acquisition and we are going after market share. So of course, our marketing spends will be a higher percentage of our cost. But I agree with Narayan that it's 100% elasticity as far as our marketing spends are concerned, there are basic levels of maintenance level of spends, which are required and rest of it directly goes into brand building and getting better and more incremental market share. And we have a growth path where we want to be number one. So this marketing spends, we are very efficient on that, as Narayan already pointed out. So that's what I wanted to comment on.

Sahej Mittal: Sorry, I respect the confidentiality. But just to get a sense, maybe some flavor around what percentage of your customers are coming from the organic.

Prabhakar Tiwari: I mean, we cannot comment on the individual makeup number, but I can tell you that this has gone up and it's on a higher double-digit number.

Moderator: The next question is from the line of Darshil Pandya from Fintrust Capital. Please go ahead.

Darshil Pandya: Sir, as we have seen our commodity and F&O segment share going up, but one is that where do you look at this stuff? And other is the cash segment part, which we have seen a degrowing stay or you can say a stable part. So can you throw some light on that? Where do you see in the next few quarters?

Narayan Gangadhar: See, we don't see the mix between these 3 segments change dramatically within the next 2 quarters. And that's largely because as we have discussed, our Super-App strategy is just going to materialize in this quarter. This quarter, next quarter is investment time for us. We are going to be launching the Super-App. We are going to launch new journeys. So as of this point, there is no product impetus to actually change the composition of F&O to cash as such. So I expect this current split to kind of remain the same or within the same standard deviation. If the standard deviation is 5%, then you can do the math on what it will be, right? So I think it will continue to be within these bounds.

Now obviously, as we have already communicated, our long-term strategy, however, is to introduce more diverse financial products, which will eventually have an impact on the revenue streams, which you have seen today. But today, we are not ready to have that conversation because our very first leg of the journeys has not gone like from a product side.

Darshil Pandya: And sir, one more question. We have around 28% of the population, which is on a young side, or we can see a major population coming into the younger side. So do you see the addressable market, I saw the investor presentation. But do you see the numbers going much higher than what is anticipated in the investor presentation part?

Narayan Gangadhar: That is an excellent, excellent question. To be honest, I am 1,000% bullish on this because my personal prediction is that, that number is only going to explode, right. Because of exactly the reason that we have been discussing in this call, right. You have a captive customer base who's already digital, the cost of acquisition in the sense the cost of learning is kind of next to zero, and they are already familiar with the instruments available in the market. Now maybe they don't really understand the full scope of those instruments well because they're still learning. But my sense is that, as Prabhakar was saying earlier, with Tier 2, 3 and then eventually 4, 5 and 6 opening up, my belief is that the numbers will be actually higher. But of course, for when we do the math, the only back tested like normal based on our line of sight is only related to the markets that we operate in today. We don't really try to extrapolate more than where then what we know we can get in and make a difference right.

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

Sarvesh Gupta: Most of my questions have been answered. Just 1 thing on the expense side and the flexibility that you now have maybe because of the launch of Super-App, which has already been done. So in terms of the major incremental spends on your OpEx side, how much more flexibility do you see now? And is it that we should take this as a new norm in terms of the OpEx that we have? Or there are some big chunky items that you foresee in the coming quarters or years?

Narayan Gangadhar: Yes. So Sarvesh, see, we are a company that is growing, okay? We are not a Hindustan Unilever or anything like that. We are not a commodity shop. We are a fast-moving growth company. If you look at the next 5 years of the company, it is going to be in an aggressive investment phase. So the metric that we hold ourselves to is really the operating margin. At the end of the day, whether the operating expense goes up or even if it goes down or whichever or it's stays same, right? What I am looking at is top line and the OPM. Within those parameters, if that means on an absolute level, if the revenue continues to go on a tear, and if I'm spending even 2x more, I think as far as the business is concerned, it still doesn't matter because we are maintaining absolutely healthy and a growable business rate.

So I was saying given that we are in this investment phase for the next 5 years, I see us continuing to build out multiple products, multiple portfolios. And to that end, I also see that our operating experiences, our operating expense will continue to reflect that. But at the same time, we are holding ourselves to the 45% to 50% OPM. And that's really the overall metric that the business is going to be, that's the framework in which we are operating the business. So the actual absolute number will go up or go down, I don't think that's very relevant.

Sarvesh Gupta: Sure. So that is well understood that if the revenues were to go up on a tear, then you can rapidly expand your OpEx as well. Just wanted to understand that do you have that flexibility on the other side. So for example, if we were to see headwinds coming through because of macros or anything. Do you have that enough flexibility or the levers in your operating structure to also maintain that sort of margin?

Narayan Gangadhar: Correct. That's a very good question. And I think here, the proof is in the pudding, right. We have been sharing our numbers for the last 6 or 7 quarters. If you go and look through all the quarters, there have been cycles in which the VCs have pumped in a lot of cash. You yourself can see that look at last year's number, you see our margin when the VC community was going guns blazing on the acquisition route. But we have stayed the course. And today, when the VC funding has dried up, our strategy is still the same. So if you look, I can answer your question just with the last 18-month data that we have already presented to you, presented in our financials.

Now going forward, obviously, from what I see, the only real headwind that we do need our strategy at this particular point is that there is some macro event that happens, which is completely not within our control. But from my perspective, our mission is very clear. We have to get to a pole position in equity and start introducing other wealth management journeys within our Super-App. So to that end, there is no other extraneous tailwind, which I see that is working against the industry or against the business we operate. So this is at least my 2 cents on the whole topic.

Sarvesh Gupta: Understood. There was recent news of the regulator might be considering, ASBA sort of a structure when it comes to the maintenance of excess margin at the client level. So do you have any comments to offer if that were to be implemented, of course, in F&O, there is a requirement of a margin. And so from your understanding, of course, I know that this is not yet implemented, but if this were to be implemented, then what can be potential impact on our interest income and other revenue line items.

Narayan Gangadhar: See, the ASBA thing is an eventuality, okay. It's going to happen. And I feel that it is one of those regulatory changes, which is going to increase our market penetration. It is actually got to help us accelerate it because what has happened is that SEBI has created an excellent safety net. They have created a very good safety net that eliminated every margin of error from the broking side. And my hats off to them because they have done their job and when this regulation gets imposed and when it comes to ASBA, as in our business, we now have to come up with clever and interesting ways from a product perspective to continue to drive that to build on that innovation. We used to do funds pay out. Now this is the first time it went like October 7, we had it right.

We harnessed all our energies and to our very surprise the very next Monday, we actually ended up trading more than what we did the previous Monday, because we channelize their energy from the product side, from the tech side, we introduced better product features, better journeys that lets the client engage continuously on a continuous basis. Now similarly, with ASBA, yes, there will be some loss to interest income. Now we have not done any quick math, which gives how much it is, maybe Vineet can comment on it. It doesn't look that material at least as at this point. By then, I think we will continue to innovate on the product side. We would have had multiple journeys live. So the composition itself would be very different. Vineet, do you want to add anything here?

Vineet Agrawal: Actually, it's very difficult to forecast anything. This entire concept is at a very nascent stage. Let us have some clarity around it and the time lines and perhaps then we can do some maths and come back with some numbers. But today, it's very difficult to quantify anything.

Moderator: The next question is from the line of Anshuman Jain from ICICI Securities. Please go ahead.

Anshuman Jain: So I had a question regarding the Super-App launch. So as you said, this is going to happen this quarter on the Android app. And one of the metrics which we should see ideally is improvement in activation ratio. So if you could share the outlook on client addition and the activation ratio in FY'23 and FY'24. That is my question.

Narayan Gangadhar: Yes. See, what I see is that, obviously, the engagement, right. I think your question is mostly around the engagement. So what I see is that as the app launches, it generally takes about 2 quarters for the app to mature, okay. This is true for any application, not just our application. And case in point, if you look at Flipkart's app, if you look at the PhonePe, I mean every major tech company, there is a baking period for this app.

Now what we are seeing is that in our gestation period, call it baking period that we do post launch, I expect the numbers to continue to remain the same. I expect no major change on either the activation journey or anything of that sort, whether it is 15-day activation or 1-month activation or 1-year activation. I don't expect a lot of movement largely because customers are getting acclimatized, but as the product scales, as it gets to 100% rollout and such, I do expect that, over time, the level of engagement will go up. Now in absolute terms, I can't quantify it for you what that would look like because our client base also will continue to accelerate at the same pace. But if you were to just look at a macro level, I think you can expect these robust numbers to continue.

And historically, we have done a phenomenal job on the activation side. We were only at somewhere in the 30% in the low 30s or even late 20s as late as 1.5 years, 2 years ago, whereas you look at the number now, I mean it's substantially higher. And that's largely because of improvements in product and tech. And that is likely to continue. That trajectory will continue.

Anshuman Jain: And in terms of the 100% launch, so all these parameters, the progress that we have, you have been giving periodical update. Obviously, which has been very helpful. But by FY'23, if you have the full launch of the app, right? So the benefits which should start accruing from FY'24 on a steady state basis?

Narayan Gangadhar: The launch will be done by FY'23. I think you're spot on about that. And what I see is post that, we will be starting to launch other journeys, right. And I'll have Ankit, who is our Chief Product Officer, just comment on this. Basically, at a macro level, we are obviously building the Super-App platform to launch other new journeys. And I'll let Ankit just talk about how he's thinking about the long-term growth there.

Anshuman Jain: And also, other new journeys if you could also share that, what are those specific journeys chronology as such? Ankit, yes if you could just take.

Ankit Rastogi: So as you heard, right, we are pretty clinical in the way we are launching. iOS we have already done, and we'll be starting with Android very soon in this quarter. And as I mentioned, it will be done by FY'23. The way we are looking into this is that the first asset class, while we are robusting our equities after that would be mutual funds. We have already informed this, the direct mutual funds. And we will closely monitor each of this, right. And this is the fundamental definition of a Super-App, how better we are able to cross-sell engage across these asset classes, right. And then this is cross play across all the customer points. And I think the one metric, which was mentioned in the earnings call, which continues to be our obsession is the Net Promoter Score. So we closely monitor our feedbacks. We'll continue doing that. And as a result, I think this rollouts will be monitored.

Anshuman Jain: So if I summarize you, just 1 last thing from my side. So basically, in FY'23, we will have a full launch and in FY'24, we would have some of the benefits of the launch, and in terms of new products, it would be the MF part, which would be activating in a big way in FY'24.

Narayan Gangadhar: Right, that is absolutely correct.

Moderator: The next question is from the line of Kajal from iSec Services Private Limited. Please go ahead.

Kajal: Yes. So a couple of things, sir. So I think it was initially also discussed that the activity level has gone up because you have seen orders are going up and also the number of per ticket size per order has also gone up accordingly because volumes have gone up, but the activation rate per se in that way is quite low. So any other specific reason that you have seen why activation is only 200,000 versus that 12,00,000 new additions?

Narayan Gangadhar: Yes. So let me actually give you first a macro answer, and then I'll turn it over to Devender, who can give you a little bit more deeper insight into how we are looking at it. See, first at a macro level, our overall activation numbers are still within the healthy range that we are personally targeting, okay. So from that perspective, if you look at the proof is in the total number of orders. Actually, ultimately that's the proof of the pudding right. If you look at total number of orders, that's steadily grown, and if you look at the engagement, that has also steadily grown. And clearly, that is visible in the bottom line numbers. Now macro level, obviously, because of the current economic climate, there has been a headwind against it. I'll turn it over to Devender now who can just shed some more light on it and give us a perspective on how we are thinking about activation and how does he see this trend changing going forward. Devender, over to you.

Devender Kumar: Yes. Thanks, Narayan. Hi Kajal. I think there are 2 questions. One on the activity levels and the second one is on the activation rate, I think if you look at the activation rate in the last quarter at an overall industry level. I think what Narayan has highlighted, again, I will say the same thing is basically the market conditions have been muted. I know large activation is constituted by the large number of investments and investment opportunities that are existing because of market conditions. So we have seen industry wide difference and change in the last quarter, particularly which is also reflective with us. The difference can be that the whole industry has gone down more steeply, whereas now we have been in the positive side, reflected by the positive active clients that we have added in the last quarter, which is around 1.6 lakhs where the industry has actually de-grown, so it actually talks about at an overall level, at an overall level, what are the market conditions and opportunities looking like? And how are the participants participating.

And we have seen that we have done better than the industry. That's from the point of view on activation side. And I think a lot of activities that we do is to teach clients in terms of what is the right reason for investments, what are the right ways of investment with the right instruments of investments. And obviously, there is a wholesome industry level, which guides on how people will actually be propensive towards taking positions in that. So that teaching has remained robust. We have found that a lot of people are still engaging at a very, very high level and at the various kind of teaching activities, instrument activities that they're doing. And the instrument that we're bringing in terms of investment are really, really showing high engagement and which we will continue doing. So there's people who are finding the right opportune time, which as the industries, again, I think, I believe, as it goes up, will bring back all the people in a much more larger phase. So that should address the same part on the activation side.

And on an activity level, as we can understand that why the orders are going up. It is like the opportunity in terms of for the trading clients has been very high in the last quarter. So firstly it is reflecting in the ticket size of the client or let's say the active level of a client, which is actually creating a lot of a large number of orders for us. So there are 2 sides to it, and both are not reflected in the last quarter. And we see a very opportune time because as the Indian economy has been resilient in these tough times, this will reflect it more prominently as we go ahead, where more people will find the right reasons to invest in more towards the Indian markets. So that's where we are going to Tier 2, Tier 3, Tier 4 markets, which are maturing to these understanding and taking positions in them. Hopefully that addresses your question in terms of how activation rate is actually moving.

Kajal: My second one question is on during the conversation, sir, answered some terminal value you see no change in your Tier 2, 3 or like 1 clients. So is it in terms of like traded value that you see that Tier 1 client or a Tier 2, 3 things the same number? Or is it that ARPU provided by these clients is the same across geographies. So what is your reading there?

Narayan Gangadhar: Yes. See, generally speaking, right, they are all within the same ball, for example, the Tier 1s always have a greater concentration of greater than or folks that are greater than the age of 30, and who are professionals. If you take their ARPU, obviously, it will be higher than somebody who is equivalently placed, who is in a Tier 3 city in the same age group, right. So there are differences like that. But those differences are not material enough for me to change our product strategy or our acquisition strategy. They are just simply data points which we see, and we continue to hone in our acquisition play based on them. But macro level, there isn't much difference to answer your question, very precisely. It's within the same margin of error.

Kajal: Okay. And lastly, 1 question on since you are one of the highest in F&O space. And even now also in this market, you saw a share rising. Did you do any study since you have retail customers that what will be the share of making profit versus making losses, if 100 are trading what will be that ratio?

Narayan Gangadhar: Yes. See, I think let me first answer this question. This is a very philosophical question. We have to answer it a little bit. We have to look at what our vision is as a company, okay? First of all, Angel is a platform. Our job is when customers come on the platform, we have to educate them. We have to curate them, and we have to give them the right kind of information to make the right decision. Now this is within our responsibility is to provide enough guardrails in the system, so the client doesn't accidentally do something stupid, okay. So when folks come on to our system, we take extra precaution to make sure they understand the market. We teach them. We are the only company today, the only 1 in fintech that invest so heavily in education. And the proof is if you go look at the number of Angel videos, there are more than 6,000 videos that are there that cover everything under the sun, right from option strategy to intraday to how you can make money to what is the stop loss order, what is the product. So we go into a lot of detail to educate.

Secondly, on the product side, as Ankit told you guys just a few minutes ago, right. The product is built with enough guardrails, so that the customer understands what are the parameters within which he can exercise his financial outcome. If you look at InstaTrade, which is one of our most popular features, it is the only, only, only feature in the market where you can actually quantify your risk even before you make the first investment. So our job is to provide these kind of tools, provide these kind of levers. Now beyond that, what happens for a client perspective, how many of them make money, how many of them lose money this and that, that actually, in many ways, is not even ethical for us as a company that we will look at, because it's not some, it's an intrusion into their privacy, which we don't want to do, right.

So our is, as a platform, build the right platform, give the highest level of transparency, give clients enough tools using machine learning and AI, so they can understand how building and wealth, how equity trading fits into their overall wealth management study. This is why we are investing in the Super-App because some of our customers are, in fact, a lot of our customers want the mutual fund product, it's not like we woke up one morning and said, we need to do mutual fund. Our customers have asked us for it. We are coaching our customers that you should be investing in bonds. You should be investing in corporate bonds, right. We are the only ones who have even a product around that. So our job is to give this diversification. Then ultimately, the client can decide based on their level of risk, what works and what doesn't work. It's a little long-winded answer, but I wanted to give you the philosophy behind how we are approaching the company.

Moderator: The next question is from the line of Sumit Jankar from Motilal Oswal Financial Services Limited. Please go ahead.

Sumit Jankar: My question is related to commodity market share. So from last year, it is increasing every month. So what actually has helped you in growing your ADTO. Also, you are acquiring now half of the market share. Can you please put some light on this? And my second question is, what is your current currency market share?

Narayan Gangadhar: Yes. So I will defer this over to Ketan, who heads our commodity business and he can give you an idea on what's going on there. Ketan, over to you.

Ketan Shah: Yes. Thanks, Narayan. So commodity, see, if we look at commodity market, largely the industry market, the volumes are growing in options, which is a new product launch from MCX side. And we were the first entrant in terms of providing options on mobile, mobile platform and a web platform. That's the large reason for us to gain the market share.

Narayan Gangadhar: Yes. So as Ketan just said, that sums up very, very well actually. And as you said, in futures the market share is kind of constant for us and options may obviously increase. And I think one of the things, Ketan, correct me if I'm wrong, right? You also have built a mobile journey, right, in the options for this since last year or something like that? Is it that since we launched that.

Ketan Shah: Yes, 2 years.

Narayan Gangadhar: Yes. So that's another thing. It's a combination of that product as well as what Ketan just said.

Moderator: Thank you. The next question is from the line of Sakshi Goenka from Soham AMC. Please go ahead.

Sakshi Goenka: Congratulations on good set of numbers. I had a quick question around your MTF book per client exposure has gone up significantly. I think few quarters back it used to be in the 45,000 to 50,000 range. It's now trending more towards at much higher level. So I just wanted to understand, is there some kind of deal statement? Or do you have seen a trend of higher client exposures.

Vineet Agrawal: Yes. So yes, per client exposure is growing. But if you see the overall spread of the book, almost 80%, 84% of the clients are less than 1 lakh in exposure, I think, about 10% or 11% are between 1 lakh to 5 lakhs. So that I think is a healthy trend. And this is a complementary product bridge financing kind of arrangement for clients. So if they see an opportunity to leverage their margins and take some exposure in some stock where we see some value in between, let's say, 30 to 90 days they opt for this. In terms of the churn and all, so this book churns in about 45 to 60 days. So there is not a very long exposure in this book and I don't see any reason to be concerned about this increase in the exposure per client.

Sakshi Goenka: Understood. Another question is since the industry has slowed down significantly, but you guys are doing a great job in terms of customer acquisition. Has our CAC per incremental customer gone up vis-a-vis what we were spending maybe 6 to 8 months back? Or you think we are pretty much okay in terms of CAC.

Narayan Gangadhar: Yes. So see, as we discussed earlier, right, even a year ago, we were aiming to breakeven in 6 months. And even today, we are breaking even in 6 months. So from a risk-reward adjusted perspective, I think the materially, nothing has changed. Now the actual numbers, some months, as you know, like during IPL time, CAC actually does go up. But then we acquire it in a way that we know we can still recoup within 6 months. So from our perspective, really, nothing changes. Prabhakar, if there is anything you want to add here, you can just add if you want to throw some light. PT Over to you.

Prabhakar Tiwari: So Narayan, I think what you commented is a absolutely right.

Sakshi Goenka: Understood. And just one final question from my end. Any outlook on your tech spends post this year once your Super-App has been launched and the ball is rolling, do you think expense will start to come down going forward?

Narayan Gangadhar: Yes. See, as we said, now we are in an investment phase, right? So as of this point, we don't expect that we are not optimizing for conserving our expenses. We are optimizing for growing our top line. That also includes growing other businesses that we want to get into. So at a macro level, we are trying to keep our stated goal is to keep the company operating between 45% to 50% OPM. Some months, it might be higher. Just as the last few months ago or last quarter, I think it was a little over 50%. It has even gone as high as 56%, right. And some months or some quarters, it might go below 45% also, right. But that said, we will always normalize it to between 45% and 50%. And to that end, yes, as we enter next year, I do expect the operating expenses to increase, but at the same time, there will be a diversification, there will be enough other new businesses that we need to build out, we need to scale. And I still expect the OPM to be within the same number that we have just talked about.

Moderator: As that was the last question that the management could answer today. I would now like to hand the conference over to Mr. Narayan Gangadhar for closing comments.

Narayan Gangadhar: Yes. Actually, I would hand it over to Dinesh Thakkar for his closing comments. Actually, let me just take it, okay. So again, finally, thank you, everybody, for joining us on this earnings call. New Age India is gradually understanding the potential of equity markets as stacked up against conventional risk-free and physical assets. In times to come as the ecosystem scales up and more investors gear up to learn and better understand benefits of long-term investing, coupled with continuous development of mobile and Internet infrastructure, I am very confident that more individuals will have larger wallet share towards financial assets. We have a clear pathway laid out to provide access to capital markets to a large population. Our endeavor is to garner a large share of the 65% population that resides in Tier 2 and Tier 3 cities.

Our superior products give us an ability to stay ahead of the competition, the resilience of our business as demonstrated over many quarters, gives me a lot of confidence about the growth trajectory going forward. Angel will be the torchbearer of equity proliferation in the country. We continue to endeavor to partner our clients in achieving their financial goals while improving their overall investment journey. We have successfully demonstrated the superiority of our digital strategy and plan to augment the same as we move forward to attain the number 1 position in the industry. I am certain this goal is not too far away. I wish to thank all of you for your continued support, confidence in Angel One. For further inquiries and queries, please do reach out to Hitul Gutka, our Head of IR, or SGA our Investor Relation advisers. I wish you all a good day ahead. Stay safe, stay strong. Thank you.

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