

Price: 2,356

Recommendation: Buy

Industry: Stockbroking & Allied

Sector: Financial Services

Report Date: 02-Apr-2025

Angel One has significantly enhanced client experiences and expanded its offerings, achieving a milestone with 9 lakh SIP registrations in December 2024. As the second-largest player in SIP registration, it launched a successful mutual fund campaign targeting young investors. The company introduced flat fee brokerage and interest charges on non-cash collateral, launched Ionic Wealth, and expanded its services. Despite challenges in personal loans, Angel One remains optimistic about future 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	15.4	Sales Growth	47.5 %	Sales Growth	-16.99 %
PEG Ratio	0.22	PAT Growth	29.63 %	Sales Growth QYoY	18.22 %
EV/EBITDA	6.19	EPS Growth	15.56 %	PAT Growth	-31.12 %
P/B	4.04	Dividend Yield	1.47	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	21272 Cr
RoIC	32.9 %	Public	36.3 %	Enterprise value	13707 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 has made significant strides in enhancing client experiences and expanding its product offerings. The company achieved a major 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, continuing to increase its market share. The company's first mutual fund brand campaign gained excellent traction, marking the beginning of its journey to establish itself as the easiest and most consumer-friendly investment platform, particularly aimed at younger investors. Additionally, Angel One launched motor insurance on its app, integrating with three insurers and quickly adding more to extend this service to its full client base.

In terms of business strategies, Angel One has taken proactive steps to adapt to regulatory changes by introducing flat fee brokerage for cash delivery orders and implementing interest charges on disproportionate non-cash collateral exceeding 50,000. These adjustments have been warmly embraced by clients, highlighting the company's ability to devise effective pricing strategies in response to the evolving business environment. The company also launched its wealth management brand, Ionic Wealth, and is expanding its offerings across broking, MTF, third-party product distribution, and asset and wealth management. These initiatives position Angel One as a comprehensive non-banking financial service platform, empowering clients to create long-term wealth.

Looking ahead, Angel One is focused on sustainable growth with strong control on unit economics. The digital model facilitates economies of scale with superior lifetime value while optimizing the cost of acquiring clients. The company is investing heavily in building a robust tech stack to ensure minimal downtime and a seamless experience for both customers and partners. Angel One's customer base is high quality from a credit standpoint, and engagement on its platform continues to be exceptionally good. The company is poised to transform the wealth management landscape by leveraging technology to disrupt and make financial services inclusive for all individuals across the country.

While Angel One has made significant progress, there are areas for improvement. The company faces short-term growth headwinds in the personal loan space due to higher KYC frauds, over-leverage, and delinquencies exceeding expectations. However, Angel One remains optimistic about the future of this space, citing India's enormous credit potential and strong consumer demand. The company is also navigating the impact of regulatory changes, which have led to a temporary disruption and volume corrections. Despite these challenges, Angel One's aggressive client acquisition strategy and normalization of trading behavior are expected to bridge the gap and set the stage for renewed growth in subsequent quarters.

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.	9000.98	47.78	33.40%	-0.36%	35.78%	-6.46%	34.99%
IIFL Capital	6638.33	8.66	32.32%	-9.73%	4.26%	-3.86%	31.46%
Motil.Oswal.Fin.	36734.95	11.11	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	2701.41	17.45	43.40%	-26.50%	-7.49%	-7.87%	5.06%

Aspect	Commentary
Revenue	The company experienced a significant increase in revenue, with current year sales at 5488 Cr compared to 2985 Cr the previous year. This growth is reflected in the quarterly figures as well, indicating a strong upward trend in revenue generation, despite a slight dip in the current quarter compared to the previous one.
Profit & Loss	Operating profit for the year stands at 2203 Cr, with a quarterly figure of 510 Cr. The PAT for the year is 1133 Cr, showing a robust profit margin. The quarterly PAT of 301 Cr suggests consistent profitability, although there is a noticeable decline from the previous quarter, indicating potential seasonal or operational challenges.
Profitability Matrix	The company maintains a strong operating profit margin of 40.1%, with an EBITDA margin of 31.07% and a net profit margin of 26.7%. These figures highlight efficient cost management and a solid bottom line. The EPS of 156 further underscores the company's profitability and shareholder value.
Valuation Matrix	The trailing P/E ratio of 15.4 and a PEG ratio of 0.22 suggest the company is valued reasonably with growth potential. An EV/EBITDA of 6.19 and a P/B ratio of 4.04 indicate a balanced valuation, reflecting investor confidence and market expectations of future performance.
Growth (YoY)	Year-over-year growth is strong, with sales increasing by 47.5% and PAT by 29.63%. EPS growth of 15.56% and a dividend yield of 1.47% indicate healthy financial performance and shareholder returns, driven by strategic initiatives and market expansion.
Growth (QoQ)	Quarter-over-quarter growth shows a decline, with sales dropping by 16.99% and PAT by 31.12%. However, the QYoY figures are positive, with sales and PAT growing by 18.22% and 14.45%, respectively, suggesting resilience and potential for recovery in subsequent quarters.
Capital Allocation	The company demonstrates effective capital allocation with a RoE of 44.3%, RoA of 10.9%, RoCE of 38.7%, and RoIC of 32.9%. These metrics reflect strong returns on investment and efficient use of resources, supporting sustainable growth and value creation.
Holdings	The shareholding pattern is diverse, with promoters holding 35.6%, FIIs at 13.8%, DIIs at 14.3%, and the public at 36.3%. This distribution indicates a balanced ownership structure, potentially reducing volatility and aligning interests across stakeholders.
Leverage	With a debt/equity ratio of 0.59 and total debt of 3128 Cr, the company maintains a moderate leverage position. A market cap of 21272 Cr and enterprise value of 13707 Cr, along with cash equivalents of 10693 Cr, suggest strong financial health and liquidity.

Analyst viewpoint: Angel One has demonstrated impressive resilience and growth prospects ahead. Despite a QoQ decline in sales and PAT by 16.99% and 31.12% respectively, the company's year-over-year figures show strength with a 47.5% increase in sales and a 29.63% rise in PAT. These growth metrics indicate robust market expansion driven by strategic initiatives and an effective adaptation to regulatory changes, like the introduction of a flat fee brokerage system. Valuation metrics such as a trailing P/E of 15.4 and a PEG ratio of 0.22 suggest that the company is attractively priced with significant growth potential ahead. Angel One's exceptional capital allocation, evidenced by a RoE of 44.3% and a RoCE of 38.7%, supports its strategy of efficiently converting revenues into substantial shareholder value. The company's recent steps to broaden its product offerings with initiatives like Ionic Wealth, coupled with strong QoQ performance outpacing industry peers, underline its competitive advantage in the financial services sector.

The firm's strategic focus on technology-driven platforms has positioned it well for capturing a younger demographic, as evidenced by the landmark achievement of 9 lakh SIP registrations. This momentum, alongside a balanced ownership structure and healthy cash reserves of 10,693 Cr, fortifies its liquidity position, paving the way for continued growth in wealth management and broking services. However, potential short-term challenges in the personal loan market, due to heightened KYC fraud and over-leverage issues, pose a mild risk. Nonetheless, Angel One's commitment to technological investment and a dynamic acquisition strategy suggests a bright future, aligning well with its overarching goal of transforming the financial services landscape through inclusive technology.

Please read detailed disclosure on next page.

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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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