

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ANGELONE IN
Equity Shares (m)	84
M.Cap.(INRb)/(USDb)	199.9 / 2.4
52-Week Range (INR)	3900 / 1446
1, 6, 12 Rel. Per (%)	-20/-45/4
12M Avg Val (INR M)	1829
Free float (%)	64.3

Financial & Valuation (INR b)

Y/E March	2024	2025E	2026E
Revenues	33.3	47.7	57.5
Opex	17.7	26.4	32.8
PBT	15.1	20.2	23.1
PAT	11.3	14.9	17.1
EPS (INR)	135.9	179.9	205.8
EPS Gr. (%)	26.4	32.4	14.4
BV/Sh. (INR)	366.7	727.6	851.1

Ratios (%)

C/I ratio	53.1	55.4	57.0
PAT margin	33.8	31.2	29.7
RoE	43.3	32.9	26.1
Div. Payout	27.0	0.0	40.0

Valuations

P/E (x)	20.6	13.1	11.4
P/BV (x)	7.6	3.2	2.8
Div. Yield (%)	1.3	0.0	3.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	38.2	38.2	38.5
DII	9.5	9.3	9.7
FII	17.3	19.1	16.6
Others	35.0	33.3	35.2

CMP: INR2,220 TP: INR3,300 (+49%) Buy

Strong PAT beat driven by lower opex

- PAT came in at INR2.9b in 1QFY25 (up 33% YoY), registering a 21% beat, because of lower-than-expected operating costs and higher-than-expected net interest income.
- Net brokerage income was up 72% YoY and flat QoQ at INR6.8b in 1QFY25. Net revenue from operations grew 76% YoY and 5% QoQ to INR9.2b.
- Total operating expenses grew 115% YoY and 18% QoQ (6% lower than expectations). On a sequential basis, the CI ratio rose to 62.3% in 1QFY25 (vs. our expectation of 67.9%). Excluding IPL sponsorship costs of INR1.14b, the CI ratio came in at 52.1% in 1QFY25.
- We have cut our FY25/FY26 earnings estimates by 1%/3% to factor in higher employee costs. **We reiterate our BUY rating on the stock with a revised TP of INR3,300 (premised on 16x Mar'26E EPS).**

Strong growth in F&O and Cash segments

- The 65% YoY growth in gross broking business (INR9.2b) was driven by F&O segment (+65% YoY) and cash segment (+81% YoY).
- Net interest income stood at INR2.4b, up 89% YoY and 24% QoQ (5% beat). MTF book stood at INR26.26b vs. INR11.17b in 1QFY24.
- Other income increased by 82% YoY to INR1.99b.

Ex-IPL sponsorship costs, CI ratio stands at 52.1%

- Total operating expenses jumped 115% YoY and 18% QoQ (6% lower than expectations). On a sequential basis, the CI ratio increased to 62.3% in 1QFY25 (vs. our expectation of 67.9%).
- Employee costs rose 63% YoY to INR2b (9% above est.), while admin & other expenses (incl. IPL cost) surged 147% YoY (12% lower than est.).

Total orders grew 86% YoY

- ADTO stood at INR40.4t, up 93% YoY and flat QoQ. The total number of orders increased to 462m in 1QFY25 from 249m in 1QFY24.
- The number of F&O orders grew 75% YoY to 348m (199m in 1QFY24). Revenue per order was flat at INR22.1.
- Cash ADTO grew 16% QoQ to INR88b (+167% YoY). The number of orders rose 155% YoY to 97m. Sequentially, revenue per order rose to INR10.4.
- Commodity ADTO jumped 101% YoY and 35% QoQ. However, the total number of orders in commodities segment increased to 17m.

Highlights from the management commentary

- Regarding the **1) True to Label charges regulation**: Angel One's FY24 revenue was INR3.5b. The business will eventually implement the same using its levers to offset it. **2) NSE stopping 1,000 stocks from being allowed to pledge**: a minimal impact is expected, which can be offset via new pledges. **3) Despite the measures reported by media and SEBI's move to limit F&O volumes for the retail segment**, the management is confident that it will be able to mitigate the volume impact through a number of levers, including pricing action.
- EBIDTA margins are likely to sustain at current levels (ex-IPL) in case of no action from the regulator. In case of an adverse impact of regulatory changes, the management believes it has levers to offset the impact, but margins can be hit for a short term. Excluding regulatory changes, the management is confident of reaching pre-QIP level RoE in the medium term.

Valuation and view: Maintain BUY

ANGELONE is well positioned to grow business across key parameters such as client acquisition, number of orders and MTF book. Additionally, new segments, such as loan distribution and fixed income product distribution, should scale up in the near term. Over the longer term, AMC and Wealth Management will start contributing to revenues. We have cut our FY25/FY26 earnings estimates by 1%/3% to factor in the 1Q performance. **We reiterate our BUY rating on the stock with a revised TP of INR3,300 (premised on 16x Mar'26E EPS).**

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	1Q FY25E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue from Operations	5,198	6,747	6,874	8,742	9,150	9,565	10,054	10,905	27,562	39,674	8,931	2.5
Other Income	1,088	1,411	1,401	1,869	1,983	1,922	1,997	2,153	5,769	8,055	1,958	1.3
Total Income	6,286	8,158	8,275	10,611	11,133	11,486	12,051	13,058	33,331	47,729	10,890	2.2
Change YoY (%)	22.0	46.0	43.9	64.7	77.1	40.8	45.6	23.1	45.3	43.2	73.2	5.3
Operating Expenses	3,230	3,974	4,635	5,856	6,940	5,791	6,677	7,032	17,695	26,439	7,392	-6.1
Change YoY (%)	21.4	49.3	75.1	114.0	114.8	45.7	44.0	20.1	65.3	49.4	128.9	-10.9
Depreciation	89	112	131	167	226	256	286	316	498	1,085	240	-5.8
PBT	2,967	4,072	3,509	4,588	3,968	5,439	5,089	5,710	15,137	20,206	3,258	21.8
Change YoY (%)	22.3	42.5	16.1	26.9	33.7	33.6	45.0	24.5	26.9	33.5	9.8	244.6
Tax Provisions	759	1,027	907	1,188	1,041	1,427	1,335	1,498	3,881	5,301	844	23.4
Net Profit	2,208	3,045	2,602	3,400	2,927	4,012	3,754	4,212	11,255	14,905	2,414	21.2
Change YoY (%)	21.6	42.5	13.9	27.3	32.5	31.8	44.2	23.9	26.4	32.4	9.3	249.5
Key Operating Parameters (%)												
Cost to Income Ratio	51.4	48.7	56.0	55.2	62.3	50.4	55.4	53.9	53.1	55.4	67.9	-555bps
PBT Margin	47.2	49.9	42.4	43.2	35.6	47.4	42.2	43.7	45.4	42.3	29.9	572bps
Tax Rate	25.6	25.2	25.8	25.9	26.2	26.2	26.2	26.2	25.6	26.2	25.9	34bps
PAT Margins	35.1	37.3	31.4	32.0	26.3	34.9	31.1	32.3	33.8	31.2	22.2	412bps
Revenue from Operations Mix (%)												
As % of Gross Broking Revenue												
F&O	84.0	85.0	84.0	85.0	84.0	85.0	85.0	84.6	84.6	84.7	85.8	-2.1
Cash	10.0	11.0	11.0	11.0	11.0	10.7	10.9	11.4	10.8	11.0	10.0	10.2
Commodity	5.0	4.0	5.0	4.0	5.0	4.2	4.1	3.9	4.4	4.3	4.2	18.3
Currency	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Net Broking (As % Total Revenue)	75.7	77.1	74.3	78.0	73.9	74.0	72.4	72.1	76.4	73.1	74.6	-0.9
Net Interest Income (As % Total Revenue)	24.3	22.9	25.7	22.0	26.1	26.0	27.6	27.9	23.6	26.9	25.4	2.8
Expense Mix (%)												
Employee Expenses	37.1	32.5	29.7	26.4	28.0	34.9	31.8	31.7	30.6	31.5	24.2	15.8
Admin Cost	59.7	64.3	67.1	70.4	68.3	60.9	64.1	64.0	66.7	64.6	72.6	-5.9
Depreciation	2.7	2.7	2.7	2.8	3.2	4.2	4.1	4.3	2.7	3.9	3.1	0.4

Change in estimates

INR b	Old Est.		New Est.		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net Brokerage Income	30.3	35.2	29.0	33.5	-4.3	-4.6
Net Interest Income	10.4	14.6	10.7	14.6	2.9	0.1
Other Income	8.3	9.6	8.1	9.3	-3.0	-3.2
Total Income	49.0	59.4	47.7	57.5	-2.6	-3.2
Operating Expenses	27.7	34.2	26.4	32.8	-4.7	-4.2
EBITDA	21.2	25.2	21.3	24.7	0.3	-1.9
PBT	20.3	23.7	20.2	23.1	-0.3	-2.5
Tax	5.2	6.1	5.3	6.1	1.0	-1.3
PAT	15.0	17.6	14.9	17.1	-0.8	-3.0
C/I ratio	56.6	57.6	55.4	57.0	1.2	0.6
RoE	33.1	26.8	32.9	26.1	0.2	0.7
Dividend payout ratio	0.0	40.0	0.0	40.0	0.0	0.0



Highlights from the management commentary

Regulations

- With respect to 'True to Label' charges regulation, Angel One had a revenue of INR3.5b in FY24. The company has levers to offset the same and will implement the same in due course.
- With regards to NSE stopping 1,000 stocks from being allowed to pledge, a minimal impact is expected, which can be offset via new pledges.
- With regards to SEBI action on restricting F&O volumes for retail segment and the measures being discussed in the media, the management is confident of offsetting the volume impact via several levers, including pricing action.
- Data shows that customers lose less when they trade 2-3 days prior to expiry, and hence, any regulations to curb the number of expiry will enhance customer longevity as they would start trading more 2-3 days prior to expiry.
- In the past, changes in F&O lot sizes did not affect volumes materially and the impact was recouped in a short period.

Business

- Angel One is in the final process of getting approval for AMC license.
- Angel One is the only broker to provide seamless digital opening of a joint broking account. Social media initiatives are being pushed to enhance the content.
- It executed 30m orders in a single trading session, which indicates strength of the business model.
- The company, with its various pricing and tech initiatives, is capitalizing on its position in the equity cash market. The major customer acquisition (~90%) is done from tier 2-3 and beyond cities.

MTF

- The size of client funding book has doubled in a quarter to INR34b. The exposure per client has increased from INR0.11m to INR0.18m.
- ~84% of the total MTF book comprises less than INR0.1m of client exposure, ~9.6% of the clients have exposure of around INR0.1-0.5m and the rest of them have more than INR0.5m exposure.
- The total industry MTF book would be INR730b, with ~50% upside expected in the next 12-15 months.
- Interest cost for Angel One was stable during the quarter, owing to QIP proceeds.

Loan and fixed income product distribution

- Angel One is in beta testing stage to launch credit products and fixed income products (starts by offering unsecured consumer loans).
- For distribution of loans, it has tied up with one partner and is expected to add 3-4 partners in the near term.
- The beta version launch has been to a limited set of employees and the response has been encouraging so far.
- As a distributor, Angel One does not need more approvals from the RBI. Angel One is building proprietary AI/ML models using internal and external consumer data, to help lending partners underwrite and collect better.
- For fixed-income products, Angel One leverages technology to provide a seamless experience to clients.

Wealth management

- Angel One is witnessing a great response in acquiring talent. The Indian wealth management industry faces tailwinds in emerging market for HNIs and Ultra-HNIs.
- Angel One Wealth Management team has experience in catering to these clients. It is building a technology platform to enhance its reach.
- The customer base will be across HNIs and UHNIs. The company is in the process of building an advisory offering.

SIP

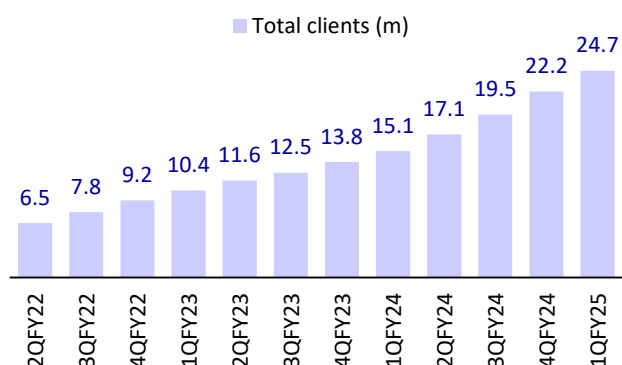
- Unique SIPs have been increasing for Angel One. The average SIP value has increased compared to last one year.
- There is improved discoverability of MF led to greater engagement and higher traction with zero marketing spending.
- Angel One witnessed ~0.5m unique SIP registrations in Jun'24 and ~1.5m in 1QFY25. It is now the 2nd largest player in incremental SIP investments.

Financials

- ~28% sequential growth in employee costs was due to increments and implementation of variable pay. 12% QoQ growth in ESOP costs was due to the issuance of fresh annual grants.
- Other opex declined 6.4% QoQ, primarily due to lower gross client acquisition.
- EBIDTA margins are likely to sustain at current levels (ex-IPL) in case of no action from the regulator. In case of an adverse impact of regulatory changes, the management believes it has levers to offset the impact, but margins can be hit for a short term.
- Ex-regulatory changes, the management is confident of reaching pre-QIP level RoE in the medium term.
- The company will not consider dividend payments in the near term to shore up its net worth for sustainable business growth.

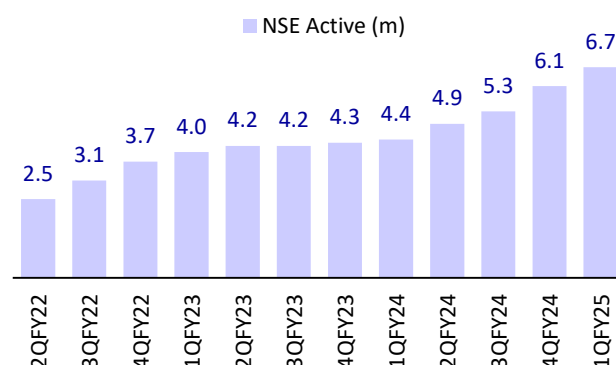
Key exhibits

Exhibit 1: Total clients continued to rise



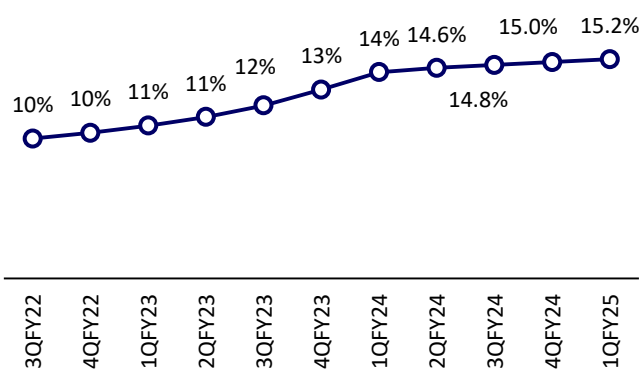
Source: MOFSL, Company

Exhibit 2: NSE active clients increased QoQ



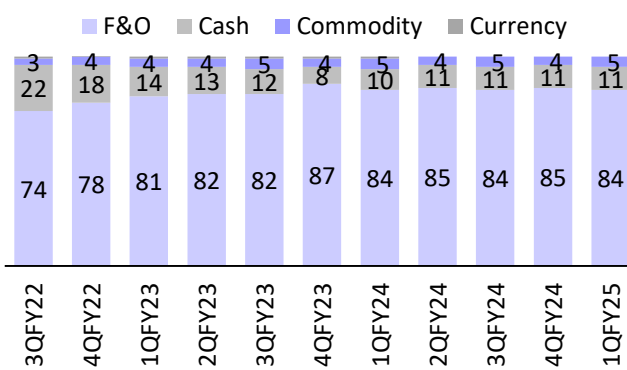
Source: MOFSL, Company

Exhibit 3: Market share in NSE active clients continue to rise



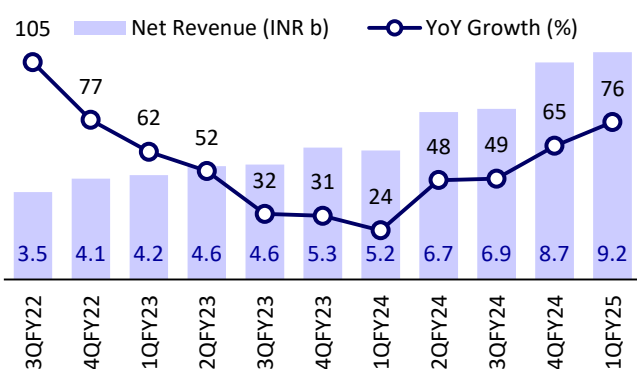
Source: MOFSL, Company

Exhibit 4: Gross broking revenue mix



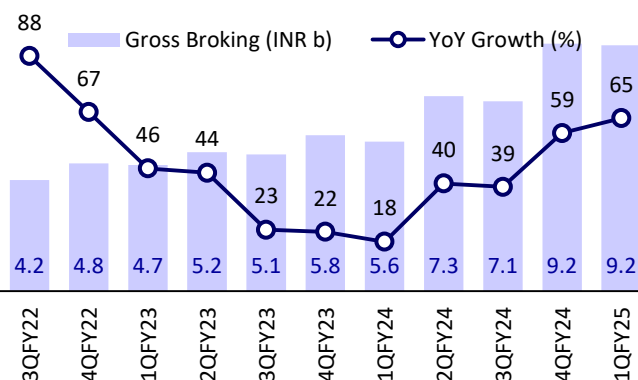
Source: MOFSL, Company

Exhibit 5: Net revenue improves YoY...

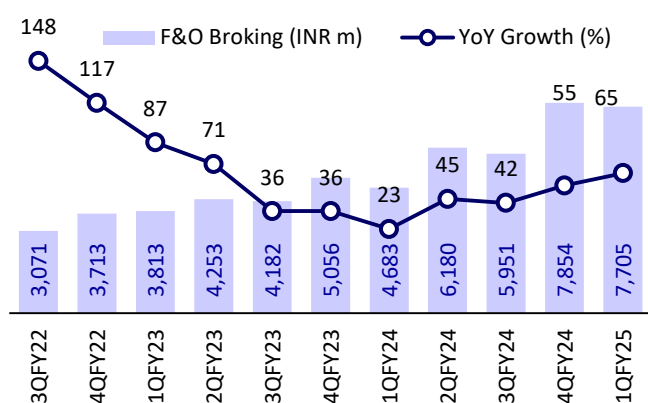


Source: MOFSL, Company

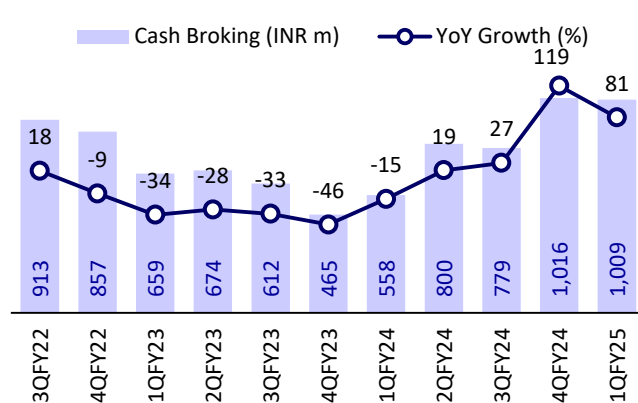
Exhibit 6: ...as Gross broking revenue improves



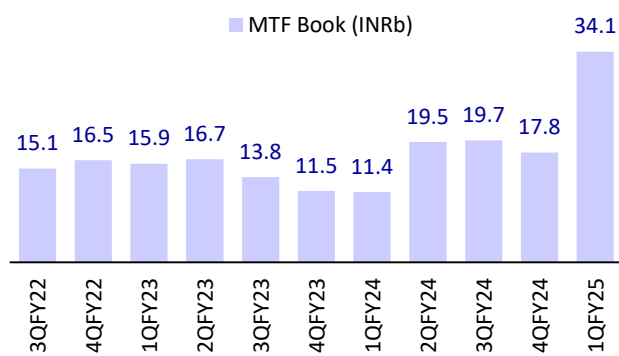
Source: MOFSL, Company

Exhibit 7: Strong revenue growth in F&O segment

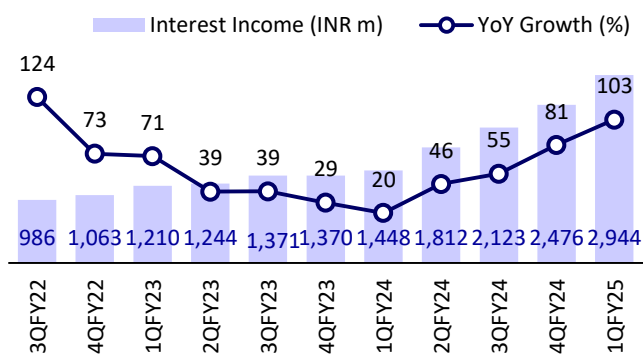
Source: MOFSL, Company

Exhibit 8: Revenue momentum in Cash broking continues

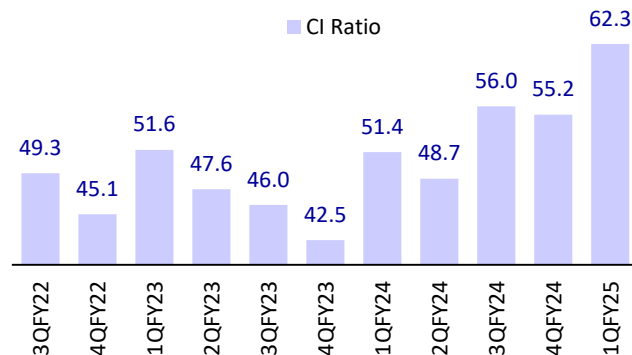
Source: MOFSL, Company

Exhibit 9: MTF book increased to INR34.1b

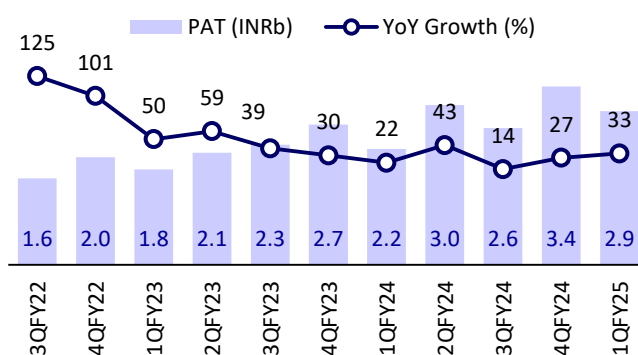
Source: MOFSL, Company

Exhibit 10: Interest income increases

Source: MOFSL, Company

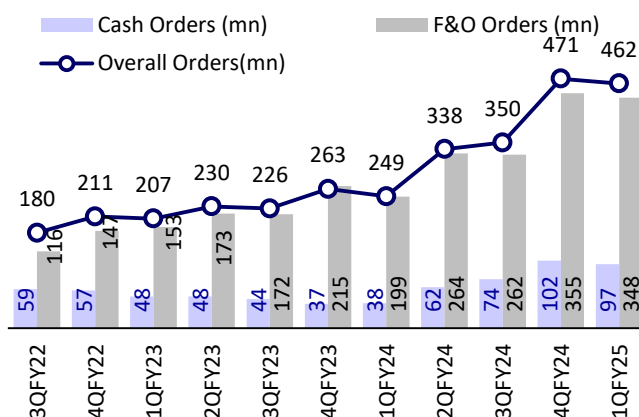
Exhibit 11: CI ratio increases QoQ

Source: MOFSL, Company

Exhibit 12: Trend in PAT growth

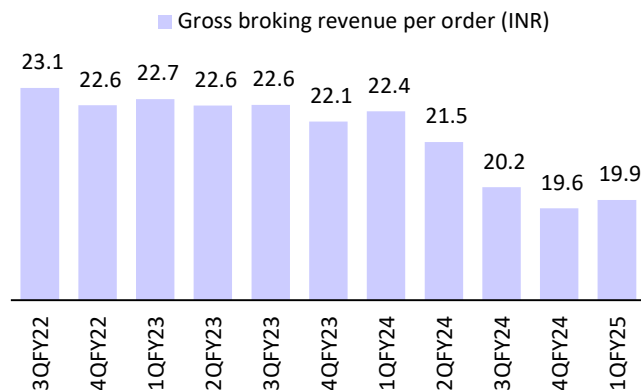
Source: MOFSL, Company

Exhibit 13: No. of orders flat...



Source: MOFSL, Company

Exhibit 14: ...whereas gross broking revenue per order increases marginally



Source: MOFSL, Company

Exhibit 15: Consistent total net revenue from every cohort

(₹ Mn)	Gross Acquisition (Mn)	Actuals				
		FY20	FY21	FY22	FY23	FY24
Pre-FY20		3,589	3,358	3,606	3,439	3,681
FY20	0.6	1,116	2,066	1,801	1,743	1,894
FY21	2.4		3,472	6,455	5,760	6,037
FY22	5.3			4,885	8,233	8,483
FY23	4.7				3,728	7,081
FY24	8.8					6,156
Total Net Revenue		4,705	8,896	16,747	22,902	33,331
(-) Employee + Opex (Ex-Branding Spend)		3,205	4,436	7,951	10,479	16,817
Margin (Ex-Branding Spend)		1,500	4,460	8,797	12,423	16,514
<i>Margin (Ex-Branding Spend)</i>		<i>31.9%</i>	<i>50.1%</i>	<i>52.5%</i>	<i>54.2%</i>	<i>49.5%</i>
(-) Branding Spend		103	165	243	202	878
Operating Profit		1,397	4,295	8,554	12,221	15,637
<i>Operating Profit Margin (%)</i>		<i>29.7%</i>	<i>48.3%</i>	<i>51.1%</i>	<i>53.4%</i>	<i>46.9%</i>
Break-even (# of months)				5	7	7

Source: MOFSL, Company

Financials and valuation

Income Statement						(INR m)	
Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Total Income	4,721	8,971	16,827	22,931	33,331	47,729	57,462
Change (%)		90.0	87.6	36.3	45.4	43.2	20.4
Net Brokerage Income	2,735	5,436	10,235	14,399	21,062	28,985	33,539
Interest income	1,254	1,998	3,653	5,195	7,859	13,809	19,670
Less - Finance costs	489	389	721	895	1,359	3,119	5,068
Net Interest income	765	1,609	2,932	4,300	6,500	10,689	14,602
Other Income	1,221	1,927	3,661	4,232	5,769	8,055	9,321
Operating Expenses	3,142	4,675	8,273	10,705	17,695	26,439	32,782
Change (%)	-3.2	48.8	76.9	29.4	65.3	49.4	24.0
Operating Margin	1,578	4,296	8,554	12,226	15,636	21,290	24,680
Depreciation	209	184	187	303	498	1,085	1,565
Profit Before Tax	1,204	4,112	8,367	11,923	15,138	20,206	23,115
PAT	884	2,981	6,251	8,907	11,257	14,904	17,051
Change (%)	5.0	237.3	109.7	42.5	26.4	32.4	14.4
Dividend	227	1,056	2,245	3,324	3,039	0	6,820

Balance Sheet						(INR m)	
Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Equity Share Capital	720	818	829	834	840	899	899
Reserves & Surplus	5,427	10,492	15,015	20,781	29,546	59,391	69,622
Net Worth	6,147	11,310	15,844	21,616	30,386	60,290	70,521
Borrowings	4,880	11,715	12,577	7,872	25,353	35,341	52,472
Other Liabilities	11,043	25,114	43,777	45,175	76,636	1,36,761	1,97,997
Total Liabilities	22,070	48,138	72,198	74,663	1,32,375	2,32,393	3,20,990
Cash and Investments	14,607	18,830	48,936	56,006	98,442	1,48,805	2,03,402
Change (%)	44.1	28.9	159.9	14.4	75.8	51.2	36.7
Loans	2,806	11,285	13,575	11,533	17,771	53,569	79,535
Change (%)	-63.2	302.2	20.3	-15.0	54.1	201.4	48.5
Net Fixed Assets	1,104	1,150	1,638	2,482	4,094	6,752	9,752
Current Assets	3,553	16,873	8,050	4,642	12,069	23,267	28,301
Total Assets	22,070	48,138	72,199	74,663	1,32,375	2,32,393	3,20,990

E: MOSL Estimates

Financials and valuation

Cash flow Statement

Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Cash flow from operations	5,438	-10,624	-2,187	3,793	19,319	15,207	31,417
PBT	1,204	4,112	8,367	11,923	15,138	20,206	23,115
Depreciation and amortization	209	184	187	303	498	1,085	1,565
Tax Paid	-296	-1,070	-2,088	-2,900	-3,889	-5,301	-6,065
Interest, dividend income (post-tax)	-920	-1,448	-2,729	-3,881	-5,894	-10,357	-14,752
Interest expense (post-tax)	359	282	539	669	1,019	2,340	3,801
Working capital	4,883	-12,684	-6,463	-2,321	12,447	7,235	23,753
Cash from investments	-335	194	-806	-2,055	-1,016	-3,743	-4,565
Capex	-131	-230	-675	-1,146	-2,110	-3,743	-4,565
Others	-204	424	-131	-908	1,095	-	-
Cash from financing	-3,446	10,183	1,336	-4,628	19,876	33,063	21,262
Equity	-	-	-	-	6	59	-
Debt	-3,786	6,835	863	-4,705	17,481	9,988	17,131
Interest costs	562	1,166	2,190	3,212	4,875	8,017	10,951
Dividends Paid	-222	2,182	-1,717	-3,135	-2,487	15,000	-6,820
Others	-	-	-	-	-	-	-
Change of cash	1,657	-247	-1,657	-2,890	38,179	44,528	48,114
Opening Cash	4,468	6,125	5,878	4,221	1,331	39,503	83,973
Closing Cash	6,125	5,878	4,221	1,331	39,509	84,031	1,32,087
FCFE	2,082	-2,853	191	1,153	39,565	29,469	54,934

Ratios

Y/E March	2020	2021	2022	2023	2024	2025E	2026E
							(%)
As a percentage of Revenues							
Net Brokerage Income	57.9	60.6	60.8	62.8	63.2	60.7	58.4
Net Interest Income	16.2	17.9	17.4	18.8	19.5	22.4	25.4
Other Income	25.9	21.5	21.8	18.5	17.3	16.9	16.2
Total cost	66.6	52.1	49.2	46.7	53.1	55.4	57.0
Employee Cost	33.9	19.2	16.7	17.4	16.7	18.1	17.4
Opex (ex emp) Cost	32.7	33.0	32.5	29.3	36.4	37.2	39.6
PBT	25.5	45.8	49.7	52.0	45.4	42.3	40.2
PAT	18.7	33.2	37.1	38.8	33.8	31.2	29.7
Profitability Ratios (%)							
RoE	15.2	34.2	46.0	47.6	43.3	32.9	26.1
Dividend Payout Ratio	25.7	35.4	35.9	37.3	27.0	0.0	40.0

Valuations	2020	2021	2022	2023	2024	2025E	2026E
BVPS (INR)	74.2	136.5	191.2	260.9	366.7	727.6	851.1
Change (%)	12.1	84.0	40.1	36.4	40.6	98.4	17.0
Price-BV (x)	31.7	17.2	12.3	9.0	6.4	3.2	2.8
EPS (INR)	10.7	36.0	75.4	107.5	135.9	179.9	205.8
Change (%)	5.0	237.3	109.7	42.5	26.4	32.4	14.4
Price-Earnings (x)	220.7	65.4	31.2	21.9	17.3	13.1	11.4
DPS (INR)	3.2	12.9	27.1	39.9	36.2	0.0	75.9
Dividend Yield (%)	0.1	0.5	1.2	1.7	1.5	0.0	3.2

E: MOSL Estimates

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