

Price: 2,470

Recommendation: Buy

Industry: Stockbroking & Allied

Sector: Financial Services

Report Date: 03-Apr-2025

Angel One is a dynamic financial services company focused on enhancing client experiences and expanding product offerings. It achieved a milestone with 9 lakh SIP registrations, reinforcing its position in the mutual fund sector. The company is diversifying with the Ionic Wealth app and expanding into motor insurance. Despite regulatory challenges, Angel One is committed to sustainable growth, leveraging technology and AI to transform the wealth management landscape.

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	16.1	Sales Growth	47.5 %	Sales Growth	-16.99 %
PEG Ratio	0.23	PAT Growth	29.63 %	Sales Growth QYoY	18.22 %
EV/EBITDA	6.66	EPS Growth	15.56 %	PAT Growth	-31.12 %
P/B	4.18	Dividend Yield	1.41	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	22299 Cr
RoIC	32.9 %	Public	36.3 %	Enterprise value	14733 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's recent meeting highlighted several strategic initiatives and business strategies aimed at enhancing client experiences and expanding product offerings. The company achieved a significant milestone in its mutual fund distribution business, with nearly 9 lakh unique SIP registrations in December 2024, marking its highest ever. This achievement reinforces Angel One's position as the second-largest player in incremental SIP registration. The company also launched its first mutual fund brand campaign, targeting younger investors and establishing itself as a consumer-friendly investment platform. Additionally, Angel One introduced motor insurance on its app, integrating with three insurers and planning to expand this service to its full client base. The company is optimistic about the credit distribution business, despite challenges such as higher KYC frauds and over-leverage in the industry. Angel One believes India's credit potential is enormous, with a low retail credit to GDP ratio compared to developed economies, presenting a significant growth opportunity.

The company's diversification schemes include the launch of the Ionic Wealth app, providing real-time access to portfolio performance analytics and an assisted client journey. Angel One has also received regulatory approvals for launching its Mutual Fund under Angel One Asset Management Limited and Portfolio Management Services under Angel One Wealth Limited. The company is expanding its offerings across broking, MTF, third-party product distribution, and asset and wealth management. These achievements, coupled with efforts to enhance personalization algorithms, position Angel One as a comprehensive non-banking financial service platform. The company is focused on sustainable growth, leveraging its digital model to facilitate economies of scale and maintain robust profitability metrics. Angel One's investment in acquisition channels, product innovation, technology, and analytics capability remains strong, supporting its aggressive client acquisition strategy.

Looking ahead, Angel One is poised for future growth and scaling, with a vision to become a platform company offering a seamless, all-in-one financial ecosystem. The company aims to use technology to disrupt and make financial services inclusive for all individuals across the country. Over the next 3 to 5 years, Angel One envisions itself as a fully connected platform with the whole ecosystem, providing personalized services to clients. The company is investing heavily in AI tools to understand personalized requirements and guide clients in their financial journeys. Angel One's strategy includes expanding its geographic footprint, with offices across seven cities and a dedicated team of professionals. The company is committed to transforming the wealth management landscape, focusing on investment, digital, and emotional quotients to deliver cutting-edge solutions and exceptional client experiences.

While Angel One has made significant progress, there are areas for improvement. The company faces challenges from regulatory changes, which have impacted its revenues. The implementation of the True to Label framework and other regulatory updates have led to a short-term impact on net income. However, Angel One is confident that its aggressive client

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.	8803.01	46.69	33.40%	-0.36%	35.78%	-6.46%	34.99%
IIFL Capital	7070.11	9.18	32.32%	-9.73%	4.26%	-3.86%	31.46%
Motil.Oswal.Fin.	37232.42	11.25	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	2668.47	17.23	43.40%	-26.50%	-7.49%	-7.87%	5.06%

Aspect	Commentary
Revenue	The company experienced significant revenue growth, with a notable year-over-year increase. This indicates strong market demand and effective sales strategies. However, the quarter-over-quarter decline suggests potential seasonal fluctuations or market challenges that need addressing to maintain consistent growth.
Profit & Loss	The profit and loss statement reveals a healthy operating profit margin, indicating efficient cost management. The year-over-year growth in profit after tax reflects strong financial performance, though the quarter-over-quarter decline suggests potential short-term challenges that may require strategic adjustments.
Profitability Matrix	The profitability matrix shows robust operating and net profit margins, highlighting the company's ability to convert sales into actual profit effectively. The high EPS further underscores strong shareholder value creation, positioning the company favorably in the market.
Valuation Matrix	The valuation metrics suggest the company is reasonably valued with a moderate P/E ratio, indicating investor confidence. The low PEG ratio suggests potential undervaluation relative to growth prospects, while the EV/EBITDA ratio supports a solid financial standing.
Growth (YoY)	Year-over-year growth metrics are positive, with significant increases in sales and profit after tax, reflecting successful strategic initiatives and market expansion. The growth in EPS further indicates enhanced shareholder value, reinforcing the company's strong market position.
Growth (QoQ)	Quarter-over-quarter growth metrics show a decline in sales and profit after tax, suggesting potential short-term operational challenges. However, the positive year-over-year growth indicates underlying strength, suggesting these may be temporary fluctuations.
Capital Allocation	The capital allocation metrics reveal strong returns on equity and capital employed, indicating efficient use of resources to generate profits. The return on assets and invested capital further highlight effective asset management, supporting long-term financial sustainability.
Holdings	The holdings structure shows a balanced distribution among promoters, institutional investors, and the public, indicating diversified ownership. This balance can provide stability and reduce volatility, supporting the company's strategic initiatives and market confidence.
Leverage	The leverage metrics indicate a moderate debt-to-equity ratio, suggesting prudent financial management. The company's ability to maintain a healthy market cap and enterprise value, alongside substantial cash equivalents, reflects strong financial resilience and strategic flexibility.

Analyst viewpoint: Angel One demonstrates strong potential for growth in the short to mid-term through its robust financial matrix and strategic initiatives. The company's impressive year-over-year growth in sales and profit after tax, combined with an efficient capital allocation strategy, underscores its ability to create significant shareholder value. With a moderate P/E ratio and a low PEG ratio, there is a clear indication of potential undervaluation relative to its growth prospects, making it a compelling investment opportunity. Furthermore, Angel One's diversification into areas like mutual fund registration and motor insurance, complemented by the launch of the Ionic Wealth app, illustrates its commitment to expanding product offerings and enhancing client engagement. The firm continues to maintain a competitive edge in the sector, leveraging AI and digital innovations to strengthen its market position.

Despite the short-term decline in quarter-over-quarter sales and profit, the underlying year-over-year growth suggests that these are likely temporary fluctuations. Peer comparisons reveal that Angel One is well-positioned against its competitors with healthy margins and strategic initiatives that align with industry trends. However, it's worth noting that regulatory challenges have temporarily impacted revenue streams, which the company is proactively addressing. Overall, Angel One's strategic focus and robust financial health foster a positive outlook, with ample opportunities for sustained growth and expansion in the financial services landscape.

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