

**Price:** 2,337

**Recommendation:** Buy

**Industry:** Stockbroking & Allied

**Sector:** Financial Services

**Report Date:** 22-Mar-2025

Angel One, a key player in India's financial services, is driving growth through digital transformation and innovation. The company enhances its digital platforms for seamless trading, investing in AI for personalized advice. Diversifying into mutual funds, insurance, and loans, Angel One aims to reduce reliance on traditional brokerage. Expanding into tier 2 and 3 cities, it targets emerging retail investors, focusing on technology and regulatory compliance for sustainable growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	5488 Cr	Operating Profit(Year)	2203 Cr	Operating Profit Margin	40.1 %
Previous Year	2985 Cr	Operating Profit(Quarter)	510 Cr	EBITDA Margin	31.07 %
Current Quarter	1246 Cr	PAT (Year)	1133 Cr	Net Profit Margin	26.7 %
Previous Quarter	1501 Cr	PAT (Quarter)	301 Cr	EPS	156
Revenue (QYoY)	1054 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	15.3	Sales Growth	47.5 %	Sales Growth	-16.99 %
PEG Ratio	0.21	PAT Growth	29.63 %	Sales Growth QYoY	18.22 %
EV/EBITDA	6.11	EPS Growth	15.56 %	PAT Growth	-31.12 %
P/B	4.01	Dividend Yield	1.48	PAT Growth QYoY	14.45 %
Capital Allocation		Holdings		Leverage	
RoE	44.3 %	Promoter	35.6 %	Debt/Equity	0.59
RoA	10.9 %	FII	13.8 %	Debt	3128 Cr
RoCE	38.7 %	DII	14.3 %	Market Cap	21096 Cr
RoIC	32.9 %	Public	36.3 %	Enterprise value	13531 Cr
		No of Shares	9.03 Cr	Cash Equivalents	10693 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

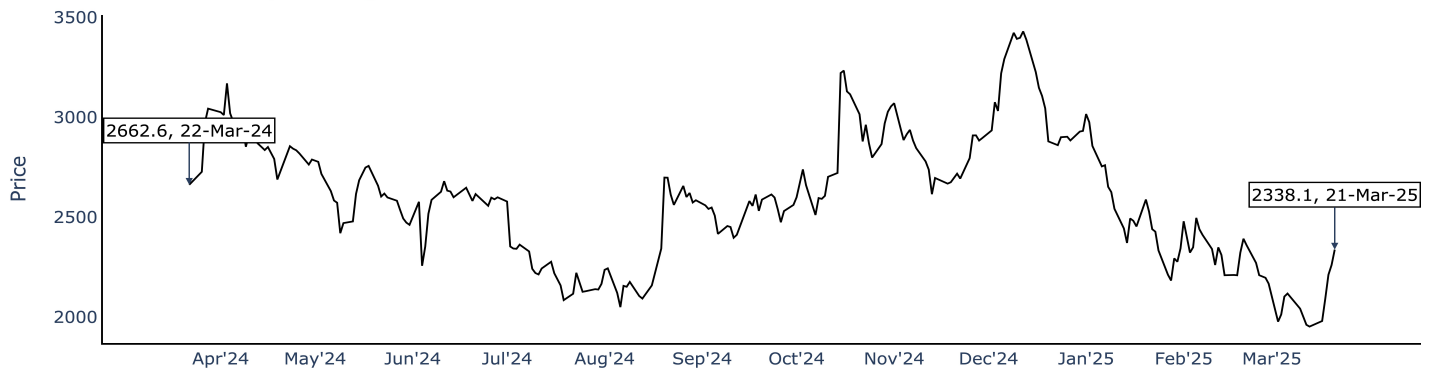
Angel One, a prominent player in the Indian financial services sector, has been actively pursuing growth through digital transformation and technological innovation. Recently, the company has focused on enhancing its digital platforms to provide a seamless and efficient trading experience for its clients. This includes the introduction of advanced features in their mobile and web applications, aimed at improving user engagement and satisfaction. The company has also been investing in artificial intelligence and machine learning to offer personalized investment advice and insights, which is expected to attract a broader client base and increase customer retention.

In terms of business strategies, Angel One has been diversifying its product offerings to include a wider range of financial services. This includes expanding into areas such as mutual funds, insurance, and loans, thereby providing a comprehensive suite of financial products to its clients. The company is also exploring partnerships and collaborations with fintech startups to leverage new technologies and enhance its service offerings. This strategic diversification is aimed at reducing dependency on traditional brokerage services and tapping into new revenue streams, which is crucial for long-term sustainability and growth.

Looking ahead, Angel One is focusing on scaling its operations by expanding its presence in tier 2 and tier 3 cities across India. This expansion strategy is driven by the increasing demand for financial services in these regions, coupled with the growing penetration of internet and smartphone usage. By targeting these underserved markets, Angel One aims to capture a significant share of the emerging retail investor segment. Additionally, the company is enhancing its marketing efforts to increase brand visibility and attract new clients, which is expected to drive growth in its customer base and trading volumes.

To capitalize on these opportunities, Angel One should continue to invest in technology and innovation, ensuring that its platforms remain competitive and user-friendly. Strengthening its customer support services and providing educational resources for new investors could further enhance client satisfaction and loyalty. Moreover, maintaining a strong focus on regulatory compliance and risk management will be essential as the company expands its product offerings and geographical reach. By executing these strategies effectively, Angel One is well-positioned to achieve sustainable growth and establish itself as a leader in the Indian financial services industry.

ANGELONE Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Prudent Corp.	9621.05	51.05	33.40%	-0.36%	35.78%	-6.46%	34.99%
IIFL Capital	6784.65	8.88	32.32%	-9.73%	4.26%	-3.86%	31.46%
Motil.Oswal.Fin.	38194.27	11.61	32.59%	-29.57%	11.58%	-49.60%	-14.45%
ICICI Securities	29148.63	13.90	50.09%	-7.07%	19.90%	-4.65%	8.33%
Monarch Networkh	2661.79	17.16	43.40%	-26.50%	-7.49%	-7.87%	5.06%

Aspect	Commentary
Revenue	The company shows a strong revenue increase, with a significant year-over-year growth, indicating robust sales performance. However, the quarter-over-quarter decline suggests potential seasonal fluctuations or market challenges. This pattern highlights the need for strategic adjustments to maintain consistent growth across all periods.
Profit & Loss	The profit and loss statement reveals a healthy operating profit margin, reflecting efficient cost management. The net profit margin is also strong, indicating effective revenue conversion into profit. However, the quarterly decline in profit suggests potential operational inefficiencies or market pressures that need addressing.
Profitability Matrix	The profitability matrix indicates strong operational efficiency with high operating and net profit margins. The EPS is robust, suggesting good returns for shareholders. However, maintaining these margins amidst market volatility will be crucial for sustaining investor confidence and long-term profitability.
Valuation Matrix	The valuation metrics show a reasonable P/E ratio, suggesting the stock is fairly valued. The low PEG ratio indicates potential undervaluation relative to growth. The EV/EBITDA and P/B ratios are moderate, reflecting balanced market expectations. These metrics suggest a stable investment outlook.
Growth (YoY)	Year-over-year growth metrics are positive, with significant sales and PAT growth, indicating strong business expansion. The EPS growth further supports shareholder value enhancement. This growth trajectory underscores the company's effective strategic initiatives and market positioning.
Growth (QoQ)	Quarter-over-quarter growth shows a decline in sales and PAT, highlighting potential short-term challenges. However, the positive QYoY growth suggests underlying strength. Addressing quarterly fluctuations through strategic initiatives will be key to stabilizing growth patterns.
Capital Allocation	The capital allocation metrics reflect strong returns on equity, assets, and capital employed, indicating efficient resource utilization. The high return on invested capital suggests effective investment strategies. Maintaining these returns will be crucial for sustaining financial health.
Holdings	The holdings structure shows a balanced distribution among promoters, FIIs, DIIs, and the public, indicating diversified ownership. This balance can enhance market stability and investor confidence. Monitoring changes in holdings will be important for understanding market sentiment.
Leverage	The leverage metrics indicate a moderate debt-to-equity ratio, suggesting manageable financial risk. The substantial cash equivalents provide a buffer against potential liquidity challenges. Maintaining a balanced leverage position will be essential for financial stability and growth.

**Analyst viewpoint:** Angel One is well-positioned for robust growth in the short to mid-term driven by strategic digital transformation and innovation initiatives. The company has demonstrated significant year-over-year growth in sales and PAT, bolstered by efficient digital platforms and the integration of AI and machine learning for personalized advice. Despite a recent QoQ decline due to market fluctuations, the underlying strength reflected in positive QYoY growth metrics suggests a strong potential for recovery and growth. The company's valuation metrics, with a moderate P/E ratio and a low PEG ratio, indicate potential undervaluation, offering an attractive investment opportunity in a competitive sector. Furthermore, Angel One's strategic expansion into tier 2 and 3 cities anticipates capturing the burgeoning retail investor segment, positioning it favorably against peers like Prudent Corp and IIFL Capital.

The company maintains a strong capital allocation strategy, reflected in high returns on equity and invested capital, indicating efficient financial management and resource utilization. Angel One's commitment to diversification into mutual funds, insurance, and loans promises to reduce dependency on traditional brokerage and unlock new revenue streams. Despite a mild concern regarding its QoQ performance dip, likely driven by seasonal market challenges, the company is poised to leverage its solid foundational strategies and technological prowess to sustain long-term profitability. Hence, we recommend a buy rating while monitoring any strategic adjustments to navigate short-term fluctuations effectively.

Please read detailed disclosure on next page.

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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