BUY (Maintain)

CMP: **INR 3,225** Target Price: **INR 3,700 (INR 2,800)** ▲ 15%

ICICI Securities

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16 October 2024

India | Equity Research | Q2FY25 results review

Angel One

Exchanges

Business execution remains strong; long-term opportunity gets accelerated with diversification; risk-reward favourable despite regulatory overhang

Angel One's business execution remains strong, underlined by increasing share in cash volumes (17.5%), share in F&O volumes (20.7%), share in active NSE clients (15.5%), growth in MTF book (48.1% QoQ average MTF book growth in Q2FY25), and prospects of new business segments such as AMC, wealth management and other financial services. As such, despite possible regulatory overhang on option volumes, we remain constructive on earnings growth opportunity, coupled with the prospect of higher investor returns, basis current valuation (17x FY26E EPS). Key risk: Drop in volumes post the regulatory changes which may reduce participation in capital markets.

Maintain BUY with a revised TP of INR 3,700; we have tried to factor in the impact of all regulations in our FY26E EPS of INR 185

We increase our valuation multiple to 20x (earlier 15x) for Angel, basis its strong business execution, well summarised by share in cash volumes (17.5%), share in F&O volumes (20.7%), share in active NSE clients (15.5%), exhibited growth in MTF book (48.1% QoQ average MTF book growth in Q2FY25) and accelerated prospects of new business segments like AMC, wealth management, insurance distribution and credit distribution.

We estimate average daily orders of 7.6mn/9.8mn in FY25/26E vs 8mn in Q2FY25. This works out to 45 daily orders per active client on a quarterly basis in FY26E vs 66 in Q2FY25. This cut is the attempt to capture the impact of regulatory changes which is being offset by client addition (estimates 10.6.mn/12mn addition in FY25/26E vs 2.8mn in Q2FY25). We estimate net broking revenue to be INR 28.2bn/36.8bn in FY25/26E vs INR 13.7bn in H1FY25. Post-Sep'24, Angel's income from spread on exchange fees and depository fees (INR 1.1bn in Q2FY25) will cease to exist. We factor this into our estimates and also include the impact of monetisation of cash delivery orders by increasing gross blended rates to INR 16 per order in FY26E vs INR 14.54 in Q2FY25.

We estimate average MTF book at INR 45bn/55bn for FY25/26E (vs INR 43bn in Sep'24). We also factor a decline in interest income from FDs in FY26E as a result of UPI block mechanism being included in Jan'25. We estimate interest income from FDs to be INR 7.2bn/5.3bn in FY25/26E vs INR 2bn in Q2FY25. We factor in total interest income to be INR 14.1bn/13.5bn in FY25/26E vs INR 6.5bn in H2FY25.

Our FY25E/26E EBITDA margin stands at 45.2%/45.2% vs 46.8% in FY24. We estimate PAT of INR 14.9bn/16.7bn in FY25/26E, respectively. We value Angel at 20x multiple on FY26E EPS of INR 185 (earlier INR 187) to arrive at our revised target price of INR 3,700 (earlier INR 2,800).

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Gross Revenue (INR mn)	30,016	42,716	59,980	66,752
Net Income (INR mn)	8,902	11,255	14,912	16,629
EPS (INR)	105.1	134.0	165.9	185.0
% Chg YoY	42.4	26.4	32.5	11.5
CEPS (INR)	108.7	139.9	175.9	197.3
EBITDA Margin (%)	52.9	46.8	45.2	45.2
P/E (x)	30.5	24.0	19.3	17.3
Dividend Yield (%)	1.2	1.1	-	2.0
RoCE (%)	40.7	35.3	28.1	23.1
RoAE (%)	47.5	43.3	32.2	24.4

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Market Data

Market Cap (INR)	291bn
Market Cap (USD)	3,461mn
Bloomberg Code	ANGELONE IN
Reuters Code	ANGB BO
52-week Range (INR)	3,900 /2,025
Free Float (%)	59.0
ADTV-3M (mn) (USD)	48.3

Price Performance (%)	3m	6m	12m
Absolute	41.6	13.7	55.8
Relative to Sensex	40.1	2.3	32.4

Previous Reports

18-07-2024: Q1FY25 results review
19-04-2024: Q4FY24 results review

Orders remain robust in Q2FY25 at ~489mn; charging of delivery-based orders (~74mn) post Nov'24 to offset ancillary revenue loss impact

- Total number of orders increased 5.8% QoQ in Q2FY25 to 489mn vs 462mn in Q1FY25.
- F&O orders stood flat at 349mn while cash orders increased to 117mn in Q2FY25. Out of 117mn cash orders, 42mn were intraday cash orders while 74mn were delivery cash orders. Average daily orders increased to 8mn in Q2FY25 vs 7.6mn in Q1FY25. Gross broking revenue increased marginally to INR 9.4bn.
- Gross broking revenue accounted for 62% of total gross revenue for Angel One in Q2FY25 vs 65% in Q1FY25. F&O contributed 81% of total broking revenue; cash/commodity contributed 13%/6%.
- Net broking revenue stood at INR 6.98bn in Q2FY25 vs INR 6.8bn in Q1FY25. Blended rate on net revenue (considering total orders) declined to INR 14.28 per order vs INR 14.72 in Q1FY25. Blended rate on net revenue (ex-delivery orders) declined to INR 16.82 per order vs INR 16.96 in Q1FY25.

Angel One on 1 Oct'24 announced that it will monetise cash delivery orders from Nov'24. Angel One will levy brokerage charges of flat INR 20 or 0.1%+ GST whichever is lower per executed order (minimum brokerage of INR 2). Considering delivery is 63% of cash orders (higher than industry), monetisation of these orders (currently they are free) presents significant room for countering the impact of "true to label" regulation. For example, effectively charging ~INR 16 per order on cash deliveries (similar to F&O order blended realization), in Q2FY25 would have generated revenue of ~INR 1.1bn which is equal to the rebate-based ancillary revenue in Q2FY25.

Strong growth in MTF book (42% end-to-end in Q2FY25); plans to further boost MTF book by reducing rates

Average MTF book for Angel One increased 48.1% QoQ to INR 38.9bn. However, exit MTF book at end-Sep'24 touched INR 43bn as per management. Borrowings for Angel One increased from INR 22.5bn in Q1FY25 to INR 31.1bn in Q2FY25. Management on 1 Oct'24 announced that it will reduce rates for MTF lending to 14.99% effective from Nov'24. Total interest income for Angel One increased 22.1% QoQ to INR 3.6bn while borrowing cost increased 35.6% QoQ to INR 0.75bn.

Q2FY25 sees strong cost optimisation by Angel One; other expenses ex of IPL sponsorship cost decline INR 80mn despite higher client acquisitions

Angel One witnessed 42% QoQ increase in EBITDA to INR 5.9bn in Q2FY25, as Q1FY25 had elevated costs because of IPL sponsorship cost of INR 1.1bn. Full cost for IPL'24 had been recognised by Angel One in Q1FY25. Adjusted for IPL costs, EBITDA grew 12.8% QoQ in Q2FY25. EBITDA margin also increased to 49.9% in Q2FY25 vs 37.7% in Q1FY25 (unadjusted) and 47.6% (unadjusted). Employee expenses were up 15% QoQ to INR 2.3bn, driven by rise in headcount of wealth management technology product and data analytics teams. Total other expenses declined by INR 80mn to INR 3.7bn in Q2FY25 vs INR 3.8bn (ex of IPL sponsorship cost) in Q1FY25. Decline in other expenses in Q2FY25 is attributable to variation in ad spends. This is influenced by changes in pricing across social media and advertising platforms. Depreciation and amortisation costs increased by 13% on QoQ basis to INR 256mn in Q2FY25, basis full impact of asset capitalisation. Angel One reported PAT of INR 4.23bn in Q2FY25 vs INR 2.9bn in Q1FY25.

Updates on new business for Angel One

Lending and distribution business:

Q2FY25 also marked the start of lending and distribution business. Angel One through its Super App has started: 1) Credit Distribution and 2) Fixed Deposit Distribution

Credit Distribution –

- 3 NBFCs are live (Aditya Birla Capital, SMFG India credit and Credit Saison) with 3(Banks +NBFCs) in pipeline.
- Distribution of unsecured personal loans through a seamless digital distribution model.
- INR 3.6bn worth of cumulative disbursements till Sep '24.

Fixed Deposit Distribution –

- Achieved go-live for distribution of fixed deposit products through end-to-end seamless digital journey (Bajaj Finance, South Indian Bank, Shriram Finance, Utkarsh Small Finance Bank, Suryoday bank, Shivalik Small finance bank).
- Clients can buy FDs as off-the-shelf products, without opening a bank account.

Going ahead, the company is taking a measured approach to grow in its distribution business with plans to expand insurance distribution in a couple of quarters. Management expects breakeven in 1.5–2 years.

Wealth Management

Angel One expanded its team and presence across multiple cities in Q2FY25. It is combining domain expertise with technology in its wealth management business. The company has initiated the distribution of third-party products (MFs, PMS, AIFs). Management believes there is significant growth opportunity in the HNI segment. Relationship Manager (RM) team will be fully operational by next quarter (Q3FY25). Management expects revenue contributions to begin soon, with breakeven likely in 2.5–3 years.

AMC business

Angel One is still waiting for approval from SEBI for AMC business. No timelines were given by the management but expect the same to complete soon.

More clients participate in cash segment than in pure F&O segment as per new data disclosed by Angel One

Angel One has also provided details on client participation. Out of total clients acquired in FY21 and FY22, ~50% clients have transacted till FY24 and only 6% of clients have transacted exclusively in F&O.

Exhibit 1: Angel One Client transaction breakup

Mn	FY21	FY22
Total Clients Acquired	2.4	5.3
Clients traded till FY24	1.3	2.6
%	54%	49%
Traded in Only F&O	0.06	0.16
%	3%	3%
Traded in F&O + Cash	0.6	0.89
%	25%	17%
Traded in Only Cash	0.62	2
%	26%	29%

Source: I-Sec research, Company data

Impact of new regulatory changes to be a key monitorable going ahead; management expects impact of 12-14% on broking revenue which should be offset by increasing client participation

Q3FY25 will witness a lot of new regulations being implemented in the capital market space. Impact of these new regulations and how Angel reacts to these changes will be a key monitorable going ahead –

Changes in Equity Derivatives Framework –

SEBI released a circular dated Oct 01, '24 (Link) which outlined the changes in Equity Derivatives Framework going ahead. The changes as per the circular are as follows –

1) Upfront collection of option premium from options buyers

Existing practice: Currently, there is a stipulation for upfront collection of margins for futures position (both long and short) as well as options position (only short options require margin whereas long options require payment of options premium by buyers). No margin is required for options contract buyer as when you buy options, the maximum amount an option buyer can lose is the total premium paid. Currently, trading members collect initial margin and extreme loss margin upfront from their clients.

Change in circular: The collection of options premiums upfront from option buyers by trading member / clearing member is now mandatory. Going ahead, upfront margin collection requirement shall also include net options premium payable at the client level.

Date of implementation – Feb 01, '25

2) Removal of calendar spread treatment on expiry day

Existing practice: Calendar spread is a trading strategy wherein a trader simultaneously enters long and short positions on the same underlying asset, but with different delivery dates. In such a scenario, a trader could offset 75% of his total margin requirement.

For example, a trader goes long on Oct 11, '24 for a SENSEX call contract and goes short on Oct 18, '24 for a SENSEX call contract. In such a scenario, the trader can offset 75% of his total margin requirement.

Change in circular: SEBI has proposed to remove the offsetting benefit for options on expiry days. In our above example, if the trader has his position open on Oct 11, '24, he would not get the benefit of the 75% offset.

Date of implementation –Feb 01, '25

3) Intraday monitoring of position limits

Existing practice: Currently, positions are monitored by MIIs at the end of the day.

Change in circular: SEBI has proposed that position limits for index derivative contracts shall also be monitored by the clearing corporations/stock exchanges on intra-day basis. Stock exchanges shall now consider minimum four position snapshots during the day.

Date of implementation –Apr 01, '25

4) Contract size for index derivatives

Existing practice: As per current SEBI regulations: "The lot size for derivatives contracts in index derivatives segment shall be fixed in such a manner that the contract value of the derivative on the day of review is within INR 0.5mn and INR 1mn." The current lot size for NIFTY, BANK NIFTY, MIDCAP NIFTY, FIN NIFTY, SENSEX and BANKEX contracts is 25, 15, 50, 20, 10 and 15, respectively.

Change in circular: In view of the growth witnessed in broad market parameters, the minimum contract size for index derivatives contract is to be revised. Minimum value of derivatives contract at the time of introduction will be between INR 1.5mn and INR 2mn.

Date of implementation –Nov 20, '24

Exhibit 2: Existing lot size and premium – what a retail trader needs to pay to enter a contract

Option Contract	Expiry	ATM Strike Price as of 7th Oct'24	Existing Lot Size	Total Notional Value	Call premium as of 7th Oct'24	Premium paid by retailer for 1 contract
NIFTY 50	10th Oct'24	24,800	25	6,20,000	203	5,075
FIN NIFTY	8th Oct'24	23,250	25	5,81,250	144	3,600
MIDCAP NIFTY	14th Oct'24	12,675	50	6,33,750	134	6,700
BANK NIFTY	9th Oct'24	50,500	15	7,57,500	478	7,170
SENSEX	11th Oct'24	81,100	10	8,11,000	793	7,930
BANKEX	14th Oct'24	57,200	15	8,58,000	2,388	35,820

Source: I-Sec research, Company data

Exhibit 3: Estimated lot size as per recommendation and premium – what a retail trader would need to pay to enter a contract

Option Contract	Expiry	ATM Strike Price as of 7th Oct'24	New Lot Size (Estimate)	Total Notional Value	Call premium as of 7th Oct'24	Premium paid by retailer for 1 contract	Change in Premium paid
NIFTY 50	10th Oct'24	24,800	70	17,36,000	203	14,210	180.00%
FIN NIFTY	8th Oct'24	23,250	70	16,27,500	144	10,080	180.00%
MIDCAP NIFTY	14th Oct'24	12,675	130	16,47,750	134	17,420	160.00%
BANK NIFTY	9th Oct'24	50,500	30	15,15,000	478	14,340	100.00%
SENSEX	11th Oct'24	81,100	20	16,22,000	793	15,860	100.00%
BANKEX	14th Oct'24	57,200	30	17,16,000	2,388	71,640	100.00%

Source: I-Sec research, Company data

5) Rationalisation of weekly index derivatives products

Existing practice: Currently, NSE has four index derivatives contracts with weekly expiries and BSE has two index derivatives contracts with weekly expiries. On all five days of a week, there is an index options contract expiry. Majority of volumes for index derivatives contract arise on expiry days.

Change in circular: Each exchange may provide derivatives contracts for only one of its benchmark index with weekly expiry (BSE has announced it will keep SENSEX as the index for its weekly expiry options while NSE has announced it will keep NIFTY as the index for its weekly expiry options).

Date of implementation –Nov 20, '24

6) Increase in tail risk coverage on the day of options expiry

Change in circular: It has been decided to increase the tail risk coverage by levying an additional ELM of 2% for short options contracts on the expiry day.

For e.g., SENSEX contracts will have expiry on Oct 11, '24 and Oct 18, '24. On Oct 11, '24, short options contracts on SENSEX expiring on the same day will levy an additional ELM of 2%.

Date of implementation – Nov 20, '24

Angel One's management expects regulatory tightening may cause temporary softness but would strength markets in the long run. The management believes these changes will lead to reduction of broking-related net income per client by 13-14%. However, with increasing customer base, income recovery is expected in –2-3 quarters. With Angel One diversifying into new businesses, even though broking-related income will reduce, the company will have more products to cross sell which will lead to higher customer LTV going ahead. Management expects an increase in wallet share of customers through product diversification.

UPI block mechanism for secondary market trading

Markets regulator SEBI has mandated qualified stock brokers (QSBs) to offer a facility for trading in secondary market, using the UPI block mechanism, similar to the ASBA facility from Jan'24. Application Supported by Blocked Amount (ASBA) facility allows trading with blocked amounts and is currently optional for trading members.

This can impact the interest income earned by Angel. As per FY24 annual report, Angel One earned ~INR 5bn from interest income on FDs of which ~77% was from client funds. With this regulatory change, client funds with Angel can reduce as some clients would prefer to block funds in their account instead of keeping money with broker. This can impact interest income earned by Angel One. In Q2FY25 concall, management mentioned it expects minimal impact from this regulation.

Exhibit 4: Q2FY25 Result Review

INR (mn)	Q2FY25	Q2FY24	YoY	Q1FY25	QoQ
Net Interest income	**2,840**	**1,548**	**83%**	**2,388**	**19%**
Net brokerage income	**6,962**	**5,232**	**33%**	**6,801**	**2%**
Net Broking Revenue Blended Rate	14.28	15.48	-8%	14.72	-3%
Number of Orders	489	338	45%	462	6%
Other Operating income	**2,182**	**1,378**	**58%**	**1,945**	**12%**
Total Income	**11,984**	**8,158**	**47%**	**11,134**	**7.6%**
Total Expenses					
Employee benefits	2,302	1,329	73%	2,010	15%
Impairment expenses	-9	19	-147%	33	-127%
Others expenses	3,713	2,626	41%	4,897	-24%
Total Expenses	**6,007**	**3,974**	**51%**	**6,940**	**-13%**
EBITDA	5,977	4,184	43%	4,194	42%
margins	49.9	51.3		37.7	
Depreciation	256	112	129%	226	13%
PBT	5,721	4,072	40%	3,968	44%
Taxes	1,487	1,027	45%	1,041	43%
Reported PAT	4,234	3,045	39%	2,927	45%
Extraoridnary	0	-		0	
Adjusted PAT	4,234	3,045	39.0%	3,825	11%

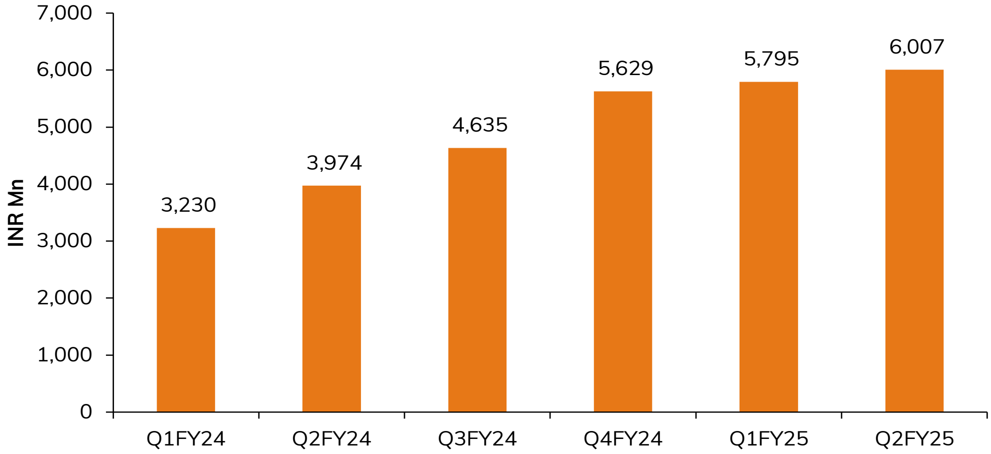
Source: I-Sec research, Company data

Exhibit 5: Our estimates are defensive compared to operating parameters seen in Q1FY25 and Q2FY25

INR (mn)	FY24	Q1FY25	Q2FY25	FY25E	FY26E
Number of Orders (mn)	**1,408**	**462**	**489**	**1,885**	**2,430**
Number of Orders per client (Annualized)	67	75	71	63	57
Number of Orders per Active client (Annualized)	231	276	264	192	181
Daily Orders (Mn)	**5.75**	**7.57**	**8.02**	**7.60**	**9.80**
Total Clients (mn)	22.20	24.70	27.50	32.80	44.80
Clients Acquired (mn)	8.40	2.50	2.80	10.60	12.00
Active Clients	6.10	6.70	7.40	9.84	13.44
MTF Book (INR bn)	**15.8**	**26.26**	**38.89**	**45.0**	**55.0**
Gross Broking Revenue	29,169	9,173	9,356	38,251	48,067
Broker Payout	7,983	2,372	2,394	10,012	11,184
Net Broking Revenue	21,062	6,801	6,982	28,239	36,882
Blended Rate Gross Broking Revenue (INR)	**15.2**	**15.0**	**14.5**	**15.5**	**16.0**
Blended Rate Net Broking Revenue (INR)	**15.0**	**14.7**	**14.3**	**15.0**	**15.2**
Interest Income	7,859	2,944	3,594	14,175	13,532
Interest Cost	1,359	556	754	3,435	3,720
Other Income	5,688	1,945	2,182	6,554	3,653
Total Cost (Ex of Broking Payout and Int Cost)	17,695	6,940	6,007	25,522	28,415
EBITDA	**15,555**	**4,194**	**5,977**	**21,011**	**23,432**
EBITDA Margin	*47%*	*37.7%*	*49.9%*	*45%*	*45%*
PAT	**11,255**	**2,927**	**4,234**	**14,912**	**16,629**

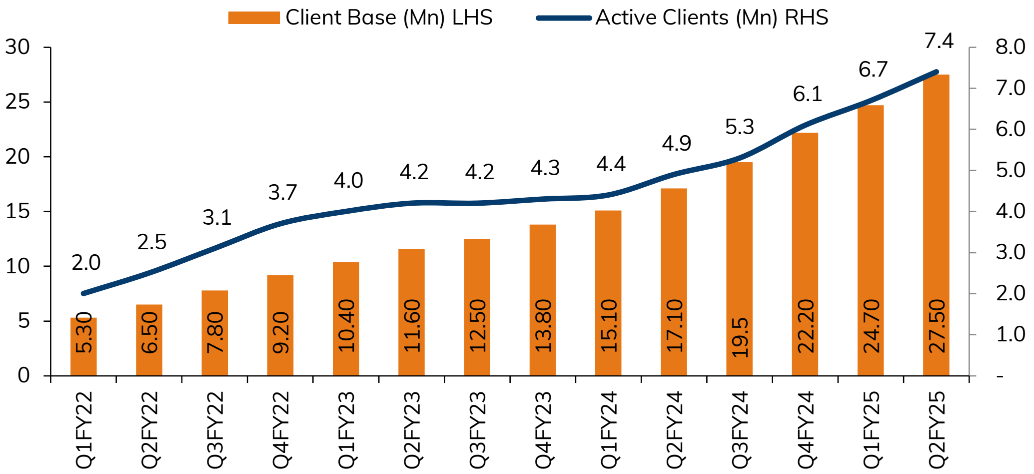
Source: I-Sec research, Company data

Exhibit 6: Cost (Ex of IPL) trend for Angel One



Source: I-Sec research, Company data

Exhibit 7: Q2FY25 had 2.8mn client acquisition



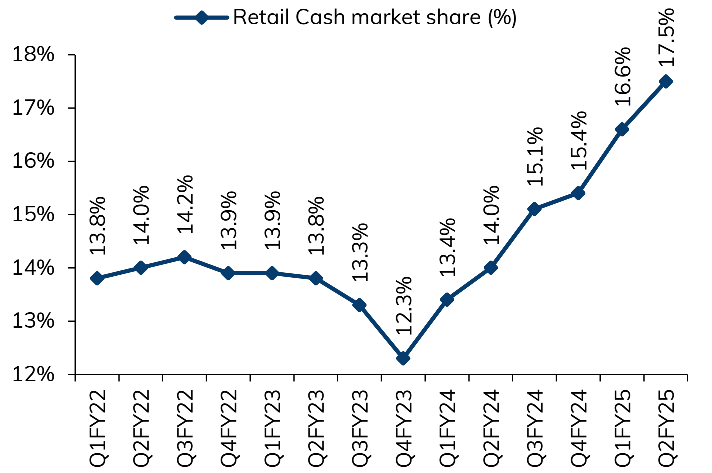
Source: I-Sec research, Company data

Exhibit 8: NSE active clients' market share

Market share (%)	FY23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
NEXTBILLION TECHNOLOGY	16.5	22.6	23.4	23.8	23.7	24.2	25.4	26.4	26.5	26.0
Zerodha Broking	19.6	18.8	18.4	18.2	17.7	17.5	17.8	18.0	17.6	16.9
Angel Broking	**13.1**	**15.2**	**15.2**	**15.3**	**15.1**	**15.1**	**15.6**	**16.1**	**15.9**	**15.6**
RKSV Securities India Private	8.8	6.4	6.4	6.3	6.1	6.0	6.2	6.3	6.2	6.0
ICICI Securities	7.1	5.0	4.8	4.6	4.5	4.4	4.4	4.4	4.2	4.1
HDFC Securities	3.3	2.8	2.8	2.7	2.7	2.6	2.7	2.8	2.8	2.7
Kotak Securities	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.1	3.1	3.0
Motilal Oswal Financial Services	2.47	2.3	2.2	2.2	2.1	2.1	2.1	2.2	2.1	2.1
SBICAP Securities	1.6	2.2	2.2	2.2	2.1	2.1	2.1	2.2	2.2	2.1
5Paisa Capital	2.0	1.4	1.4	1.4	1.3	1.3	1.3	1.2	1.2	1.1
IIFL SECURITIES	1.5	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0
Axis Securities	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-
Reliance Securities	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Aditya Birla Money	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
JM Financial service	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	-	0.2
Geojit		0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Others	19.6	16.8	16.9	17.0	18.6	18.6	16.2	16.0	15.5	18.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

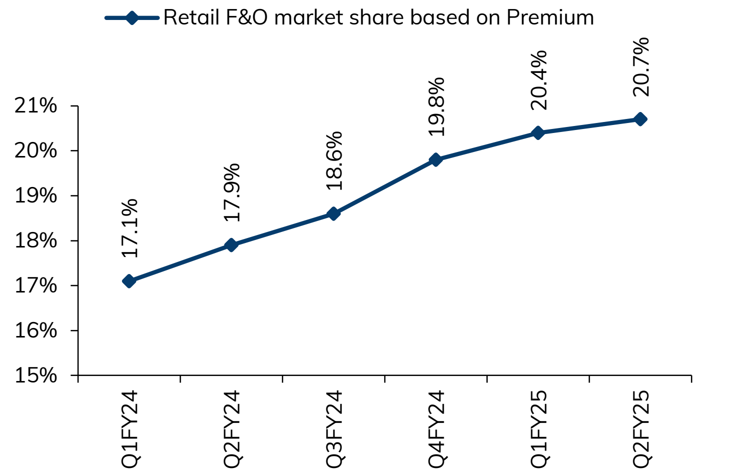
Source: I-Sec research, Company data

Exhibit 9: Angel's retail cash market share increased



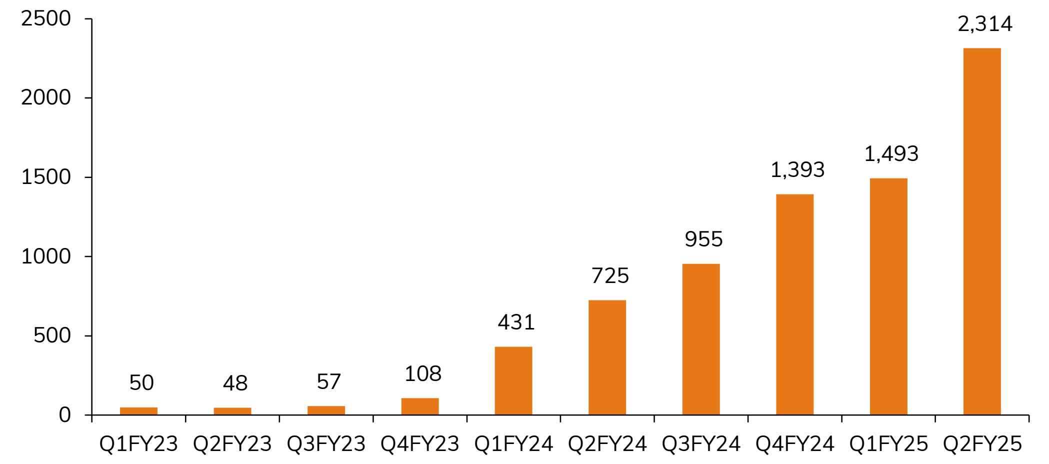
Source: I-Sec research, Company data

Exhibit 10: Angel's retail F&O market share, based on premium, increased



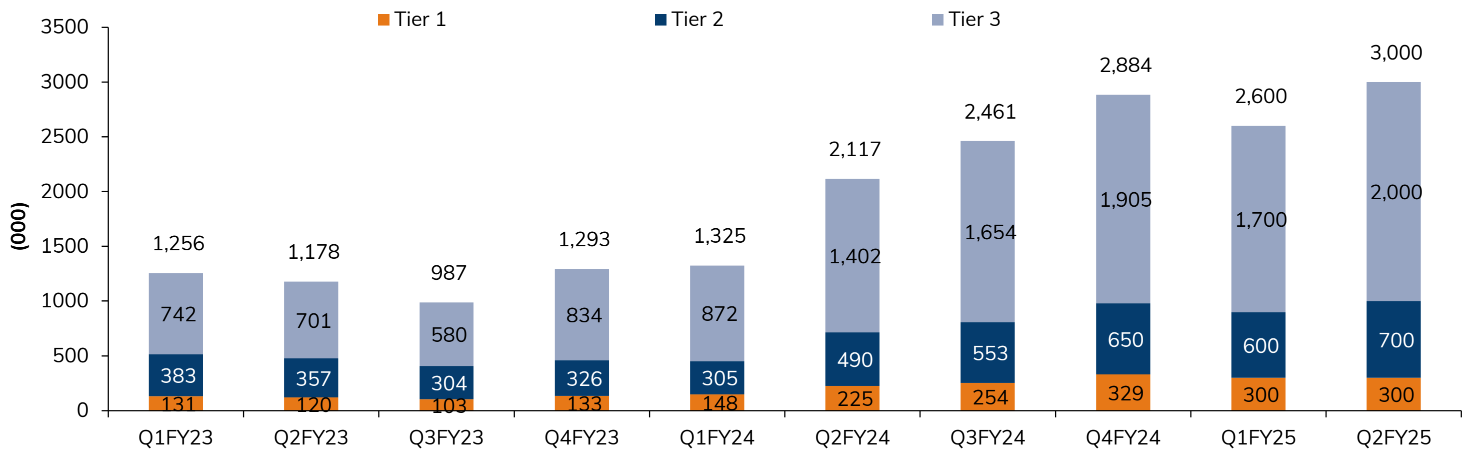
Source: I-Sec research, Company data

Exhibit 11: Angel registered more than 2.3mn new unique SIPs in Q2FY25



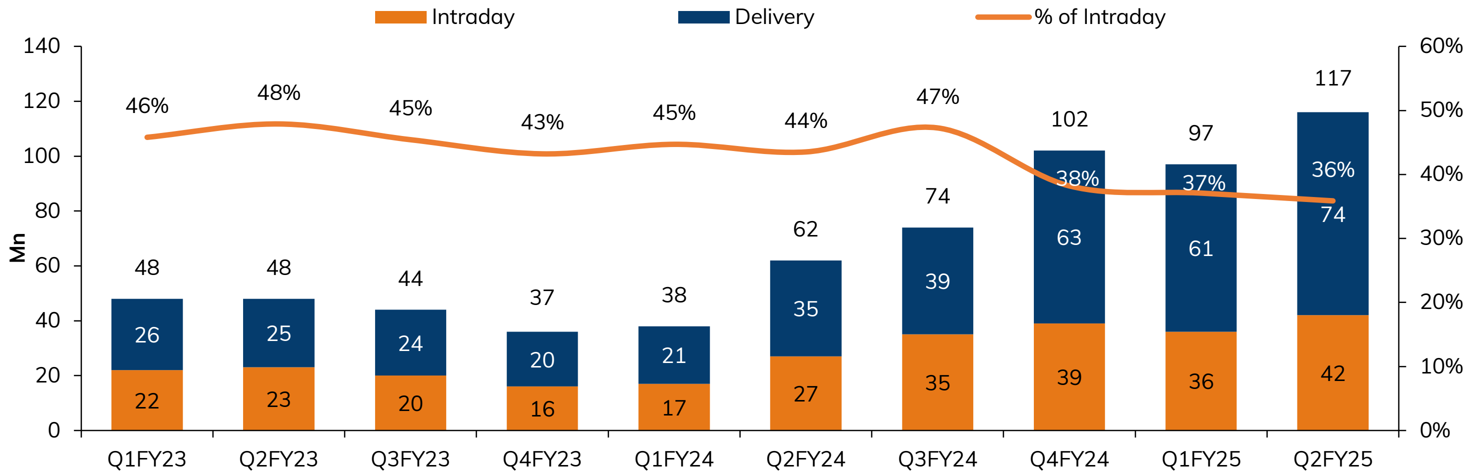
Source: I-Sec research, Company data

Exhibit 12: 89% of gross client addition contributed by tier-2/3 and cities beyond in Q2FY25



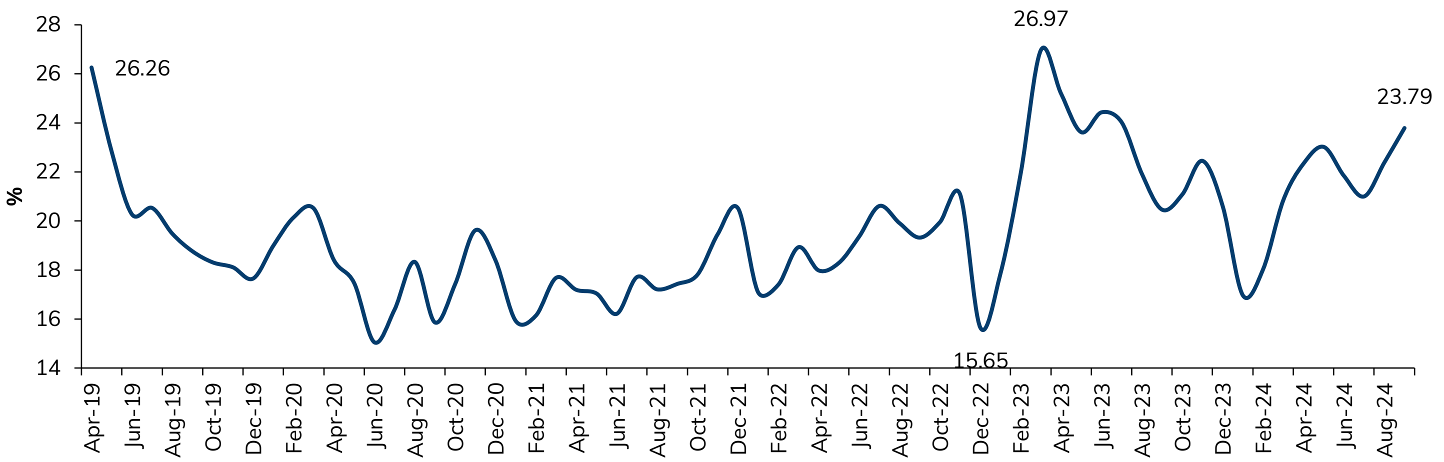
Source: I-Sec research, Company data

Exhibit 13: Angel's cash orders trend; delivery orders have seen strong increase in last three quarters



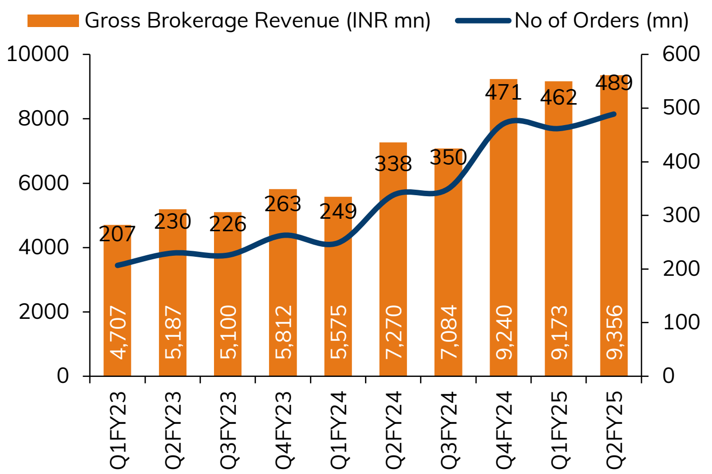
Source: I-Sec research, Company data

Exhibit 14: % of value of shares deliverable to value of shares traded for NSE



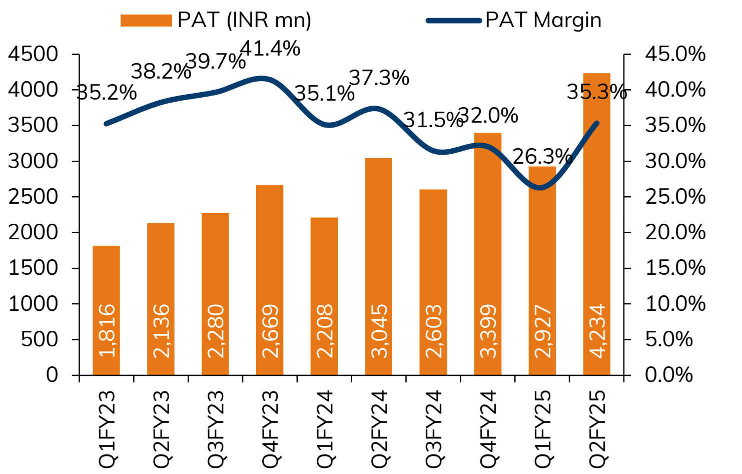
Source: I-Sec research, Company data

Exhibit 15: Angel's gross brokerage revenue and number of orders trend



Source: I-Sec research, Company data

Exhibit 16: Angel's PAT and PAT margin trend



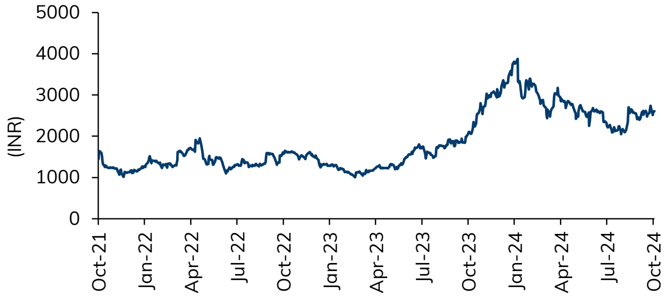
Source: I-Sec research, Company data

Exhibit 17: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	38.2	35.6	35.6
Institutional investors	26.8	28.4	25.0
MFs and other	7.0	11.3	9.6
Banks/ FIs	0.0	1.9	2.3
Insurance Cos.	0.7	0.8	0.9
FIIs	19.1	15.4	12.2
Others	35.0	36.0	39.4

Source: Bloomberg, I-Sec research

Exhibit 18: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	**22,714**	**33,250**	**46,533**	**51,847**
Operating Expenses	10,689	17,695	25,522	28,415
EBITDA	**12,025**	**15,555**	**21,011**	**23,432**
EBITDA Margin (%)	52.9	46.8	45.2	45.2
Depreciation & Amortization	303	499	900	1,100
EBIT	11,723	15,056	20,111	22,332
Interest expenditure	-	-	-	-
Other Non-operating Income	-	-	-	-
Recurring PBT	**11,918**	**15,137**	**20,111**	**22,332**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	3,016	3,881	5,198	5,703
PAT	8,902	11,255	14,912	16,629
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**8,902**	**11,255**	**14,912**	**16,629**
Net Income (Adjusted)	**8,902**	**11,255**	**14,912**	**16,629**

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	60,515	1,11,822	1,45,021	1,61,470
of which cash & cash eqv.	54,911	98,443	1,10,379	1,13,999
Total Current Liabilities & Provisions	44,594	76,033	1,04,578	73,958
Net Current Assets	**15,921**	**35,789**	**40,442**	**87,512**
Investments	1,095	-	3,700	3,700
Net Fixed Assets	2,111	3,546	4,546	4,846
ROU Assets	38	56	56	56
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	331	493	493	493
Other assets	617	1,708	1,708	1,708
Deferred Tax assests	17	73	73	73
Total Assets	**30,183**	**56,504**	**88,317**	**1,06,772**
Liabilities				
Borrowings	**7,872**	**25,353**	**25,353**	**32,000**
Deferred Tax Liability	**115**	**162**	**162**	**162**
provisions	163	226	226	226
other Liabilities	417	377	377	377
Equity Share Capital	834	840	15,840	15,840
Reserves & Surplus	20,781	29,546	46,358	58,167
Total Net Worth	**21,616**	**30,386**	**62,198**	**74,007**
Minority Interest	-	-	-	-
Total Liabilities	**30,183**	**56,504**	**88,317**	**1,06,772**

Source Company data, I-Sec research

Exhibit 21: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	**15,765**	**29,548**	**1,036**	**3,393**
Working Capital Changes	6,788	18,945	(15,177)	(14,535)
Capital Commitments	(862)	(1,596)	(1,000)	(300)
Free Cashflow	**14,903**	**27,953**	**36**	**3,093**
Other investing cashflow	**(908)**	**1,095**	**(3,700)**	**-**
Cashflow from Investing Activities	(1,770)	(501)	(4,700)	(300)
Issue of Share Capital	-	-	15,000	1
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(4,460)	17,481	-	6,647
Dividend paid	(3,374)	(2,997)	-	(5,820)
Others	-	-	-	-
Cash flow from Financing Activities	(7,834)	14,485	15,000	827
Chg. in Cash & Bank balance	**6,161**	**43,532**	**11,336**	**3,920**
Closing cash & balance	54,911	98,443	1,09,779	1,13,699

Source Company data, I-Sec research

Exhibit 22: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
EPS(Basic Recurring)	105.1	134.0	165.9	185.0
Recurring Cash EPS	108.7	139.9	175.9	197.3
Dividend per share (DPS)	39.8	35.7	-	64.8
Book Value per share (BV)	255.3	361.7	692.0	823.4
Growth Ratios (%)				
Operating Income	31.0	42.3	40.4	11.3
EBITDA	41.6	29.4	35.1	11.5
Recurring Net Income	42.4	26.4	32.5	11.5
Recurring CEPS	41.7	28.7	25.7	12.1
Operating Ratio (%)				
Employee expenses/Sales	13.3	13.0	14.3	15.1
Opex & Other exps /Sales	22.4	28.4	25.4	24.3
Effective Tax Rate	25.3	25.6	25.8	25.5
D/E Ratio (x)	36.4	83.4	40.8	43.2
Valuation				
P/E	30.5	24.0	19.3	17.3
P/B	12.6	8.9	4.6	3.9
Dividend Yield	1.2	1.1	-	2.0
Return/Profitability Ratio (%)				
Recurring Net Income Margins	29.7	26.3	24.9	24.9
RoCE	40.7	35.3	28.1	23.1
RoAE	47.5	43.3	32.2	24.4
Dividend Payout Ratio	37.9	26.6	-	35.0
EBITDA Margins	52.9	46.8	45.2	45.2

Source Company data, I-Sec research

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