

Estimate change 

TP change 

Rating change 

**CMP: INR2,793**

**TP: INR4,200 (+50%)**

**Buy**

## Strong show led by surge in orders

- Net brokerage income grew 65% YoY to INR6.8b in 4QFY24 and total income from operations rose 65% YoY to INR10.6b.
- Total operating expenses surged 114% YoY and 26% QoQ. On a sequential basis, the CI ratio declined marginally by ~80bp to 55.2% in 4QFY24.
- PAT stood at INR3.4b, up 27% YoY and 31% QoQ.
- For FY24, net revenue/PAT grew 45%/26% YoY to INR33.3b/INR11.3b.
- The company raised INR15b via QIP and the shares were allotted on 2nd Apr'24 at INR2,555.01 per share
- We have raised our FY25/FY26 EPS estimates by 6%/8% to factor in the scale-up in business after the fund raise. On the other hand, IPL-related expenses have led to a cut in our EBIDTA margin estimates. **We reiterate our BUY rating on the stock with a revised TP of INR4,200 (premised on 20x Mar'26E EPS).**

## Robust growth in broking business

- Gross client acquisition run rate stood at 2.9m, up 18% QoQ.
- Growth in gross broking business (+59% YoY to INR9.2b) was driven by F&O segment (+55% YoY/+32% QoQ) and cash segment (+119% YoY/+30% QoQ).
- Net interest income came in at INR1.9b, up 64% YoY and 9% QoQ. Avg. client funding book stood at INR20.29b vs. INR13.14b in 4QFY23.
- Other income (depository income, distribution income) increased by 66% YoY to INR 1.87b.

## CI ratio stands at 55.2%

- Total operating expenses jumped 114% YoY and 26% QoQ. On a sequential basis, the CI ratio declined marginally by ~80bp to 55.2% in 4QFY24.
- Employee costs increased 12% QoQ to INR1.58b, whereas admin & other expenses rose 33% QoQ. This was led by hiring in the new business of wealth and AMC, along with ESOP costs for existing employees.
- The surge in operating expenses was owing to an increase in gross client additions, tech investments in new tools on the Super App and IPL-related expenses of INR227m.

## Highlights from the management commentary

- Superior engagement journeys drive consistent total net revenue from every cohort. As cohorts mature, their activity on the platform improves over time. ~54% of the FY21 acquired base transacted over four years.
- The IPL sponsorship for five years (INR825m annually) will help ANGELONE penetrate deeper in tier III and tier IV cities. There would be an elevated cost of INR1.2b in 1QFY25 for IPL-related media and advertising.

Bloomberg	ANGELONE IN
Equity Shares (m)	83
M.Cap.(INRb)/(USDb)	251.1 / 3
52-Week Range (INR)	3900 / 1181
1, 6, 12 Rel. Per (%)	10/17/91
12M Avg Val (INR M)	1597
Free float (%)	61.8

### Financial & Valuation (INR b)

Y/E March	2024	2025E	2026E
Revenues	33.3	47.4	58.4
Opex	17.7	27.0	33.0
PBT	15.1	19.4	24.0
PAT	11.3	14.4	17.8
EPS (INR)	135.9	173.6	214.7
EPS Gr. (%)	26.4	27.8	23.7
BV/Sh. (INR)	366.7	721.3	850.2

### Ratios (%)

C/I ratio	53.1	57.0	56.4
PAT margin	33.8	30.4	30.4
RoE	43.3	31.9	27.3
Div. Payout	27.0	0.0	40.0

### Valuations

P/E (x)	20.6	16.1	13.0
P/BV (x)	7.6	3.9	3.3
Div. Yield (%)	1.3	0.0	2.8

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	38.2	38.3	43.7
DII	9.3	10.4	9.3
FII	19.1	16.8	17.3
Others	33.3	34.5	29.8

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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

- Accounting for client acquisition and advertisement costs, the operating margin would be in the range of ~43-45% for FY25 (including ~1.5% higher cost impact from new businesses).

#### **Total orders jump 79% YoY**

- ADTO stood at INR44t, up 22% QoQ and 138% YoY. The total number of orders increased to 471m in 4QFY24 from 263m in 4QFY23.
- F&O ADTO grew 23.5% QoQ and 141% YoY to INR43.85t. The number of orders grew 44% YoY to 355m (215m in 4QFY23). Revenue per order declined to INR22.1.
- Cash ADTO grew 38% QoQ to INR76b (+181% YoY). The number of orders rose 38% QoQ (+176% YoY) to 102m. However, revenue per order declined by 20% YoY to INR10.
- Commodity ADTO increased 93% YoY and 8% QoQ. However, the total number of orders in commodities segment remained flat at 14m.

#### **Valuation and view: Raise estimates to factor in fund raise; reiterate BUY**

ANGELONE, with the INR15b fund raise in place, is well positioned to grow business across key parameters such as client acquisition, 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 long term, AMC and Wealth Management will start contributing to revenues. We have raised our FY25/FY26 EPS estimates by 6%/8% to factor in the scale-up in business after the fund raise. On the other hand, IPL-related expenses have led to a cut in our EBIDTA margin estimates. We reiterate our BUY rating on the stock with a revised TP of INR 4,200 (premised on 20x Mar'26E EPS).

## Quarterly Performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from Operations	4,203	4,559	4,625	5,313	5,198	6,747	6,874	8,742	18,700	27,562
Other Income	948	1,029	1,126	1,129	1,088	1,411	1,401	1,869	4,232	5,769
<b>Total Income</b>	<b>5,151</b>	<b>5,588</b>	<b>5,751</b>	<b>6,442</b>	<b>6,286</b>	<b>8,158</b>	<b>8,275</b>	<b>10,611</b>	<b>22,932</b>	<b>33,331</b>
Change YoY (%)	51.2	44.0	29.3	26.4	22.0	46.0	43.9	64.7	36.3	45.3
Operating Expenses	2,660	2,662	2,648	2,736	3,230	3,974	4,635	5,856	10,705	17,695
Change YoY (%)	52.5	30.5	20.9	19.0	21.4	49.3	75.1	114.0	29.4	65.3
Depreciation	65	69	80	89	89	112	131	167	303	498
<b>PBT</b>	<b>2,427</b>	<b>2,857</b>	<b>3,023</b>	<b>3,616</b>	<b>2,967</b>	<b>4,072</b>	<b>3,509</b>	<b>4,588</b>	<b>11,924</b>	<b>15,137</b>
Change YoY (%)	49.6	59.2	36.9	31.8	22.3	42.5	16.1	26.9	42.5	26.9
Tax Provisions	611	721	739	946	759	1,027	907	1,188	3,016	3,881
<b>Net Profit</b>	<b>1,816</b>	<b>2,137</b>	<b>2,284</b>	<b>2,670</b>	<b>2,208</b>	<b>3,045</b>	<b>2,602</b>	<b>3,400</b>	<b>8,907</b>	<b>11,255</b>
Change YoY (%)	49.6	59.0	38.7	30.3	21.6	42.5	13.9	27.3	42.5	26.4
<b>Key Operating Parameters (%)</b>										
Cost to Income Ratio	51.6	47.6	46.0	42.5	51.4	48.7	56.0	55.2	46.7	53.1
PBT Margin	47.1	51.1	52.6	56.1	47.2	49.9	42.4	43.2	52.0	45.4
Tax Rate	25.2	25.2	24.4	26.2	25.6	25.2	25.8	25.9	25.3	25.6
PAT Margins	35.3	38.2	39.7	41.4	35.1	37.3	31.4	32.0	38.8	33.8
<b>Revenue from Operations (INR m)</b>										
Gross Broking Revenue	4,707	5,187	5,100	5,812	5,575	7,270	7,084	9,240	20,806	29,169
F&O	3,813	4,253	4,182	5,056	4,683	6,180	5,951	7,854	17,304	24,667
Cash	659	674	612	465	558	800	779	1,016	2,410	3,153
Commodity	188	207	255	232	279	291	354	370	883	1,293
Currency	47	52	51	58	56	0	0	0	208	56
Net Broking Revenue	3,191	3,560	3,508	4,140	3,933	5,199	5,107	6,822	14,399	21,062
Net Interest Income	1,012	999	1,117	1,172	1,265	1,548	1,767	1,920	4,300	6,500

E: MOFSL Estimates

Change in estimates	New Estimates		Old Estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
<b>Y/E March</b>						
Revenues	47.4	58.4	38.1	45.4	24.3	28.6
Opex	27.0	33.0	19.4	22.7	39.2	45.2
PBT	19.4	24.0	18.1	22.0	7.3	8.9
PAT	14.4	17.8	13.6	16.5	6.0	7.6
EPS (INR)	173.6	214.7	163.8	199.6	6.0	7.6
EPS Gr. (%)	27.8	23.7	24.5	21.9		
BV/Sh. (INR)	721.3	850.2	440.7	560.4		
<b>Ratios (%)</b>						
C/I ratio	57.0	56.4	50.9	50.0	6.1	6.4
PAT margin	30.4	30.4	35.6	36.4	-5.3	-6.0
RoE	31.9	27.3	41.8	39.9	-9.9	-12.5
Div. Payout	0.0	40.0	40.0	40.0		
<b>Valuations</b>						
P/E (x)	16.1	13.0	16.8	13.8		
P/BV (x)	3.9	3.3	6.2	4.9		
Div. Yield (%)	0.0	2.8	2.4	2.9		



## Highlights from the management commentary

### Client Engagement

- Superior engagement journeys drive consistent total net revenue from every cohort. As cohorts mature, their activity on the platform improves over time.
- The expanding client base is boosting net broking income. Every cohort remains highly profitable. Sustained break-even levels and a recurring revenue profile enable the company to reinvest in growth.
- Digital engagement leads to more clients becoming active over time. ~54% of the FY21 acquired base transacted over four years. A similar behavior is witnessed in all other cohorts.
- The NSE active client base is a partial representation of overall client behavior. ANGELONE continues to participate in the client's journey from a novice trader to an experienced investor.
- The lifetime value per new customer acquired is difficult to estimate today (at least ~5-5.5x LTV for a digitally acquired customer). Revenue per new client (at least 12 months in the system) acquired has not declined. These clients still provide 50-60% operating margin at scale.

### AP Network

- ANGELONE will leverage NXT (an in-house developed technology platform) to enhance partner engagement and user personalization for high impact.
- The company focuses on scaling up the assisted business and building an ecosystem to offer a full product suite. This will be achieved by deepening the channel partner network with multiple products and expanding its geographical reach.

### Expanding Multi-Product Relationship

- ANGELONE is adding new products on the Super App to build long-term affiliation.
- In consumer credit products, ANGELONE continues to build proprietary AI/ML models using internal and external consumer data to help lending partners underwrite and improve collections. It has now started by offering unsecured consumer loans.
- For the fixed income products, ANGELONE is leveraging technology to provide a seamless experience to clients and strategic alliances with leading banks and NBFCs (offering highly rated bank FDs and corporate bonds).

### Financials

- ANGELONE added the highest number of clients in a quarter at 2.9m, up 17.2% QoQ. Its total client base stood at nearly 22.2m, up 14.3% QoQ. The company now records ~10m orders on a daily basis.
- ADTO stood at INR 44.4t in 4QFY24 vs. INR36t in 3QFY24 (up 23.3% QoQ).
- Employee cost was higher on account of new hires. Other expenses grew on account on ~17% growth in client acquisition and onboarding cost. Total ESOP cost for FY25 is expected to be INR1b, with ~INR0.5b for old ESOP grants and ~INR0.5b for new ESOP grants.

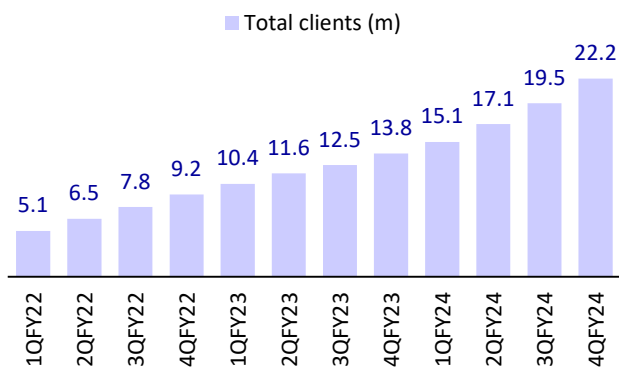
- Other spending includes IPL-related advertising and media costs of INR227m. Spending on cloud infrastructure was higher in line with business growth.
- The IPL sponsorship for five years (INR825m annually) will help ANGELONE penetrate deeper in tier II and tier III cities. There would be an elevated cost of INR1.2b in 1QFY25 for IPL-related media and advertising costs.
- The lead indicator for benefits from the IPL sponsorship shows that 1 of 3 customers recalls ANGELONE brand in the broking space through these ads.
- The depreciation cost increased in 4Q due to the augmentation of a data center at a disaster management site.
- Accounting for client acquisition and advertisement costs, the operating margin would be in the range of ~43-45% in FY25 (including ~1.5% higher cost impact from new businesses).
- The company has raised INR15b via QIP and the shares were allotted on 2nd April 2024 at the price of INR2,555. The amount is now deployed as working capital in the business. On account of QIP, the ROE may decline in the near term and will inch up as growth benefits start coming in by the end of this year.
- The board has decided not to pay dividends for at least a couple of quarters to build reserves for business growth purposes.

#### **SIPs & others**

- ANGELONE recorded 1.4m unique SIP registrations in 4QFY24. It is now among the top 2 players in terms of incremental SIPs, with improving market share.
- It has enabled portfolio growth comparison vs. indices and introduced easy SIP baskets to help clients choose efficiently. It has also enabled customers to “Edit SIP” to invest as per their choice.
- Since ANGELONE required funds, it restricted growth in MTF book in Feb’24. Now with QIP coming in, the MTF book is expected to grow.
- On the AMC front, the leadership team has been onboarded and the company is now awaiting regulatory approvals (no timeline for this).
- The Wealth Management segment is led by Mr. Srikanth Subramanian. He has over two decades of experience in investment & wealth management. He previously led Kotak Cherry team. The whole wealth management team is in place now.
- In Wealth Management, it aims to cater to UHNIs (USD5m+) and emerging HNIs (affluent segment). ANGELONE is awaiting necessary regulatory approvals.
- Currently, the bank guarantee deployment for ANGELONE is INR28b, which is funded by own funds.

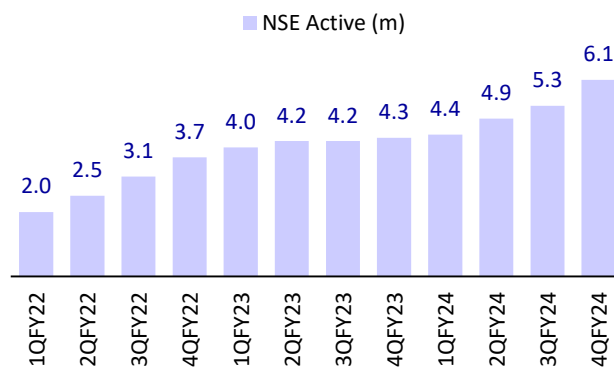
## Key exhibits

**Exhibit 1: Total clients continued to rise**



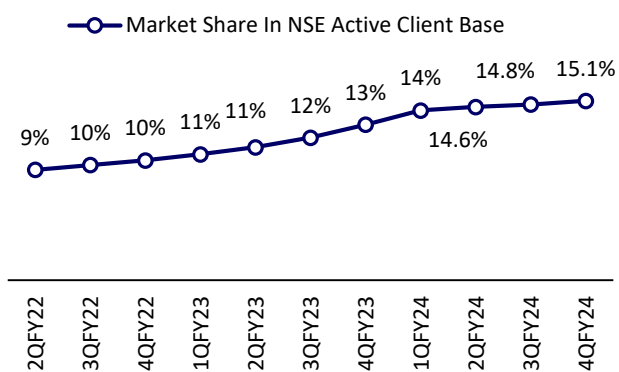
Source: MOFSL, Company

**Exhibit 2: NSE active clients increased QoQ**



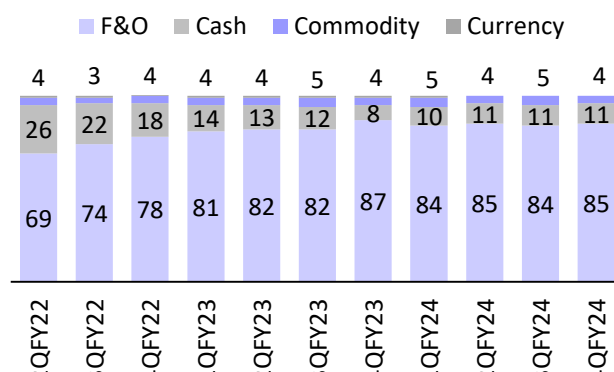
Source: MOFSL, Company

**Exhibit 3: Market share in NSE active clients continued to rise**



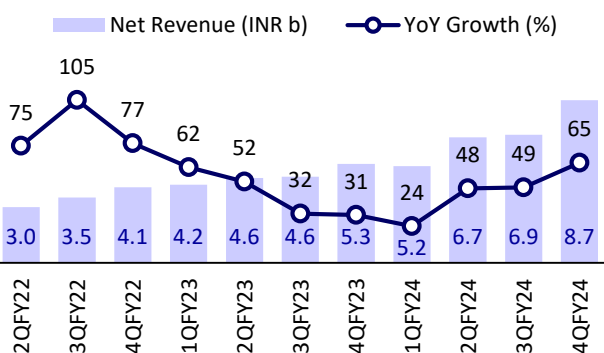
Source: MOFSL, Company

**Exhibit 4: Gross broking revenue mix**



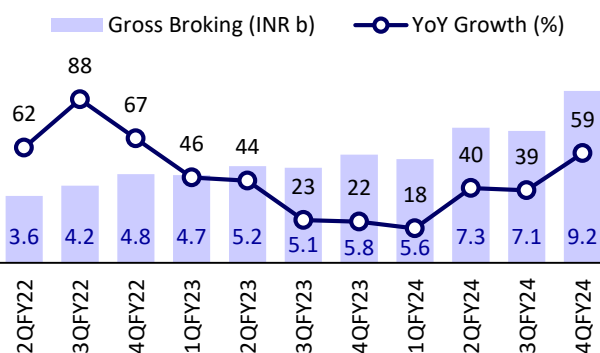
Source: MOFSL, Company

**Exhibit 5: Net revenue improved YoY...**



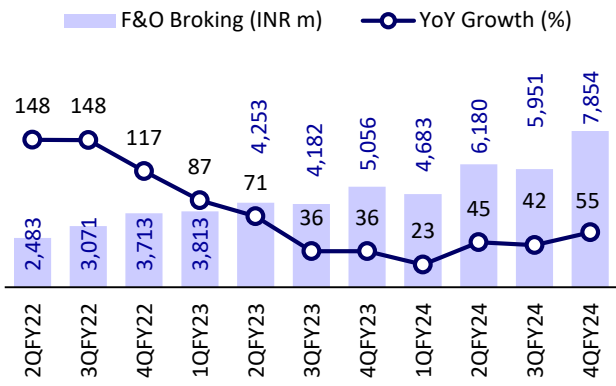
Source: MOFSL, Company

**Exhibit 6: ...as Gross broking revenue improved**



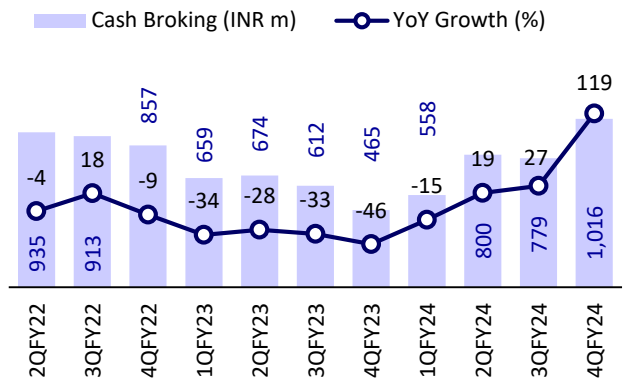
Source: MOFSL, Company

**Exhibit 7: Strong revenue growth in F&O segment**



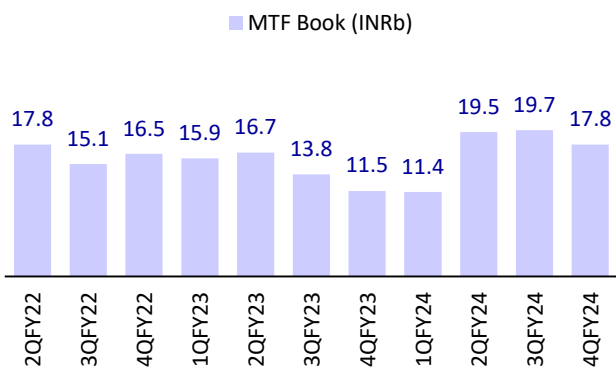
Source: MOFSL, Company

**Exhibit 8: Revenue momentum in Cash broking continued**



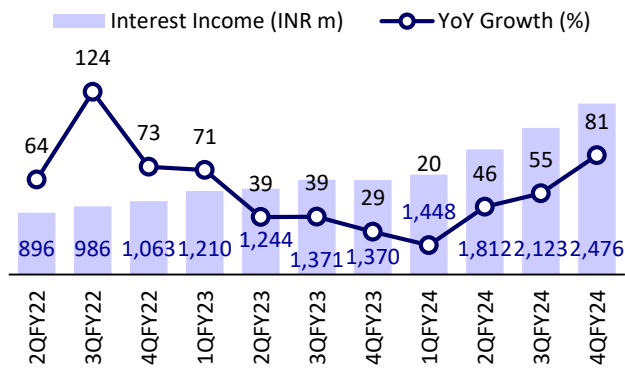
Source: MOFSL, Company

**Exhibit 9: MTF book declined to INR17.8b**



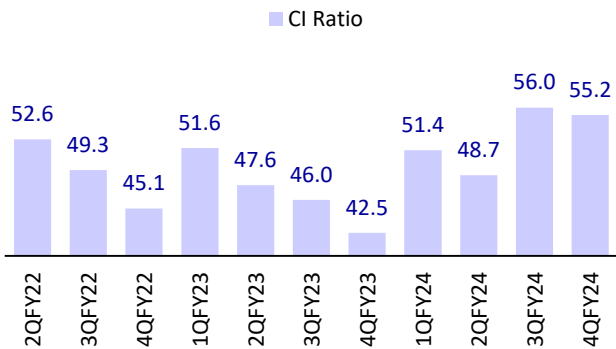
Source: MOFSL, Company

**Exhibit 10: Interest income increased**



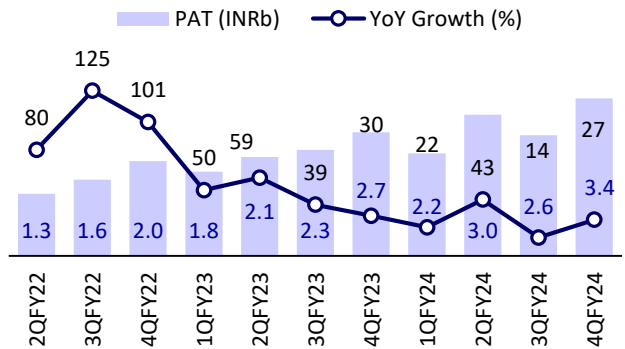
Source: MOFSL, Company

**Exhibit 11: CI ratio marginally declined QoQ**



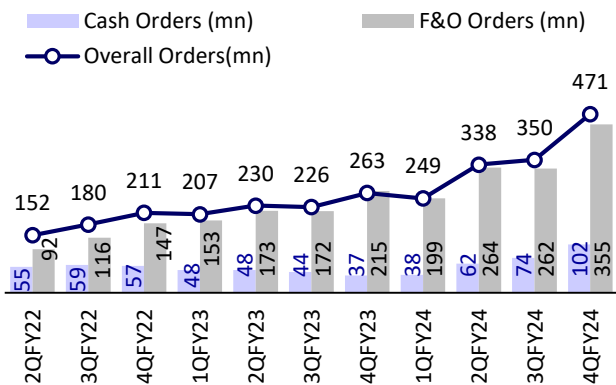
Source: MOFSL, Company

**Exhibit 12: Trend in PAT growth**



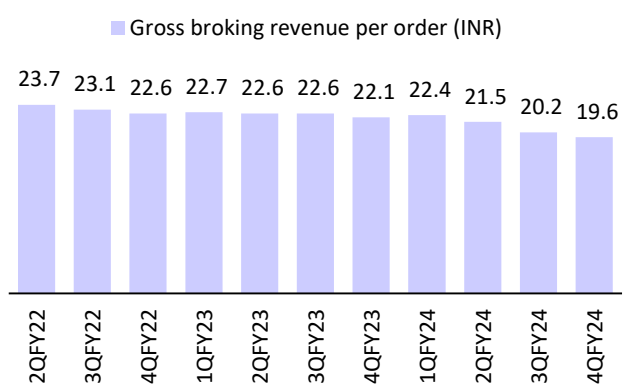
Source: MOFSL, Company

**Exhibit 13: No. of orders increased...**



Source: MOFSL, Company

**Exhibit 14: ...whereas gross broking revenue per order declined**

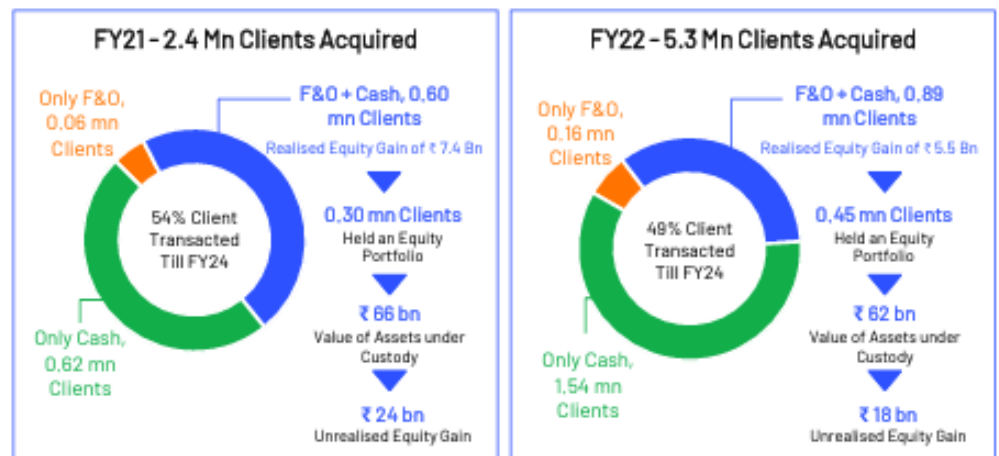


Source: MOFSL, Company

**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
<b>Total Net Revenue</b>		<b>4,705</b>	<b>8,896</b>	<b>16,747</b>	<b>22,902</b>	<b>33,331</b>
(-) Employee + Opex (Ex-Branding Spend)		3,205	4,436	7,951	10,479	16,817
<b>Margin (Ex-Branding Spend)</b>		<b>1,500</b>	<b>4,460</b>	<b>8,797</b>	<b>12,423</b>	<b>16,514</b>
<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
<b>Operating Profit</b>		<b>1,397</b>	<b>4,295</b>	<b>8,554</b>	<b>12,221</b>	<b>15,637</b>
<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

**Exhibit 16: F&O clients building long-term equity portfolio**

Source: MOFSL, Company



## Financials and valuation

Income Statement							(INR m)	
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	
<b>Total Income</b>	<b>4,721</b>	<b>8,971</b>	<b>16,827</b>	<b>22,931</b>	<b>33,331</b>	<b>47,371</b>	<b>58,441</b>	
Change (%)		90.0	87.6	36.3	45.4	42.1	23.4	
Net Brokerage Income	2,735	5,436	10,235	14,399	21,062	28,559	33,802	
Interest income	1,254	1,998	3,653	5,195	7,859	12,723	18,175	
Less - Finance costs	489	389	721	895	1,359	1,738	2,797	
Net Interest income	765	1,609	2,932	4,300	6,500	10,986	15,377	
Other Income	1,221	1,927	3,661	4,232	5,769	7,825	9,262	
<b>Operating Expenses</b>	<b>3,142</b>	<b>4,675</b>	<b>8,273</b>	<b>10,705</b>	<b>17,695</b>	<b>26,991</b>	<b>32,986</b>	
Change (%)	-3.2	48.8	76.9	29.4	65.3	52.5	22.2	
<b>Operating Margin</b>	<b>1,578</b>	<b>4,296</b>	<b>8,554</b>	<b>12,226</b>	<b>15,636</b>	<b>20,379</b>	<b>25,454</b>	
Depreciation	209	184	187	303	498	968	1,448	
<b>Profit Before Tax</b>	<b>1,204</b>	<b>4,112</b>	<b>8,367</b>	<b>11,923</b>	<b>15,138</b>	<b>19,412</b>	<b>24,007</b>	
<b>PAT</b>	<b>884</b>	<b>2,981</b>	<b>6,251</b>	<b>8,907</b>	<b>11,257</b>	<b>14,384</b>	<b>17,789</b>	
Change (%)	5.0	237.3	109.7	42.5	26.4	27.8	23.7	
Dividend	227	1,056	2,245	3,324	3,039	0	7,116	

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	58,871	69,544	
<b>Net Worth</b>	<b>6,147</b>	<b>11,310</b>	<b>15,844</b>	<b>21,616</b>	<b>30,386</b>	<b>59,770</b>	<b>70,443</b>	
Borrowings	4,880	11,715	12,577	7,872	25,353	19,408	29,043	
Other Liabilities	11,043	25,114	43,777	45,175	76,636	1,29,556	1,96,387	
<b>Total Liabilities</b>	<b>22,070</b>	<b>48,138</b>	<b>72,198</b>	<b>74,663</b>	<b>1,32,375</b>	<b>2,08,734</b>	<b>2,95,873</b>	
Cash and Investments	14,607	18,830	48,936	56,006	98,442	1,51,577	2,14,995	
Change (%)	44.1	28.9	159.9	14.4	75.8	54.0	41.8	
<b>Loans</b>	<b>2,806</b>	<b>11,285</b>	<b>13,575</b>	<b>11,533</b>	<b>17,771</b>	<b>35,288</b>	<b>52,805</b>	
Change (%)	-63.2	302.2	20.3	-15.0	54.1	98.6	49.6	
Net Fixed Assets	1,104	1,150	1,638	2,482	4,094	7,094	10,094	
Current Assets	3,553	16,873	8,050	4,642	12,069	14,775	17,979	
<b>Total Assets</b>	<b>22,070</b>	<b>48,138</b>	<b>72,199</b>	<b>74,663</b>	<b>1,32,375</b>	<b>2,08,734</b>	<b>2,95,873</b>	

E: MOFSL Estimates

## Financials and valuation

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	60.3	57.8
Net Interest Income	16.2	17.9	17.4	18.8	19.5	23.2	26.3
Other Income	25.9	21.5	21.8	18.5	17.3	16.5	15.8
<b>Total cost</b>	<b>66.6</b>	<b>52.1</b>	<b>49.2</b>	<b>46.7</b>	<b>53.1</b>	<b>57.0</b>	<b>56.4</b>
Employee Cost	33.9	19.2	16.7	17.4	16.7	14.7	13.4
Opex (ex emp) Cost	32.7	33.0	32.5	29.3	36.4	42.3	43.0
<b>PBT</b>	<b>25.5</b>	<b>45.8</b>	<b>49.7</b>	<b>52.0</b>	<b>45.4</b>	<b>41.0</b>	<b>41.1</b>
<b>PAT</b>	<b>18.7</b>	<b>33.2</b>	<b>37.1</b>	<b>38.8</b>	<b>33.8</b>	<b>30.4</b>	<b>30.4</b>
<b>Profitability Ratios (%)</b>							
RoE	15.2	34.2	46.0	47.6	43.3	31.9	27.3
Dividend Payout Ratio	25.7	35.4	35.9	37.3	27.0	0.0	40.0
<b>Valuations</b>							
BVPS (INR)	74.2	136.5	191.2	260.9	366.7	721.3	850.2
Change (%)	12.1	84.0	40.1	36.4	40.6	96.7	17.9
Price-BV (x)	<b>37.6</b>	<b>20.5</b>	<b>14.6</b>	<b>10.7</b>	<b>7.6</b>	<b>3.9</b>	<b>3.3</b>
EPS (INR)	10.7	36.0	75.4	107.5	135.9	173.6	214.7
Change (%)	5.0	237.3	109.7	42.5	26.4	27.8	23.7
Price-Earnings (x)	<b>261.8</b>	<b>77.6</b>	<b>37.0</b>	<b>26.0</b>	<b>20.6</b>	<b>16.1</b>	<b>13.0</b>
DPS (INR)	3.2	12.9	27.1	39.9	36.2	0.0	79.2
Dividend Yield (%)	<b>0.1</b>	<b>0.5</b>	<b>1.0</b>	<b>1.4</b>	<b>1.3</b>	<b>0.0</b>	<b>2.8</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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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