

Estimate change



TP change



Rating change



Bloomberg	ANGELONE IN
Equity Shares (m)	83
M.Cap.(INRb)/(USDb)	173.6 / 2.1
52-Week Range (INR)	2250 / 999
1, 6, 12 Rel. Per (%)	19/53/14
12M Avg Val (INR M)	797
Free float (%)	61.7

Financial & Valuation (INR b)

Y/E March	2023	2024E	2025E
Revenues	22.9	31.3	36.3
Opex	10.7	15.6	18.0
PBT	11.9	15.2	17.8
PAT	8.9	11.4	13.3
EPS (INR)	107.5	137.6	160.7
EPS Gr. (%)	42.5	28.0	16.8
BV/Sh. (INR)	260.9	346.2	442.6

Ratios (%)

C/I ratio	46.7	50.0	49.5
PAT margin	38.8	36.5	36.7
RoE	47.6	45.3	40.8
Div. Payout	37.3	38.0	40.0

Valuations

P/E (x)	19.3	15.0	12.9
P/BV (x)	7.9	6.0	4.7
Div. Yield (%)	1.9	2.5	3.1

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	38.3	38.5	43.8
DII	10.3	9.7	8.9
FII	17.0	16.6	10.5
Others	34.4	35.2	36.7

CMP: INR2,070
TP: INR2,550 (+23%)
Buy

In-line revenue; profits higher than expectations

- ANGELONE reported a PAT of INR3b, a 7% beat on our estimates and saw a growth of 42% YoY. Net Revenue grew 48% YoY and 30% QoQ at INR6.7b (in line with our estimate).
- CI ratio increased significantly to 48.7% (vs. estimate of 52.6%), declining 270bp sequentially. Expenses were 4.5% lower than our estimates, primarily due to a reduction in administrative and other expenses, which came in 7% lower than expected.
- The Board has declared 2nd Interim Dividend of INR12.7 per share for FY24.
- In 1HFY24, the company reported revenue/PAT growth of 36%/33%.
- We have raised our FY24/FY25 earnings estimates by 8.9%/7.9% to factor in higher net interest income on account of growth in MTF book, relatively lower admin expenses, and better-than-forecasted growth in F&O orders. **We reiterate our BUY rating on the stock with a revised TP of INR 2,550 (premised on 16x Mar'25E EPS).**

Revenues in line; F&O and Cash share improves

- Gross broking business grew 40% YoY, driven by the F&O segment (up 45% YoY and up 32% QoQ) at INR 6.2b and the cash broking segment (+19% YoY, +43% QoQ and 27% above our estimates) at INR 0.8b.
- Gross client acquisition run rate stood at 2.1m, up 60% QoQ. The number of orders stood at 338m in 2QFY24, up 36% QoQ. This was broadly in line with estimates.
- 40% YoY growth in the gross broking business was driven by the F&O segment (up 45% YoY and up 32% QoQ) at INR 6.2b and the cash broking segment (up 19% YoY, up 43% QoQ and 27% above our estimates) at INR 0.8b.
- Interest income came at INR 1.8b, 7% better than estimates, up 46% YoY and 32% QoQ. MTF book stood at INR19.5b vs. INR11.4b in 1QFY24.

Lower opex led to moderation in C/I ratio

- Total opex increased 49% YoY to INR3.9b (5% lower than our estimates). This is because admin & other expenses came in 7% lower than expectations, which led to a moderation in CIR to 48.7%, primarily driven by scale benefits.
- Employee costs increased 21% YoY to INR1.3b (in line with our estimate).

Highlights from the management commentary

- Angel One is now integrating its Super App Platform with its lending partners. It will start offering consumer credit products by offering unsecured consumer loans. It has set high aspirational targets for growing its retail credit business.
Angel One has incorporated Angel One Wealth Management as a WOS, where it will be targeting wealth management customers with a ticket size of INR5m-INR 10m.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Market share improved across segments

- ADTO stood at INR29.6t, up 30% QoQ and 143% YoY. The total number of orders increased to 338m in 2QFY24 from 249m in 1QFY24.
- Its F&O market share improved to 26.2% from 24.5% in 1QFY24. F&O ADTO grew 31% QoQ and 146% YoY to INR291.8t. The number of orders increased to 264m from 199m in 1QFY24. Revenue per order is stable at INR23.4.
- Cash ADTO market share improved to 14% from 13.4% in 1QFY24. Cash ADTO jumped 42% on a QoQ basis to INR47b (up 21% YoY). The number of orders increased 63% QoQ (up 29% YoY) to 62m. However, revenue per order declined 8% YoY to INR12.9.
- Market share for ANGELONE in the Commodity segment moderated to 56.6% in 2QFY24 from 56.9% in 1QFY24.

Revised estimates to factor in beat in 2QFY24; reiterate BUY

ANGELONE is a perfect play on: 1) the financialization of savings and 2) digitization. It demonstrated a strong operating performance in 2QFY24 with markets hitting all-time high. The management continues to invest in technology to strengthen its position. We have raised our FY24/FY25 earnings estimates by 8.9%/7.9% to factor in higher net interest income on account of growth in MTF book, lower-than-estimated opex and better-than-expected F&O orders. **We reiterate our BUY rating on the stock with a revised TP of INR 2,550 (premised on 16x Mar'25E EPS).**

Quarterly Performance

Y/E March	FY23				FY24E				2QFY24E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		Act v/s Est. (%)
Revenue from Operations	4,203	4,559	4,625	5,313	5,198	6,747	6,428	7,561	6,689	0.9
Other Income	948	1,029	1,126	1,129	1,088	1,411	1,408	1,435	1,338	5.5
Total Income	5,151	5,588	5,751	6,442	6,286	8,158	7,836	8,996	8,027	1.6
Change YoY (%)	51.2	44.0	29.3	26.4	22.0	46.0	36.3	39.6	43.6	5.4
Operating Expenses	2,660	2,662	2,648	2,736	3,230	3,974	3,942	4,529	4,162	-4.5
Change YoY (%)	52.5	30.5	20.9	19.0	21.4	49.3	48.9	65.5	56.4	-12.5
Depreciation	65	69	80	89	89	112	115	119	89	26.4
PBT	2,427	2,857	3,023	3,616	2,967	4,072	3,779	4,348	3,776	7.8
Change YoY (%)	49.6	59.2	36.9	31.8	22.3	42.5	25.0	20.2	32.2	32.2
Tax Provisions	611	721	739	946	759	1,035	945	1,062	944	9.6
Net Profit	1,816	2,137	2,284	2,670	2,208	3,037	2,834	3,286	2,832	7.2
Change YoY (%)	49.6	59.0	38.7	30.3	21.6	42.1	24.1	23.1	32.6	29.4
Key Operating Parameters (%)										
Cost to Income Ratio	51.6	47.6	46.0	42.5	51.4	48.7	50.3	50.3	51.9	-314bps
PBT Margin	47.1	51.1	52.6	56.1	47.2	49.9	48.2	48.3	47.0	287bps
Tax Rate	25.2	25.2	24.4	26.2	25.6	25.4	25.0	24.4	25.0	42bps
PAT Margins	35.3	38.2	39.7	41.4	35.1	37.2	36.2	36.5	35.3	194bps
Revenue from Operations (INR Mn)										
Gross Broking Revenue	4,707	5,187	5,100	5,812	5,575	7,270	6,634	8,091	7,523	-3.4
F&O	3,813	4,253	4,182	5,056	4,683	6,180	5,685	6,616	6,556	-5.7
Cash	659	674	612	465	558	800	645	965	631	26.8
Commodity	188	207	255	232	279	291	304	316	279	4.3
Currency	47	52	51	58	56	0	0	194	57	-100.0
Net Broking Revenue	3,191	3,560	3,508	4,140	3,933	5,199	4,744	5,781	5,307	-2.0
Net Interest Income	1,012	999	1,117	1,172	1,265	1,548	1,684	1,780	1,382	12.0
Revenue from Operations Mix (%)										
As % of Gross Broking Revenue										
F&O	81.0	82.0	82.0	87.0	84.0	85.0	85.7	81.8	87.1	-2.5
Cash	14.0	13.0	12.0	8.0	10.0	11.0	9.7	11.9	8.4	31.2
Commodity	4.0	4.0	5.0	4.0	5.0	4.0	4.6	3.9	3.7	8.0
Currency	1.0	1.0	1.0	1.0	1.0	0.0	0.0	2.4	0.8	-100.0
Net Broking (As % Total Revenue)	75.9	78.1	75.8	77.9	75.7	77.1	73.8	76.5	79.3	-2.9
Net Interest Income (As % Total Revenue)	24.1	21.9	24.2	22.1	24.3	22.9	26.2	23.5	20.7	11.1
Expense Mix (%)										
Employee Expenses	37.3	40.1	40.8	26.7	37.1	32.5	34.8	32.3	31.7	2.5
Admin Cost	59.1	57.2	56.2	69.6	59.7	64.3	62.4	65.1	66.2	-2.9
Depreciation	2.4	2.5	2.9	3.2	2.7	2.7	2.8	2.6	2.1	31.5



Highlights from the management commentary

Business & Financials

- Angel One recorded the highest ever clients added in a quarter at 2.1m, up 59.8% QoQ. Client base stood at nearly 17.1m, up 13.3% QoQ.
- ADTO grew to INR 29.6t in 2QFY24 vs INR 22.7t in 1QFY24, up 30.3% QoQ.
- Angel One's consolidated total gross revenue increased to INR 10,493m in 2QFY24 vs INR 8,111m in 1QFY24, up 29.4% QoQ.
- Angel One's consolidated EBDAT came in at INR 4,185m in 2QFY24 vs INR 3,056m in 1QFY24, up 36.9% QoQ. EBDAT Margin (as % of Net Income) stood at 51.3% in 2QFY24.
- Consolidated PAT grew to INR 3,045m in 2QFY24 vs INR 2,208m in 1QFY24, up 37.9% QoQ.
- The product journey has improved and that has started contributing to the growth of derivative market share.
- Angel One on boarded Mr. Nishant Jain as the Chief Business Officer overseeing the assisted channels. Mr. Ravish Sinha has also joined Angel One as the Chief Product and Technology Officer (CPTO). The collaborative strengths of the duo will enhance the company's efforts toward achieving its goal.
- The existing ESOP cost for FY24 stands at INR 800m, while the new ESOP plan that has been launched and the one that is expected to be launched is estimated to be ~INR 550-600m for FY24.
- Customer acquisition cost has not moved significantly for Angel One.
- The interest rate charged on MTF book is 18% per annum. FDs account for ~65% of the total interest income, whereas the remaining ~35% comes from MTF book.
- The rise in other expenses for the quarter can be attributed to an increase in branding and on-boarding costs for acquiring new customers.
- Angel One is progressing actively for the final approval from SEBI for its AMC business. SEBI is set to conduct on-site inspection, and Angel One anticipates receiving final approval by the end of FY24 or early FY25. The AMC business will primarily concentrate on passive products.

Super App

- The Super App has witnessed huge traction since its launch. The Super App and some of its incredible feature enhancements have already struck a chord with the clients. This helps Angel One to expand client's product portfolio, thereby enabling access to a variety of new financial products.
- BSE Derivative products have been activated for clients (started last week, but yet to roll out fully). "Sensibull" feature made free for all Angel One clients, thus making it more accessible.
- "TradeBuddy" feature in Super App helps new investors to embark on their investment journey along with vernacular educational videos to keep them updated.
- Unique SIPs registered grew to 0.7m in 2QFY24. Angel One is now among the top two players in terms of incremental SIPs in 2QFY24.

Wealth management & retail credit business

- Angel One is gearing up to launch personal loan distribution soon, with credit cards slated to follow. The focus will solely be only on distribution, without taking any risks on its own balance sheet.
- Angel One is now integrating its Super App Platform with its lending partners. It will use AI/ML model to support lenders to identify right quality customers.
- Angel One has started offering consumer credit products by offering unsecured consumer loans.
- Angel One has set high aspirational targets for growing its retail credit business.
- Angel One has incorporated Angel One Wealth Management as a WOS, where it will be targeting wealth management customers with a ticket size of INR 5m-INR 10m.
- The current focus in the wealth management business is on catering to HNIs and Ultra-HNIs, with plans to introduce propositions tailored for customers with lower ticket size in the future.

Assisted Business

- Angel One is focused on scaling up the assisted business and building an ecosystem to offer full product suite. This shall be achieved by deepening channel partner network and geographical reach.
- Angel One with its huge client network will focus only on distribution, without taking any risk on its balance sheet.
- Angel One will be leveraging NXT (an in-house developed technology platform), to enhance partner engagement and user personalization for high impact.
- With scale, Angel One is in a better position to negotiate with affiliated partners. The target market segment is not limited to retail customers, but also includes HNIs and Ultra HNIs.
- The aspiration in the assisted business segment is to reach the same scale as Angel One is today.

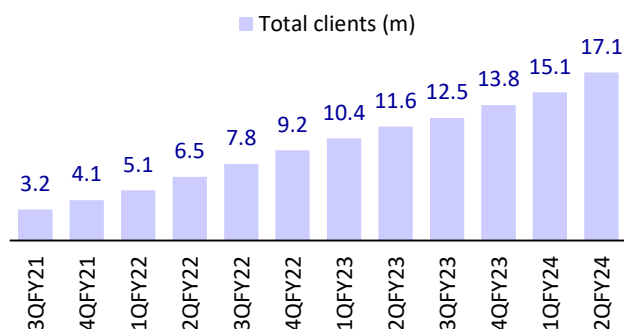
Exhibit 1: Cut in estimates

INR b	Old Est.		New Est.		Change (%)	
	FY24	FY25	FY24	FY25	FY24	FY25
Net Brokerage Income	19.4	22.3	19.7	22.8	1.5	2.5
Net Interest Income	5.4	6.2	6.3	7.1	15.5	15.6
Other Income	5.3	6.3	5.3	6.3	0.0	0.0
Total Income	30.1	34.8	31.3	36.3	3.8	4.4
Operating Expenses	15.8	17.9	15.6	18.0	-1.2	0.3
EBITDA						
PBT	14.3	16.9	15.6	18.3	9.2	8.7
Tax	14.0	16.5	15.2	17.8	8.9	7.9
PAT	3.5	4.1	3.8	4.4	8.9	7.9
C/I ratio	10.5	12.3	11.4	13.3	8.9	7.9
RoE	52.5	51.5	50.0	49.5	2.5	2.0

Source: MOFSL, Company

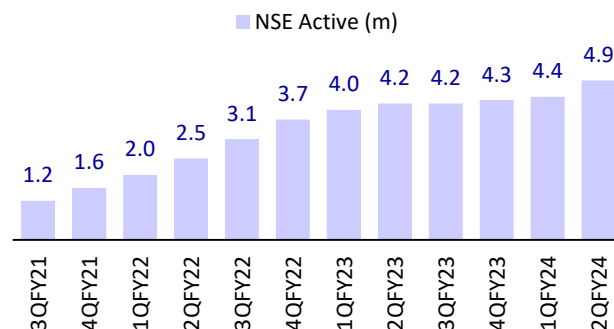
Key exhibits

Exhibit 2: Total clients continued to rise



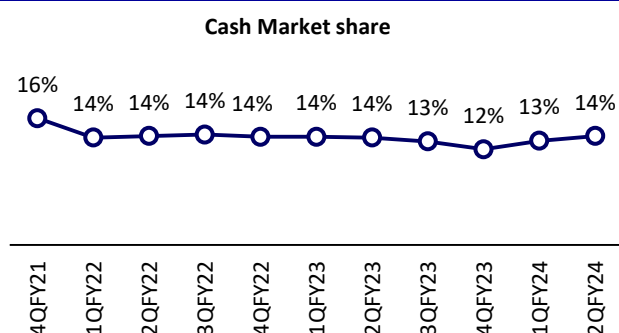
Source: MOFSL, Company

Exhibit 3: NSE active clients increased QoQ



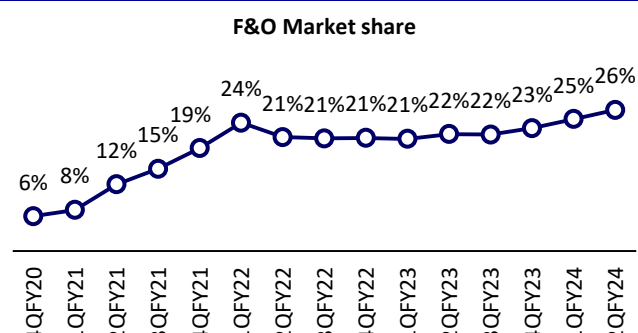
Source: MOFSL, Company

Exhibit 4: Cash segment market share improved



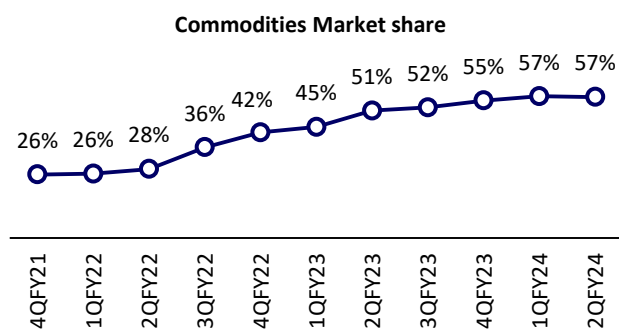
Source: MOFSL, Company

Exhibit 5: F&O Market share improved



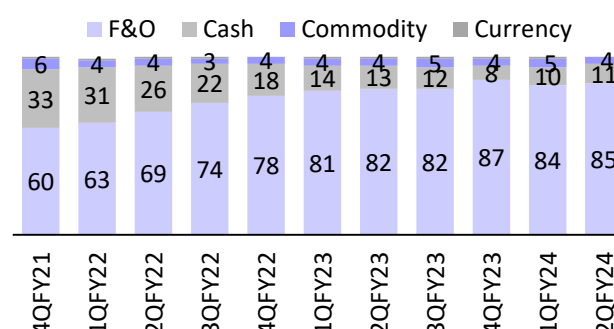
Source: MOFSL, Company

Exhibit 6: Commodities market share remained flat QoQ



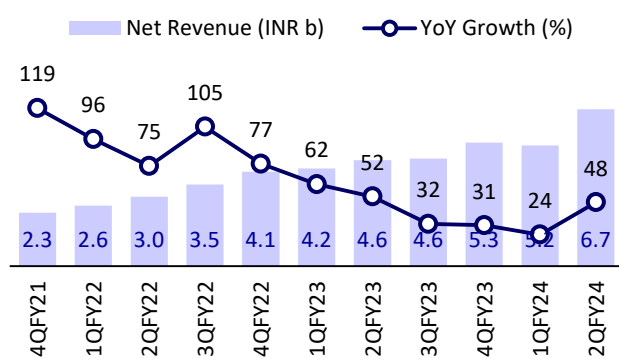
Source: MOFSL, Company

Exhibit 7: Steady share of F&O in gross broking revenue



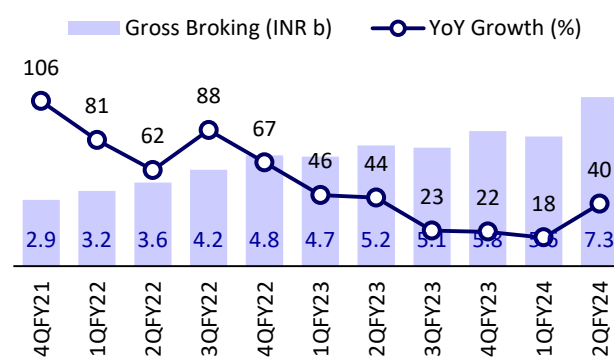
Source: MOFSL, Company

Exhibit 8: Net revenue improved QoQ...

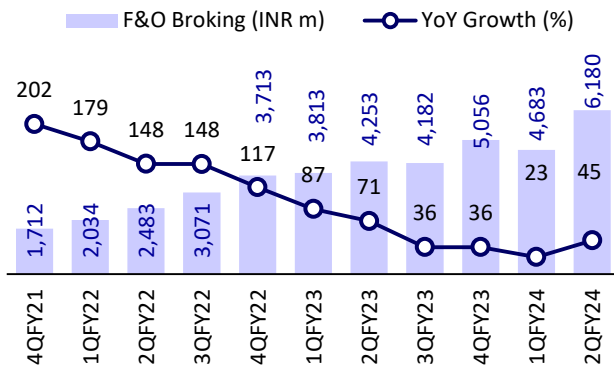


Source: MOFSL, Company

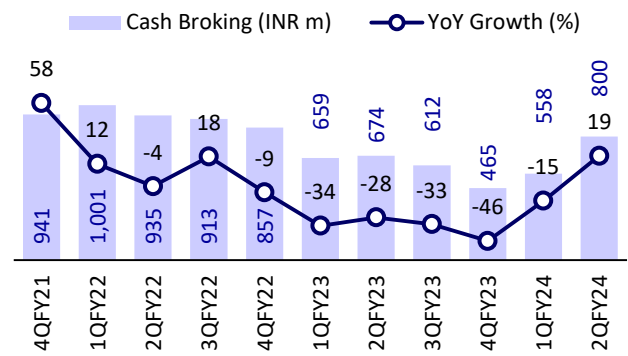
Exhibit 9: ...as Gross broking revenue improved



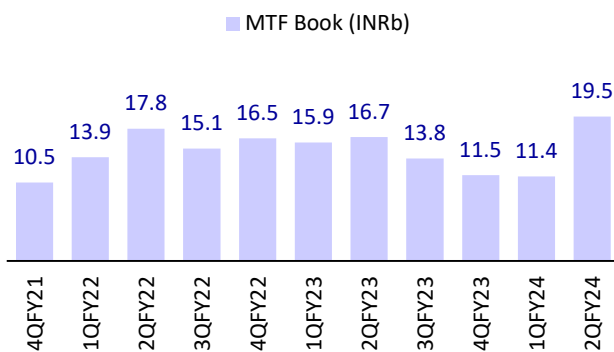
Source: MOFSL, Company

Exhibit 10: F&O growth momentum stood strong

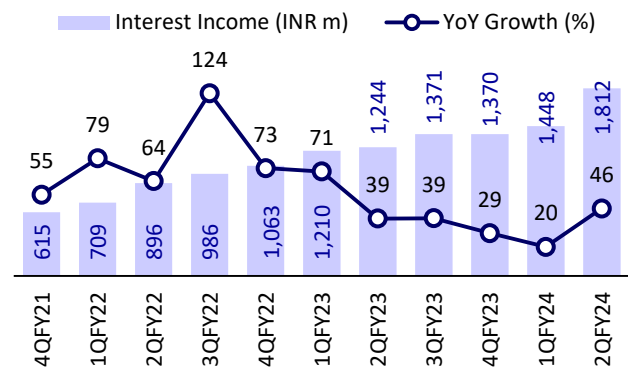
Source: MOFSL, Company

Exhibit 11: Cash broking revenue improved

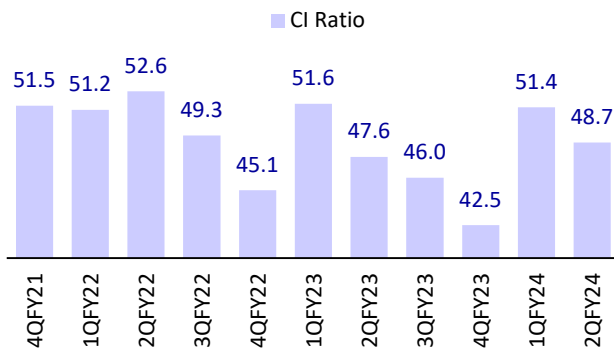
Source: MOFSL, Company

Exhibit 12: MTF book increased to INR19.5b

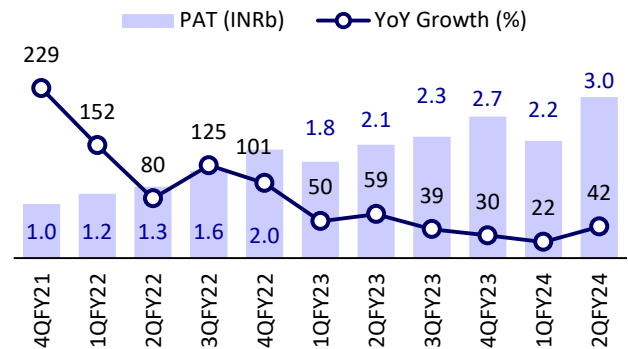
Source: MOFSL, Company

Exhibit 13: Interest income increased

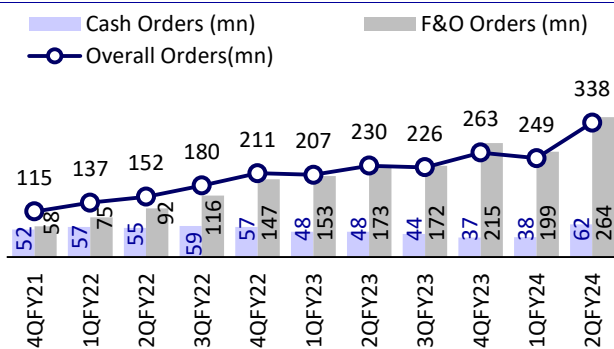
Source: MOFSL, Company

Exhibit 14: C-I ratio declined sequentially

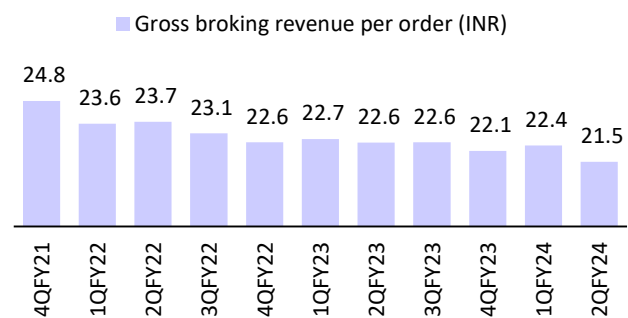
Source: MOFSL, Company

Exhibit 15: Trend in PAT growth

Source: MOFSL, Company

Exhibit 16: The number of orders increased...

Source: MOFSL, Company

Exhibit 17: ...whereas gross broking revenue per order declined marginally

Source: MOFSL, Company

Financials and valuation

Income Statement							(INR m)	
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
Total Income	4,433	4,723	4,721	8,971	16,827	22,931	31,275	36,285
Change (%)	37.9	6.5	0.0	90.0	87.6	36.3	36.4	16.0
Gross Brokerage Income	4,785	5,014	5,039	9,065	15,737	20,806	27,570	32,046
Less - Brokerage / direct expenses	2,464	2,420	2,304	3,630	5,502	6,407	7,913	9,229
Net Brokerage Income	2,321	2,595	2,735	5,436	10,235	14,399	19,657	22,817
Interest income	2,038	1,696	1,254	1,998	3,653	5,195	7,626	8,306
Less - Finance costs	947	666	489	389	721	895	1,349	1,181
Net Interest income	1,091	1,031	765	1,609	2,932	4,300	6,277	7,125
Other Income	1,021	1,098	1,221	1,927	3,661	4,232	5,341	6,344
Operating Expenses	2,701	3,245	3,142	4,675	8,273	10,705	15,638	17,961
Change (%)	3.9	20.2	-3.2	48.8	76.9	29.4	46.1	14.9
Employee expenses	1,245	1,593	1,598	1,718	2,809	3,979	5,473	6,350
Admin expense	1,456	1,652	1,544	2,957	5,464	6,726	10,165	11,611
Operating Margin	1,732	1,478	1,578	4,296	8,554	12,226	15,638	18,324
Depreciation	145	188	209	184	187	303	435	567
Exception	0	0	166	0	0	0	0	0
Profit Before Tax	1,587	1,290	1,204	4,112	8,367	11,923	15,203	17,757
Change (%)	231.3	-18.7	-6.7	241.6	103.5	42.5	27.5	16.8
Tax	508	448	320	1,131	2,117	3,016	3,801	4,439
Tax Rate (%)	32.0	34.7	26.6	27.5	25.3	25.3	25.0	25.0
PAT	1,079	842	884	2,981	6,251	8,907	11,402	13,317
Change (%)	248.0	-22.0	5.0	237.3	109.7	42.5	28.0	16.8
Dividend	235	234	227	1,056	2,245	3,324	4,333	5,327

Balance Sheet							(INR m)	
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
Equity Share Capital	720	720	720	818	829	834	834	834
Reserves & Surplus	4,029	4,765	5,427	10,492	15,015	20,781	27,851	35,841
Net Worth	4,749	5,485	6,147	11,310	15,844	21,616	28,685	36,676
Borrowings	11,223	8,666	4,880	11,715	12,577	7,872	15,872	16,872
Other Liabilities	7,702	8,018	11,043	25,114	43,777	45,175	54,436	65,583
Total Liabilities	23,674	22,168	22,070	48,138	72,198	74,663	98,993	1,19,131
Cash and Investments	9,330	10,134	14,607	18,830	48,936	56,006	69,418	86,320
Change (%)	39.9	8.6	44.1	28.9	159.9	14.4	23.9	24.3
Loans	11,309	7,617	2,806	11,285	13,575	11,533	16,776	18,272
Change (%)	748.3	-32.6	-63.2	302.2	20.3	-15.0	45.5	8.9
Net Fixed Assets	1,158	1,181	1,104	1,150	1,638	2,482	3,172	3,477
Current Assets	1,877	3,236	3,553	16,873	8,050	4,642	9,627	11,062
Total Assets	23,674	22,168	22,070	48,138	72,199	74,663	98,993	1,19,131

E: MOFSL Estimates

Financials and valuation

Ratios	(%)							
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
As a percentage of Revenues								
Net Brokerage Income	52.3	54.9	57.9	60.6	60.8	62.8	62.9	62.9
Net Interest Income	24.6	21.8	16.2	17.9	17.4	18.8	20.1	19.6
Other Income	23.0	23.2	25.9	21.5	21.8	18.5	17.1	17.5
Total cost	60.9	68.7	66.6	52.1	49.2	46.7	50.0	49.5
Employee Cost	28.1	33.7	33.9	19.2	16.7	17.4	17.5	17.5
Opex (ex emp) Cost	32.8	35.0	32.7	33.0	32.5	29.3	32.5	32.0
PBT	35.8	27.3	25.5	45.8	49.7	52.0	48.6	48.9
PAT	24.3	17.8	18.7	33.2	37.1	38.8	36.5	36.7
Profitability Ratios (%)								
RoE	25.0	16.5	15.2	34.2	46.0	47.6	45.3	40.8
Dividend Payout Ratio	21.8	27.8	25.7	35.4	35.9	37.3	38.0	40.0
Valuations	2018	2019	2020	2021	2022	2023	2024E	2025E
BVPS (INR)	57.3	66.2	74.2	136.5	191.2	260.9	346.2	442.6
Change (%)	22.0	15.5	12.1	84.0	40.1	36.4	32.7	27.9
Price-BV (x)	36.1	31.3	27.9	15.2	10.8	7.9	6.0	4.7
EPS (INR)	13.0	10.2	10.7	36.0	75.4	107.5	137.6	160.7
Change (%)	248.0	-22.0	5.0	237.3	109.7	42.5	28.0	16.8
Price-Earnings (x)	158.9	203.7	194.1	57.5	27.4	19.3	15.0	12.9
DPS (INR)	3.3	3.3	3.2	12.9	27.1	39.9	51.9	63.9
Dividend Yield (%)	0.2	0.2	0.2	0.6	1.3	1.9	2.5	3.1
E: MOFSL Estimates								

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Explanation of Investment Rating	
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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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