Motilal Oswal Investment Services

15 October 2022
2QFY23 Results Update | Sector: Financials

ANGEL One

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	ANGELONE IN
Equity Shares (m)	83
M.Cap.(INRb)/(USDb)	137.4 / 1.7
52-Week Range (INR)	2022 / 992
1, 6, 12 Rel. Per (%)	9/-1/6
12M Avg Val (INR M)	1189

Financial & Valuation (INR b)

Y/E March	2023E	2024E	2025E
Revenues	22.1	24.7	28.8
Opex	11.0	12.1	14.0
PBT	10.8	12.3	14.5
PAT	8.1	9.2	10.9
EPS (INR)	98.1	111.3	131.2
EPS Gr. (%)	30.0	13.5	17.9
BV/Sh. (INR)	255.0	327.3	392.9
Ratios (%)			
C/I ratio	49.7	49.0	48.5
PAT margin	36.8	37.3	37.8
RoE	44.0	38.2	36.4
Div. Payout	35.0	35.0	50.0
Valuations			
P/E (x)	16.7	14.7	12.5
P/BV (x)	6.4	5.0	4.2
Div. Yield (%)	2.1	2.4	4.0

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	43.8	44.0	44.3
DII	8.9	10.3	9.3
FII	10.5	9.0	4.7
Others	36.7	36.7	41.8

CMP: INR1,649 TP: INR2,200 (+33%) Buy

OPEX savings drive 11% earnings beat

- ANGELONE's PAT surged 18% QoQ and 59% YoY to INR2.1b (11% beat) in 2QFY23. The profitability was driven by a 3% beat in operating revenue, which rose 8% QoQ and 52% YoY to INR4.6b. The key contributor to the outperformance was the 10% beat in net interest income.
- The volatility in the equity market led to a decline in the active client ratio to 36.2% in 2Q from 38.5% in 1QFY23.
- Operating expense grew 30% YoY, but was flat QoQ at INR2.7b (6% lower than our expectations), driven by a 59% YoY jump in employee costs. Other expenses grew 19% YoY to INR1.6b, 11% lower than our estimate. This was in spite of one-off expenses of INR166m.
- CIR declined substantially to 47.6% (better than our estimate of 51.7%) from 51.6% in 1QFY23. The same improved 500bp YoY. Except for a one-off item pertaining to a reversal of the margin penalty for the last four quarters that was passed to clients, CIR stood at 44.7%.
- The number of orders improved to 230m in 2QFY23 from 207m QoQ.
- The board has recommended a dividend of INR9 per share.
- We have raised our estimates by 5-6% to factor in a lower-than-expected operating cost in 2QFY23. We expect some part of this to be sustainable, given the management's outlook of declining customer acquisition costs. We maintain our Buy rating on the stock with a revised TP of INR2,200 (premised on 18x Sep'24E EPS).

Beat on interest revenue; share of F&O continues to rise

- The growth in operating revenue was healthy (up 8% QoQ and 52% YoY) at INR4.6b (3% ahead of our estimate), driven by a healthy performance in interest income.
- Gross broking business saw a robust 11% QoQ rise on account of a 12%/11%/2% revenue increase in F&O/Commodity/ Cash Broking.
- The share of the F&O segment in gross broking revenue rose to 82% in 2Q from 81% in 1QFY23.
- On a quarterly basis, average revenue per client fell to INR430 in 2Q from INR453 in 1QFY23.
- Other income was higher by 9% QoQ and 16% YoY.

Lower OPEX drives a significant improvement in the C/I ratio

- Total OPEX was flat QoQ, but grew 30% YoY to INR2.7b (6% lower than our estimates). A decline in other expenses led to a contraction in CIR to 47.6% from 52.6% YoY.
- Employee costs grew 59% YoY and 8% QoQ to INR1.1b (in line). Administration costs fell 3% QoQ to INR1.6b (11% below our estimate).
- The decline in marketing costs can be attributable to: 1) lower marketing spends as reflected in the decline in client additions; 2) lower lead rates QoQ as the same were elevated in 1QFY23, due to the IPL; and 3) decline in customer acquisition costs.

Prayesh Jain - Research Analyst: (Prayesh.Jain@MotilalOswal.com)
Nitin Aggarwal - Research Analyst: (Nitin.Aggarwal@MotilalOswal.com)

Highlights from the management commentary

- The payout was a major event for the Broking industry. ANGELONE performed well as it hardly lost any business during this period. The management promptly acted in the same weekend and recovered 80% of the capital in three-to-four business days.
- ESOP costs rose QoQ as the higher share of ESOP grants offered in 1Q was booked in 2QFY23. The management expects some rationalization going forward – INR300m/INR470m in 2HFY23/FY24 v/s INR440m in 1HFY23.
- The QoQ decline in ARPU was due to a higher share of new to the market customers. However, this has not impacted the payback period, which continues to remain at six months. This has been possible due to a decline in the CAC.

Its market share in F&O and commodities improves

- ADTO grew 29% QoQ and more than doubled YoY to INR12.2t. Its market share in ADTO rose to 21.7% in 2QFY23 from 20.8% in 1QFY23. The number of orders increased sequentially to 230m in 2QFY23 from 207m in 1QFY23.
- This was driven by an increase in its F&O market share to 21.7% from 20.8% in 1QFY23. Its F&O market share remains the highest since 1QFY22. F&O ADTO grew 29% QoQ and 111% YoY to INR11.8t. The number of orders rose to 173m from 153m in 1QFY23. Revenue per order fell marginally to INR24.6 from INR24.9 in 1QFY23.
- Its market share in Cash ADTO remained stable sequentially at 13.8%. However, the same was flat QoQ at INR39b (down 22% YoY). The number of orders remained flat QoQ, but declined 13% YoY, to 48m. Revenue per order marginally improved by 2% QoQ to INR14.
- ANGELONE continues to strengthen its position in the Commodities segment as its market share expands to 51.1% in 2Q from 44.6% in 1QFY23.

Raise our estimates by 5-6%; retain Buy on reasonable valuations

ANGELONE is a perfect play on: 1) the financialization of savings, and 2) digitization. It demonstrated a strong operating performance in 2QFY23, even amid challenging market conditions. As guided earlier, the management continues to invest in technology to strengthen its position. Considering the macro environment, most discount brokers are reducing investments towards client acquisitions to ensure healthy profitability. The same can be scaled up as and when the environment is relatively conducive. We have raised our estimates by 5-6% to factor in a lower-than-expected operating cost in 2QFY23. We expect some part of this to be sustainable, given the management’s outlook of declining customer acquisition costs. We maintain our Buy rating on the stock with a revised TP of INR2,200 (premised on 18x Sep’25E EPS).

Quarterly performance (INR m)

Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Revenue from Operations	2,600	2,992	3,512	4,064	4,203	4,559	4,573	4,599	13,167	17,935	4,447	-5.5
Other Income	807	888	936	1,031	948	1,029	1,086	1,099	3,662	4,162	1,030	-8.0
Total Income	**3,407**	**3,880**	**4,448**	**5,095**	**5,151**	**5,588**	**5,659**	**5,698**	**16,829**	**22,097**	**5,477**	**-5.9**
Change YoY (%)	110.4	83.3	100.5	68.9	51.2	44.0	27.2	11.9	87.6	31.3	41.2	10.1
Operating Expenses	1,744	2,040	2,191	2,298	2,660	2,662	2,813	2,848	8,273	10,982	2,842	-6.4
Change YoY (%)	88.9	89.9	94.6	48.0	52.5	30.5	28.4	23.9	76.9	32.7	39.3	13.2
Depreciation	41.0	45.3	48.3	52.3	64.5	68.9	70.0	76.0	186.8	279.4	65.5	-1.5
PBT	**1,622**	**1,795**	**2,209**	**2,744**	**2,427**	**2,857**	**2,777**	**2,774**	**8,369**	**10,835**	**2,569**	**-5.5**
Change YoY (%)	151.1	80.1	111.2	92.8	49.6	59.2	25.7	1.1	103.5	29.5	43.1	6.5
Tax Provisions	408	451	562	696	611	721	694	683	2,117	2,709	642	-4.9
Net Profit	**1,214**	**1,343**	**1,647**	**2,048**	**1,816**	**2,137**	**2,082**	**2,091**	**6,253**	**8,126**	**1,927**	**-5.7**
Change YoY (%)	151.8	80.2	124.7	101.0	49.6	59.0	26.4	2.1	109.7	30.0	43.4	6.2
Key Operating Parameters (%)												
Cost-to-Income Ratio	51.2	52.6	49.3	45.1	51.6	47.6	49.7	50.0	49.2	49.7	51.9	-27bp
PBT Margin	47.6	46.3	49.7	53.9	47.1	51.1	49.1	48.7	49.7	49.0	46.9	21bp
Tax Rate	25.2	25.1	25.4	25.4	25.2	25.2	25.0	24.6	25.3	25.0	25.0	16bp
PAT Margin	35.6	34.6	37.0	40.2	35.3	38.2	36.8	36.7	37.2	36.8	35.2	8bp
Revenue from Operations (INR m)												
Gross Broking Revenue	3,229	3,598	4,150	4,760	4,707	5,187	5,314	5,394	15,737	20,602	5,244	-10.2
F&O	2,034	2,483	3,071	3,713	3,813	4,253	4,299	4,348	11,301	16,714	4,270	-10.7
Cash	1,001	935	913	857	659	674	730	732	3,706	2,796	702	-6.1
Commodity	129	144	125	190	188	207	237	279	588	911	230	-18.2
Currency	32	36	42	48	47	52	48	34	157	181	42	12.8
Net Broking Revenue	2,055	2,275	2,709	3,196	3,191	3,560	3,587	3,568	10,235	13,906	3,540	-9.8
Net Interest Income	545	717	803	868	1,012	999	986	1,032	2,933	4,029	907	11.6
Revenue from Operations Mix (%)												
As a percentage of Gross Broking Revenue												
F&O	63.0	69.0	74.0	78.0	81.0	82.0	80.9	80.6	71.8	81.1	81.4	-0.4
Cash	31.0	26.0	22.0	18.0	14.0	13.0	13.7	13.6	23.6	13.6	13.4	0.6
Commodity	4.0	4.0	3.0	4.0	4.0	4.0	4.5	5.2	3.7	4.4	4.4	-0.4
Currency	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.6	1.0	0.9	0.8	0.2
Net Broking (as a percentage of total revenue)	79.0	76.0	77.1	78.6	75.9	78.1	78.4	77.6	77.7	77.5	79.6	-3.7
Net Interest Income (as a percentage of total revenue)	21.0	24.0	22.9	21.4	24.1	21.9	21.6	22.4	22.3	22.5	20.4	3.7
Expense mix (%)												
Employee expenses	33.2	33.0	34.8	31.9	37.3	40.1	38.7	38.6	33.2	38.7	37.1	0.2
Admin. cost	62.9	63.2	61.8	64.9	59.1	57.2	58.9	60.2	63.2	58.9	60.6	-1.6
Depreciation	2.3	2.2	2.2	2.2	2.4	2.5	2.4	2.6	2.2	2.5	2.3	0.1

CONFERENCE CALL

Highlights from the management commentary

- Around 88% of the 1.2m new clients acquired in 2QFY23 were new to the market, which resulted in lower ARPU.
- ANGELONE's customer acquisition strategy has not changed in the past three quarters. To tap the expanding market, the management aims to tap these young customers (aged ~25 years). With the maturity of this cohort, revenue streams will increase. The management sees the need for introducing a portfolio of products that will be tapped via the super app.
- The payout was a major event for the industry. ANGELONE performed well as it hardly lost any business during this period. The management promptly acted in the same weekend and recovered 80% of the capital in three-to-four business days. There was no loss in order volumes on the first day, and the same started rising in two days.

- The share of revenue from less than two-years vintage clients stood at 69%, while those in the two-to-five years vintage stood at 23%. There has been a transition to higher vintage clients from lower vintage clients, which bodes well.
- The first phase of the super app was rolled on the iOS platform as well as the web. The Android version is expected to be rolled out in 3QFY23. Other layers of the app will follow suit.
- ESOP costs rose QoQ as the higher share of ESOP grants offered in 1Q was booked in 2QFY23. The management expects some rationalization going forward – INR300m/INR470m in 2HFY23/FY24 v/s INR440m in 1HFY23.
- The QoQ decline in ARPU was due to a higher share of new to the market customers. However, this has not impacted the payback period, which continues to remain at six months. This has been possible due to a decline in the CAC.
- Around 90% of the costs of acquiring customers, especially on marketing, are variable in nature.
- The share of the organic channel has been increasing at a steady pace and is now in high double-digits.
- The increase in borrowings is temporary in nature, and most of it is already paid. The rise pertains to margin, MTF, and running account settlement.
- The increase in other financial assets was primarily due to security deposits offered to clearing corporations against client margins.
- The increase in fixed assets was primarily due to a build-up of IT Infra (new data center) and the super app.

ANGELONE's super app pillars

ANGELONE has launched the iOS version of its super app and will be soon launching its Android version. The key features of this app include:

- **Swiftness:** Faster interactions due to a refined and scalable broadcast, peak-time order handling capabilities, biometric-driven instant login, real-time billing, etc. More optimizations are in the pipeline.
- **Reliability:** ANGELONE has ruggedized its systems, removed tech debt, undertook a major rewrite of its back-end services, unboxed its back office, and shifted to the Cloud. The super app is significantly predictable, ensuring certainty of transactions.
- **Simplicity:** Driven by personalization, it aims to cater to individual persons. It features modular onboarding and faster activation triggered by the easy-to-use features such as Insta Trade. It removed high friction areas such as addition of bank account details during the KYC journey.
- **Transparency:** It provides users with a detailed, jargon free, one tap view of trade and non-trade charges. It also features profit and loss of trades in calendared visuals.
- **Availability:** ANGELONE has pioneered offline mode functionality, ensuring clients can always access their last synced portfolio, funds, and order status. It has made redundant third-party integrations, allowing for a horizontal scalable architecture.

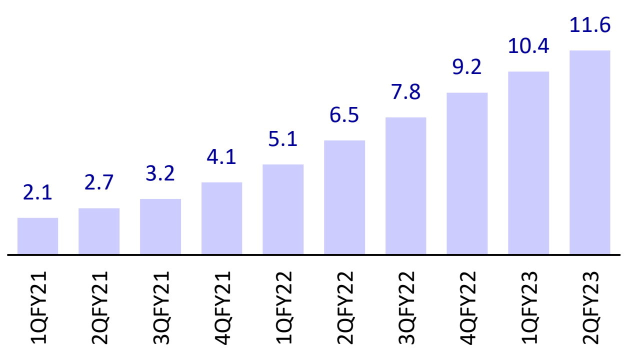
Exhibit 1: Upgrade estimates by 5-6% to factor strong 2QFY23 operating performance

INR b	Old Est.			New Est.			Change (%)		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Net Brokerage Income	13.9	15.4	17.9	13.9	15.4	17.9	0.0	0.0	0.0
Net Interest Income	3.7	3.8	4.4	4.0	4.2	4.7	9.4	9.2	7.4
Other Income	4.2	5.2	6.2	4.2	5.1	6.2	0.0	-0.1	-0.1
Total Income	**21.7**	**24.4**	**28.5**	**22.1**	**24.7**	**28.8**	**1.6**	**1.4**	**1.1**
Operating Expenses	11.2	12.4	14.4	11.0	12.1	14.0	-2.3	-2.5	-2.9
EBITDA	**10.5**	**12.0**	**14.1**	**11.1**	**12.6**	**14.8**	**5.8**	**5.6**	**5.2**
PBT	**10.2**	**11.7**	**13.8**	**10.8**	**12.3**	**14.5**	**5.8**	**5.3**	**5.0**
Tax	2.6	2.9	3.5	2.7	3.1	3.6	5.8	5.3	5.0
PAT	**7.7**	**8.8**	**10.4**	**8.1**	**9.2**	**10.9**	**5.8**	**5.3**	**5.0**
C/I ratio	51.7	51.0	50.5	49.7	49.0	48.5	2.0	2.0	2.0
RoE	41.9	37.0	35.6	44.0	38.2	36.4	-2.1	-1.3	-0.9
Dividend payout ratio	35.0	35.0	50.0	35.0	35.0	50.0	0.0	0.0	0.0

Source: MOFSL, Company

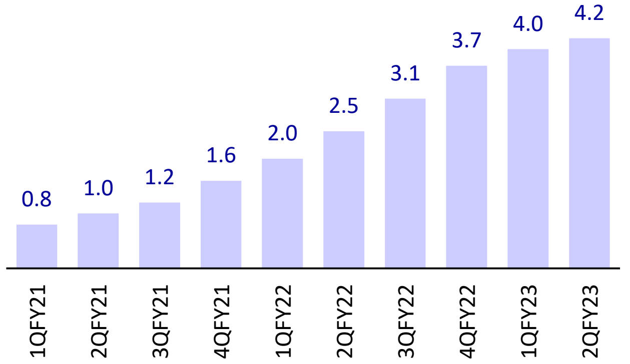
Key exhibits

Exhibit 2: Total clients (m) continues to rise



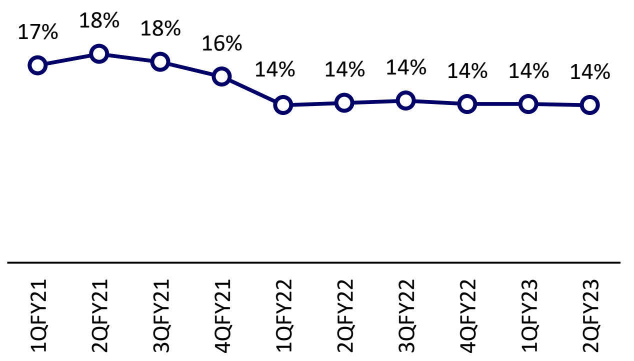
Source: MOFSL, Company

Exhibit 3: Active clients (m) on the NSE rise at a slower pace



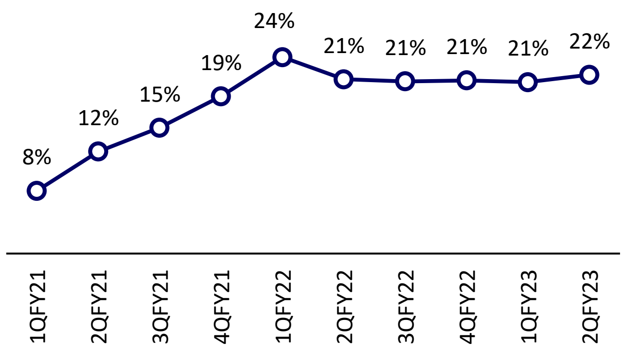
Source: MOFSL, Company

Exhibit 4: Market share in cash segment remains flat



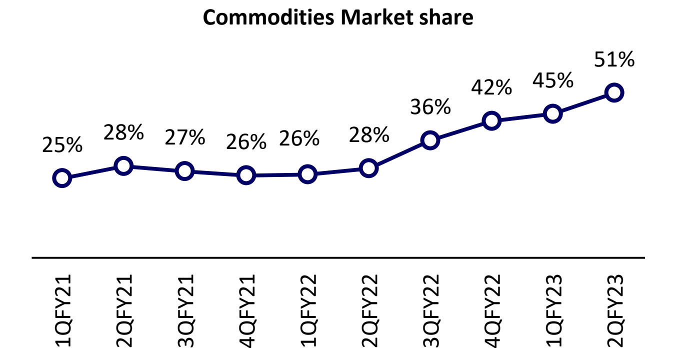
Source: MOFSL, Company

Exhibit 5: F&O market share improves



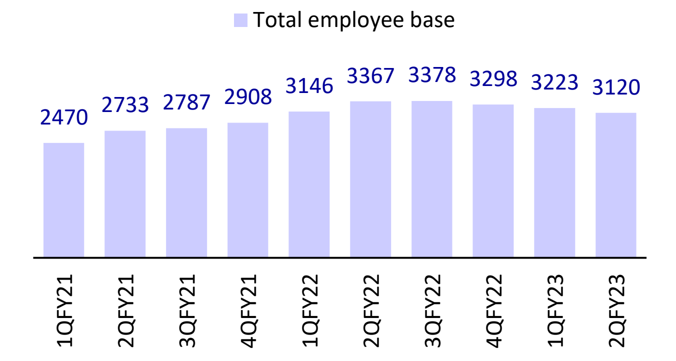
Source: MOFSL, Company

Exhibit 6: Commodities market share improves further



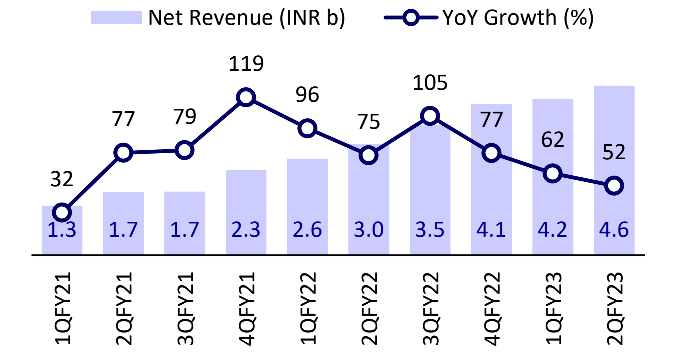
Source: MOFSL, Company

Exhibit 7: Total employee base declines QoQ



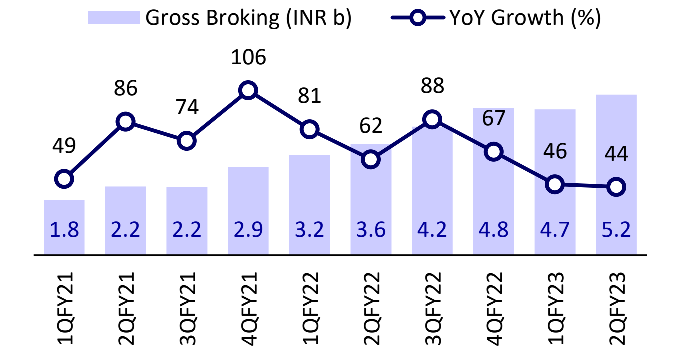
Source: MOFSL, Company

Exhibit 8: Strong growth in net revenue…



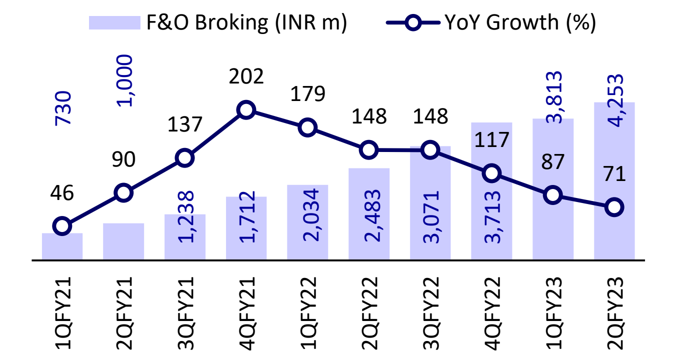
Source: MOFSL, Company

Exhibit 9: …with healthy growth in gross broking revenue



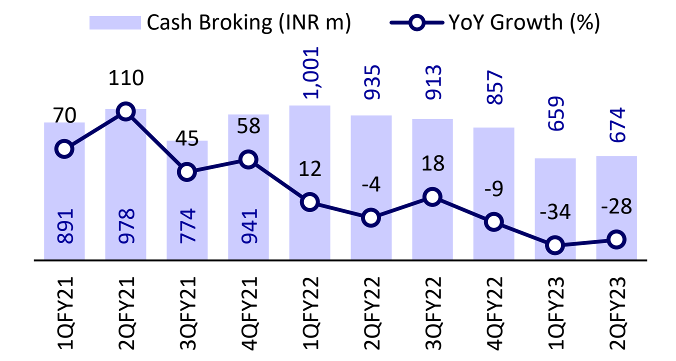
Source: MOFSL, Company

Exhibit 10: F&O growth momentum remains resilient



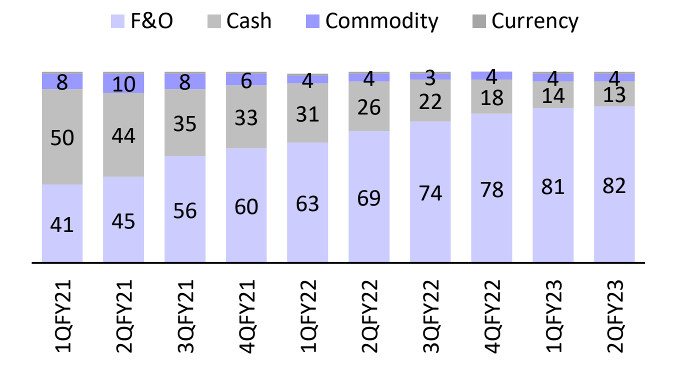
Source: MOFSL, Company

Exhibit 11: Cash broking revenue increases QoQ for the first time since 1QFY22



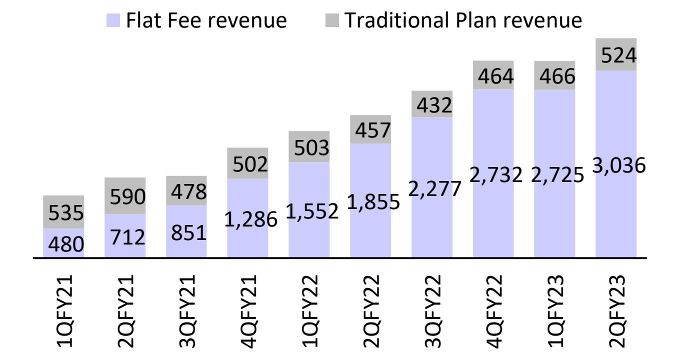
Source: MOFSL, Company

Exhibit 12: Share of F&O in gross broking revenue inches up



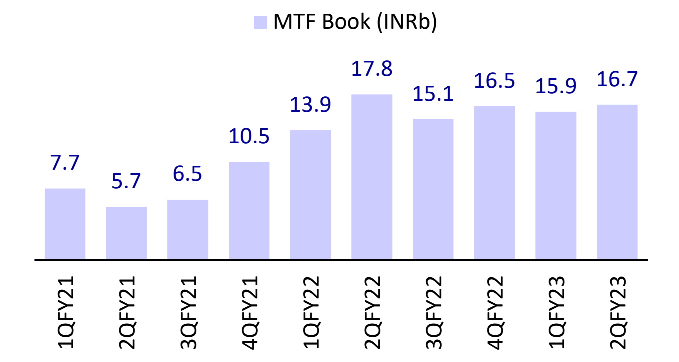
Source: MOFSL, Company

Exhibit 13: Share of flat fee model continues to rise



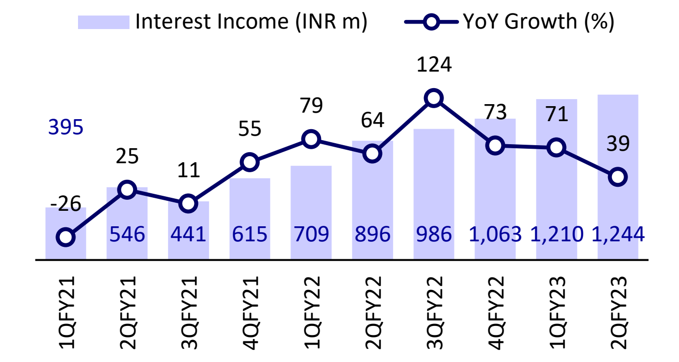
Source: MOFSL, Company

Exhibit 14: MTF book (INR b) rose QoQ to INR16.7b



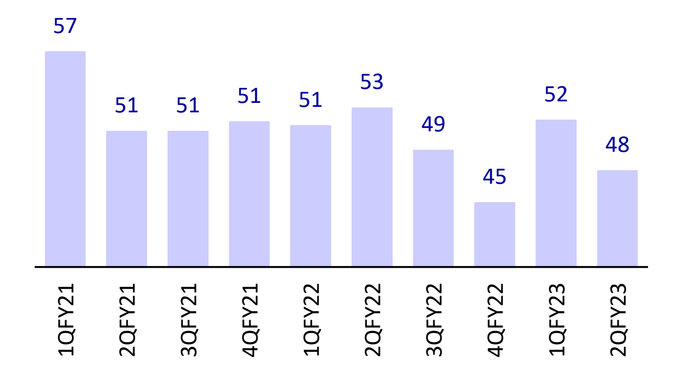
Source: MOFSL, Company

Exhibit 15: Interest income remains strong



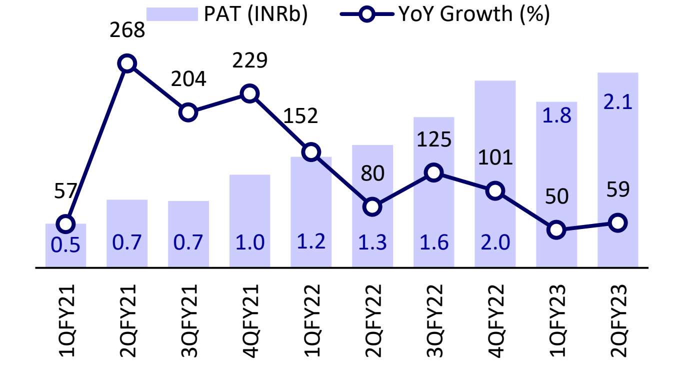
Source: MOFSL, Company

Exhibit 16: C-I ratio declines sequentially



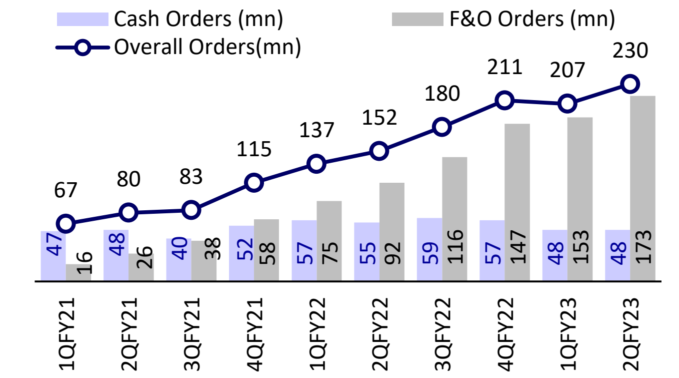
Source: MOFSL, Company

Exhibit 17: Trend in PAT growth



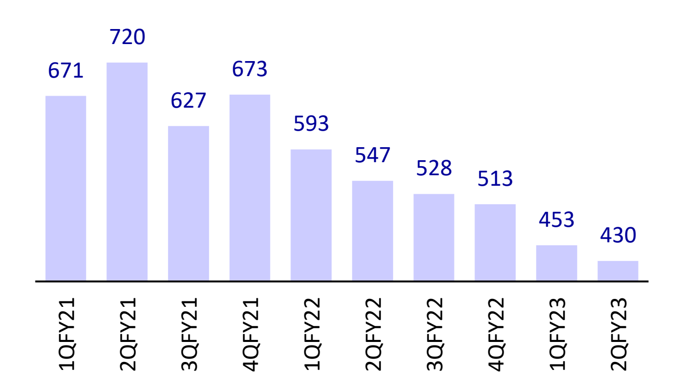
Source: MOFSL, Company

Exhibit 18: The number of orders decline…



Source: MOFSL, Company

Exhibit 19: …as well as revenue per client



Source: MOFSL, Company

Exhibit 20: Average daily orders rose in 18 out of 22 instances, where the index corrected by over 5% in the last 42 months

Period	# of Trading Days	Fall in Nifty 50	Fall in Nifty MidCap 150	Fall in Nifty Bank	Change in Angel's Avg Orders
18 Apr - 15 May, 2019	*17*	*-5.3%*	*-8.2%*	*-6.3%*	***0.8%***
04 Jun - 19 Jun, 2019	11	-3.3%	-5.1%	-4.1%	-2.8%
05 Jul - 05 Aug, 2019	*22*	*-9.1%*	*-11.7%*	*-12.1%*	***3.5%***
24 Sep - 07 Oct, 2019	*9*	*-4.1%*	*-6.1%*	*-9.2%*	***3.4%***
03 Jan - 01 Feb, 2020	*22*	*-5.1%*	*1.3%*	*-8.1%*	***11.2%***
12 Feb - 23 Mar, 2020	*27*	*-37.1%*	*-38.3%*	*-46.0%*	***18.8%***
30 Mar - 03 Apr, 2020	*4*	*-6.7%*	*-3.0%*	*-13.6%*	***5.5%***
04 May - 18 May, 2020	*11*	*-10.5%*	*-7.7%*	*-18.4%*	***2.8%***
08 Jul - 15 Jul, 2020	*6*	*-1.7%*	*-2.7%*	*-5.7%*	***2.5%***
24 Jul - 03 Aug, 2020	*7*	*-2.9%*	*-0.4%*	*-8.7%*	***1.1%***
31 Aug - 24 Sep, 2020	19	-7.2%	-6.8%	-16.6%	-3.1%
15 Jan - 29 Jan, 2021	*10*	*-6.6%*	*-5.4%*	*-6.0%*	***10.9%***
16 Feb - 26 Feb, 2021	*9*	*-5.1%*	*0.8%*	*-6.7%*	***7.8%***
04 Mar - 12 Apr, 2021	*25*	*-6.1%*	*-5.1%*	*-15.3%*	***2.1%***
19 Oct - 30 Nov, 2021	*29*	*-8.1%*	*-8.1%*	*-10.1%*	***10.1%***
09 Dec - 20 Dec, 2021	8	-4.9%	-5.6%	-7.6%	-1.2%
13 Jan – 24 Jan, 2022	*8*	*-5.8%*	*-7.1%*	*-4.6%*	***14.8%***
03 Feb – 24 Feb, 2022	*16*	*-8.6%*	*-13.1%*	*-10.4%*	***4.7%***
28 Feb – 07 Mar, 2022	*5*	*-4.8%*	*-3.9%*	*-9.8%*	***2.1%***
05 Apr – 13 May, 2022	*26*	*-12.6%*	*-11.2%*	*-14.3%*	***3.1%***
31 May – 17 Jun, 2022	14	-8.2%	-7.9%	-8.6%	-7.3%
14 Sep – 29 Sep, 2022	*12*	*-6.9%*	*-6.2%*	*-7.9%*	***17.1%***

Source: MOFSL, Company

Financials and valuation

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income	**4,433**	**4,723**	**4,721**	**8,971**	**16,827**	**22,097**	**24,748**	**28,805**
Change (%)	37.9	6.5	0.0	90.0	87.6	31.3	12.0	16.4
Gross Brokerage Income	4,785	5,014	5,039	9,065	15,737	20,602	23,689	27,494
Less: Brokerage/direct expenses	2,464	2,420	2,304	3,630	5,502	6,696	8,283	9,613
Net Brokerage Income	2,321	2,595	2,735	5,436	10,235	13,906	15,406	17,881
Interest income	2,038	1,696	1,254	1,998	3,653	4,972	5,146	5,742
Less: Finance costs	947	666	489	389	721	943	950	1,020
Net Interest income	1,091	1,031	765	1,609	2,932	4,029	4,195	4,722
Other Income	1,021	1,098	1,221	1,927	3,661	4,162	5,147	6,202
Operating Expenses	**2,701**	**3,245**	**3,142**	**4,675**	**8,273**	**10,982**	**12,127**	**13,970**
Change (%)	3.9	20.2	-3.2	48.8	76.9	32.7	10.4	15.2
Employee expenses	1,245	1,593	1,598	1,718	2,809	4,353	4,702	5,329
Admin. expense	1,456	1,652	1,544	2,957	5,464	6,629	7,425	8,641
Operating Margin	**1,732**	**1,478**	**1,578**	**4,296**	**8,554**	**11,115**	**12,622**	**14,834**
Depreciation	145	188	209	184	187	279	327	335
Exception	0	0	166	0	0	0	0	0
Profit Before Tax	**1,587**	**1,290**	**1,204**	**4,112**	**8,367**	**10,835**	**12,295**	**14,499**
Change (%)	231.3	-18.7	-6.7	241.6	103.5	29.5	13.5	17.9
Tax	508	448	320	1,131	2,117	2,709	3,074	3,625
Tax Rate (%)	32.0	34.7	26.6	27.5	25.3	25.0	25.0	25.0
PAT	**1,079**	**842**	**884**	**2,981**	**6,251**	**8,126**	**9,221**	**10,874**
Change (%)	248.0	-22.0	5.0	237.3	109.7	30.0	13.5	17.9
Dividend	235	234	227	1,056	2,245	2,844	3,227	5,437

Balance Sheet (INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	720	720	720	818	829	829	829	829
Reserves and Surplus	4,029	4,765	5,427	10,492	15,015	20,297	26,291	31,728
Net Worth	**4,749**	**5,485**	**6,147**	**11,310**	**15,844**	**21,126**	**27,120**	**32,557**
Borrowings	11,223	8,666	4,880	11,715	12,577	13,577	14,577	15,577
Other Liabilities	7,702	8,018	11,043	25,114	43,777	72,400	87,197	1,05,339
Total Liabilities	**23,674**	**22,168**	**22,070**	**48,138**	**72,198**	**1,07,104**	**1,28,894**	**1,53,473**
Cash and Investments	9,330	10,134	14,607	18,830	48,936	82,876	1,03,627	1,25,376
Change (%)	39.9	8.6	44.1	28.9	159.9	69.4	25.0	21.0
Loans	**11,309**	**7,617**	**2,806**	**11,285**	**13,575**	**17,931**	**18,559**	**20,709**
Change (%)	748.3	-32.6	-63.2	302.2	20.3	32.1	3.5	11.6
Net Fixed Assets	1,158	1,181	1,104	1,150	1,638	2,218	2,273	2,328
Current Assets	1,877	3,236	3,553	16,873	8,050	4,078	4,435	5,060
Total Assets	**23,674**	**22,168**	**22,070**	**48,138**	**72,199**	**1,07,104**	**1,28,894**	**1,53,473**

E: MOFSL estimates

Financials and valuation

Ratios								(%)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**	**FY25E**
As a percentage of Revenue								
Net Brokerage Income	52.3	54.9	57.9	60.6	60.8	62.9	62.3	62.1
Net Interest Income	24.6	21.8	16.2	17.9	17.4	18.2	17.0	16.4
Other Income	23.0	23.2	25.9	21.5	21.8	18.8	20.8	21.5
Total cost	**60.9**	**68.7**	**66.6**	**52.1**	**49.2**	**49.7**	**49.0**	**48.5**
Employee Cost	28.1	33.7	33.9	19.2	16.7	19.7	19.0	18.5
OPEX (excl. emp.) Cost	32.8	35.0	32.7	33.0	32.5	30.0	30.0	30.0
PBT	**35.8**	**27.3**	**25.5**	**45.8**	**49.7**	**49.0**	**49.7**	**50.3**
PAT	**24.3**	**17.8**	**18.7**	**33.2**	**37.1**	**36.8**	**37.3**	**37.8**
Profitability Ratios (%)								
RoE	25.0	16.5	15.2	34.2	46.0	44.0	38.2	36.4
Dividend Payout Ratio	21.8	27.8	25.7	35.4	35.9	35.0	35.0	50.0

Valuations	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**	**FY25E**
BVPS (INR)	57.3	66.2	74.2	136.5	191.2	255.0	327.3	392.9
Change (%)	22.0	15.5	12.1	84.0	40.1	33.3	28.4	20.0
Price-to-BV (x)	**28.6**	**24.7**	**22.1**	**12.0**	**8.6**	**6.4**	**5.0**	**4.2**
EPS (INR)	13.0	10.2	10.7	36.0	75.4	98.1	111.3	131.2
Change (%)	248.0	-22.0	5.0	237.3	109.7	30.0	13.5	17.9
Price-to-Earnings (x)	**125.7**	**161.2**	**153.6**	**45.5**	**21.7**	**16.7**	**14.7**	**12.5**
DPS (INR)	3.3	3.3	3.2	12.9	27.1	34.3	39.0	65.6
Dividend Yield (%)	**0.2**	**0.2**	**0.2**	**0.8**	**1.7**	**2.1**	**2.4**	**4.0**

E: MOFSL estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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