



# Angel one

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## About the team

FEC - Capital

## Resource

Internet , annual reports , research reports

## Angel One

### ▼ COMPANY OVERVIEW

Angel One Ltd is a retail broking house in India, established in the year 1996. It is a technology-led financial services company providing broking and advisory services, margin funding, loans against shares, and financial products distribution to clients under the brand Angel Broking. The broking and allied services are offered through an online and digital platform. It operates in three segments: Broking and related services, Finance and Related activities, and (Health and allied fitness activities).

Market Cap-18,556 cr

Sector-Finance

### ▼ KEY MANAGEMENT

Dinesh D. Thakkar is the founder of Angel Broking, one of India's leading retail stockbroking and financial services companies. He is also on the board of Angel Fincap Pvt Ltd., Angel Insurance Brokers & Advisors Pvt Ltd., Mimansa Software Systems Pvt Ltd. and Angel Wellness Pvt Ltd. Dinesh Thakkar began his entrepreneurial journey in the late 1980s when he started Angel Broking. Under his leadership, the company expanded its services and technology, offering various financial products and solutions to its customers.



**Mr. Dinesh Thakkar**

Chairman & Managing Director



**Mr. Vineet Agrawal**

Chief Financial Officer

## ▼ SECTOR ANALYSIS

### Trends:

- The Indian brokerage industry has undergone rapid changes in its business environment in last three fiscals, starting with a surge in customer accretion (client base rising from ~2.1 crore in FY20 to 8.1 crore in February 2023), business volume (~15.8 lakh crore in FY20 to ~163 lakh crore in Q3FY23)
- Further, as per CareEdge, revenue growth for the broking industry is expected to moderate to 10% growth in FY23 to | 28000–30000 crore and be flattish in FY24E with consolidation in industry benefiting some traditional brokers.
- Active clients increased from 1 crore in FY20 to 1.8 crore in FY21 and ~3.5 crore in FY22. There was substantial participation from new to market customers from tier-II/III and beyond. However, after reaching a peak of ~3.66 crore in June 2022, active clients have declined and reached ~3.35 crore in January 2023, owing to a large number of clients onboarded earlier being inactive.

### GOVT POLICIES:

1. On September 30, 2021, the Reserve Bank of India communicated that the applicable average base rate to be charged by non-banking financial companies – micro-finance institutions (NBFC-MFIs) to their borrowers for the quarter beginning October 1, 2021, will be 7.95%.
2. The government has approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector to 74% from 49% under the Union Budget 2021-22.
3. In 2023, the government revamped the credit guarantee scheme. The inflow of INR 9,000 crores into the corpus of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) will give MSMEs more access to collateral-free loans.
4. On September 30, 2021, the IFSC Authority constituted an expert committee to recommend an approach towards the development of a sustainable finance hub and provide a road map for the same.

### Employment:

IT, banking and finance sectors accounted for a whopping 93 per cent of the 3.82 lakh net increase in jobs in India Inc. during the financial year 2021-22, according to an analysis of 675 listed companies across 30-plus sectors by Bank of Baroda Economic Research.

### FINANCE SECTOR CONTRIBUTION TO THE INDIAN GDP-

In the 2020-2021 fiscal year, the financial and insurance services sector contributed around 6.8% to India's Gross Domestic Product (GDP).

According to statistics as of 17 June 2021, the contribution of the financial ,real estate and professional services to the GDP of India is 22.05%.

India has emerged as one of the fastest growing fintech markets in the world with a market size estimated at US\$150 Billion by 2025.

With >2,100 fintechs operating currently, India is positioned to become one of the largest digital markets with rapid expansion of mobile and internet.

The financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

According to Goldman Sachs, investors have been pouring money into India's stock market, which is likely to reach >US\$ 5 trillion, surpassing the UK, and become the fifth-largest stock market worldwide by 2024.

## ▼ BUSINESS MODEL

Interest in the equity market has been growing among investors. To invest, one needs to go through brokers or authorised persons authorised by the stock exchanges.

The business model is something like this: Angel One provides the brand and infrastructure support in exchange for brokerage. The reward for higher brokerage received is in the form of higher commissions.

This can be a win-win situation because getting a broker's licence can be difficult and expensive, and the only way of getting a part of the pie is by being an authorised persons. This kind of authorised person business model allows smaller players to enter the market without them needing to make expensive investments in infrastructure and marketing. Brokers also benefit since they can expand their footprint considerably across the country without spending much on staff and infrastructure. It means more significant volumes of transactions for brokers, and more brokerage and commissions all around.

In Angel One authorised person business model, a significant chunk of the brokerage is paid out in the form of commissions. These could range anywhere between 50 percent and 70 percent. If you have enough experience in the business and useful contacts and client list, Angel One may consider offering you higher commissions.

An authorised person business will depend on the number of clients. Large the client base, higher will be the earnings. It goes without saying: the larger the enterprise, the more the profit potential.

Client Acquisition Metrics	Active Client Metrics	Transaction Metrics	Financial Metrics
17.1 Mn (+13.3% QoQ) Total Client Base	4.9 Mn (+10.0% QoQ) NSE Active Client Base	338 Mn (+36.1% QoQ) Number of Orders	₹ 8.2 Bn (+29.8% QoQ) Total Net Revenue
2.1 Mn (+59.8% QoQ) Gross Client Acquisition	2 <sup>nd</sup> (Maintained) Rank In Incremental NSE Active Clients	₹ 29.6 Trn (+30.3% QoQ) Average Daily Turnover	₹ 4.2 Bn (+36.9% QoQ) Earnings Before Dep, Amortisation & Tax
13.2% (+67 bps QoQ) Share in India's Demat Accounts	14.6% (+27 bps QoQ) Share in NSE Active Client Base	26.2% (+168 bps QoQ) Share in Retail Overall Equity Turnover	₹ 3.0 Bn (+37.9% QoQ) PAT From Continuing Operations

22.0% share in India's incremental demat accounts in Q2 '24

Like any other financial service and trading companies, Angel one generates its money through various means. Here are some means through which it generates revenue.

**Commission earning:** While investing and trading through Angel one, it appoints authorised persons to the clients. Resulting in a commission earned to them, each time their clients make a transaction. This commission turns out to be their primary source of income.

**Brokerage fee:** Angel one charges its brokerage fee to its clients, when they either buy or sell stocks, insurance, or perform trading activities on their platform. The fees are different according to the product or service they choose, and is a percentage of the transaction they made. For inequity trade, currency, commodity options, etc. They charge Rs.20 per executed order or 0.25%, and charge zero for equity delivery trade.

**Annual charges:** Angel one charges annual maintenance charges for maintaining demat accounts and trading accounts. The fee is paid by the clients to maintain their accounts activities. For example, when you sell any of your shares from your Demat account it charges Rs.20 for that.

## Strong Multi-Year Revenue Visibility From Clients Acquired



Broking Revenue Progression Of Acquired Cohorts

	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond Year 5
<b>Pre Digital</b>						
FY15-17	100%	47%	32%	26%	26%	
FY18	100%	42%	36%	36%	36%	
FY19	100%	49%	45%	44%		
<b>Post Digital</b>						
H1'20	100%	69%	63%	63%		
H2'20	100%	82%	77%			
H1'21	100%	85%	80%			
H2'21	100%	86%				
H1'22	100%	85%				
H2'22	100%					
H1'23	100%					
H2'23	100%					

% in each year is benchmarked to Year 1 revenue

- Historically, clients have given multi-year revenues, making this an annuity business model
- Revenue has been observed to stabilise from 3<sup>rd</sup> Year onwards
- Our successful transformation to digital model has enhanced client revenue progression:
  - 2<sup>nd</sup> Year increased from 47% to 85% of 1<sup>st</sup> Year
  - 3<sup>rd</sup> Year increased from 32% to 80% of 1<sup>st</sup> year
  - 4<sup>th</sup> Year increased from 26% to 63% of 1<sup>st</sup> year

Incremental benefits of Super-App to accrue additionally

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## Huge Operating Leverage From Acquired Base



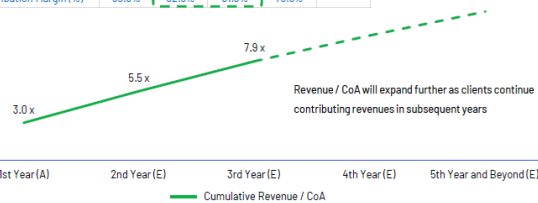
FY22 Cohort: Revenue / CoA Representation

Estimated 3 Year Behaviour Based On Latest Actual Revenue Progression

(₹ Mn)	Year 1-A	Year 2-E	Year 3-E	3 Year Aggregate	3 Yr Rev./ CoA
Total Net Revenue	9,617	8,142	7,702	25,462	
% of Year 1 Revenue		85%	80%		
Cost of Acquisition (CoA)	3,226	0	0	3,226	7.9 x
Direct Cost	1,015	599	622	2,236	
Total Cost	4,240	599	622	5,462	
Contribution Margin	5,376	7,543	7,080	20,000	
Contribution Margin (%)	55.9%	92.6%	91.9%	78.5%	

Cohort longevity is beyond 3 years, akin to an annuity type business model

- Acquired clients are profitable from Year 1, indicating robustness of our digital business model
- Year 2 onwards, contribution margin is 90%+
- 3-Year Revenue / CoA for clients acquired in FY22 remains robust at 7.9x

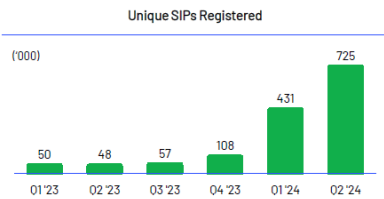


Benefits of multi-products in Super-App to further enhance the lifetime value of every cohort

Long lifetime value and low cost to serve in subsequent years, makes the business highly profitable

10 Year 2 onwards are management estimates basis historical trends taken of clients who have completed Year 2 and beyond

## Expanding Multi-Product Relationship



- Amongst top 2 players in terms of incremental SIPs in Q2 '24
- Substantially improved client NPS
- Better client retention on the app, ~90% of SIP clients continuing to engage on the app
- Shortened time gap to do second SIP, by continuing clients
- Zero marketing spend

### Key Drivers

- Simplified product experience that provide clients with speed & stability
- Intelligent & personalised communication to clients

### Consumer Credit Products

- ❖ Building proprietary AI/ML models using internal and external consumer data, to facilitate lending partners underwrite and collect better
- ❖ Initial review of customer bureau data indicates high quality base with sound credit profile
- ❖ Start by offering unsecured consumer loans

### Fixed Income Products

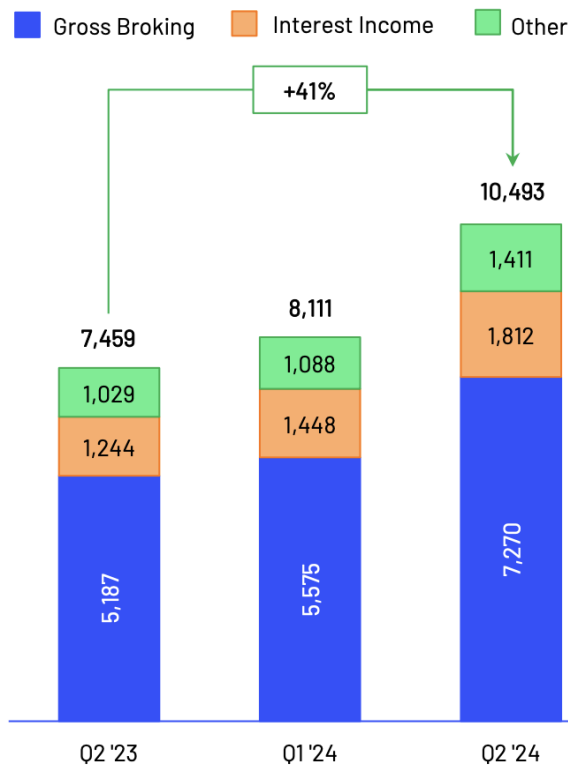
- ❖ Leveraging technology to provide a seamless experience to clients
- ❖ Strategic alliances with leading banks and NBFCs
- ❖ Offer highly rated Bank FDs and Corporate Bonds

FY24  
Go Live

Adding newer products on the Super App, to build long-term affiliation

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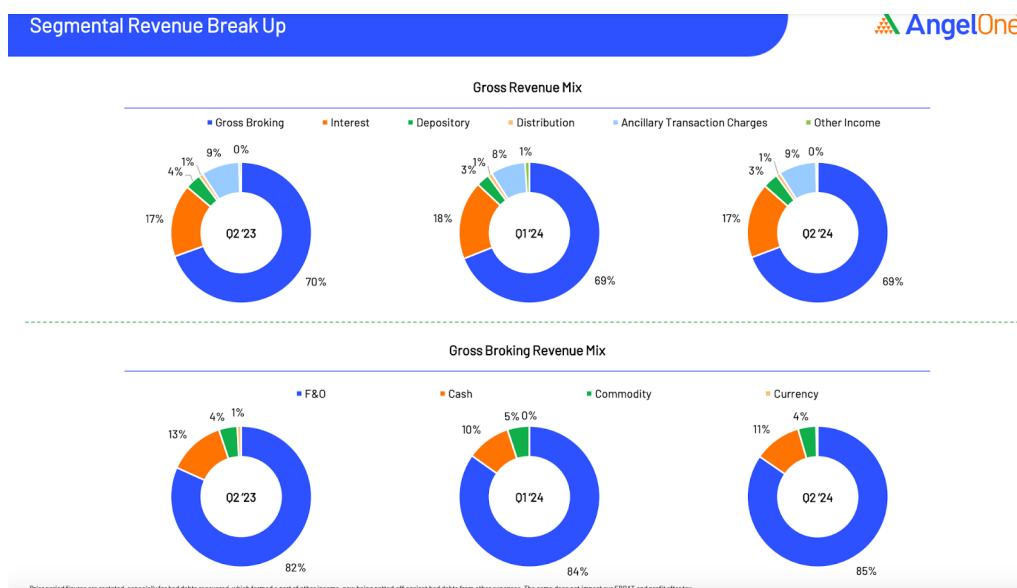
## Gross Revenues



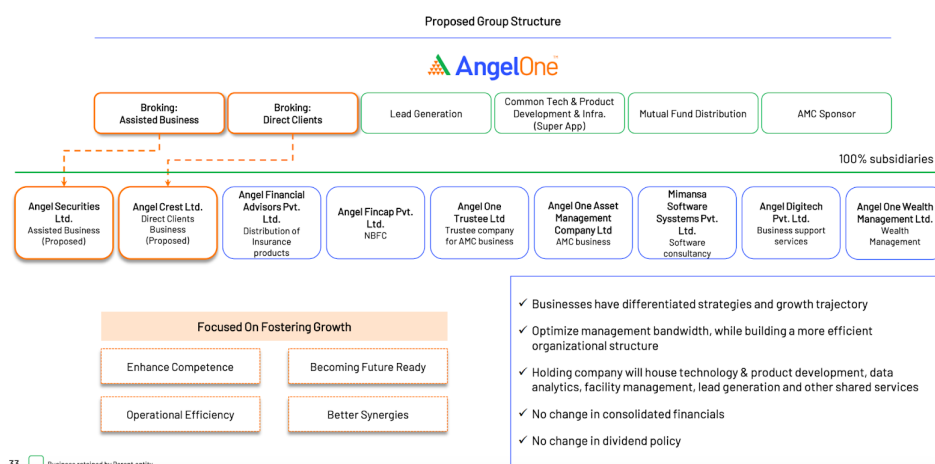
## ▼ COMPANY PORTFOLIO

Angel One, being a member of BSE, NSE, NCDEX and MCX provides online trading in equity, derivative, commodity, and currency segments. Moreover, clients can also apply in IPO and mutual funds with the Angel One 2-in-1 account. To serve clients in a better way,

it keeps adding more and more services to the portfolio. Therefore, the broker serves customers with many value-added offerings including but not limited to free research, investment advisory, call & trade, referral, margin trading, and loan against shares. Further, its rule-based investment engine, ARQ provides free of cost stocks and mutual funds advisory to customers in line with the specifications. In this page, find out the detailed review of each and every Angle One Products and services including its demat account, trading account, NRI account, equity trading, derivative trading, commodity trading, currency trading, and others.



Angel One works and provides diverse services , the group's structure is as mentioned below : -



## ▼ PEER COMPARISON

Company	Price	Market Cap(cr)	P/B	P/E	EPS(Rs)	ROE%	R
Jio Financial service	222.90	1,41,614.70	5.83	4,530	0.05	0.31	0.
Angel One	2535.80	21,273.32	8.29	20.95	121.06	49.14	4

ICICI Securities	635.90	20,546.60	6.33	16.64	38.22	43.10	1:
Motilal Oswal Fin	969.85	14,376.81	3.09	16.88	57.45	13.32	1:
Multi Commodity Exch	2,243.30	11,440.46	7.06	94.44	23.75	8.24	1:
Nuvama Wealth	2,713.60	9,518.87	0	50.65	53.58	0	1:

## ▼ RISK ANALYSIS

Every opportunity comes with associated risks. We have a robust risk management framework to monitor the dynamic operating environment and deploy appropriate measures to mitigate any risks that may arise. Our Risk Management Committee, formed by the Board, is responsible for framing and reviewing risk management processes and controls.

### KEY RISKS AND THEIR MITIGATION MEASURES

#### 1. Industry regulations

The broking business is highly regulated. Periodic updates and new regulations are introduced by SEBI and other regulatory bodies to safeguard the interest of the investors. In the near-term, it may impact us while we adjust to the change. We have always been ready for any regulatory changes. We keep a very keen watch on such announcements and have always been at the forefront to understand the effects of such changes and incorporate those in our business model, systems and processes.

#### 2. People

Inability to attract and retain quality talent may impact growth sustainability

An extremely market driven competitive compensation structure, including a large pool of stock options along-with a great culture and atmosphere to promote innovation and healthy competitiveness helps us attract and retain quality talent. We have forward looking and dynamic policies which are crafted with globally benchmarked parameters to promote a strong bonding with the organisation. We are continuously strengthening our team through various L&D and engagement initiatives. Our remote working policy enables our employees to work from their location of choice, thereby freeing them of the confines of an office space. We have been certified 'Great Place to Work' for six years in a row.

#### 3. Client acquisition

Inability to acquire clients may impact our growth aspirations. We are using a four-pronged strategy for acquiring clients. We are leveraging the power of digitisation to design our client acquisition strategy and achieve higher lead conversion. Our digital-first model has helped us to penetrate deeper beyond the urban centres and have clients from over 98% of all pin codes across the country.

#### 4. Governance

Risks emanating from lack of governance and transparency, could impact the trust of our stakeholders. We have a strong governance framework in place with various Board committees chaired by and constituted of Independent Directors. Our Board, through the Audit Committee, oversees our compliance framework. We have adopted various policies and procedures related to internal compliance, including a code of practice and procedure for fair disclosure of unpublished price sensitive information, anti-bribery and anti- corruption policies, anti-money laundering, vigil mechanism and whistle blower policies.

#### 5. Competition

Increasing competition from new age fintech as well as non-digital brokers, offering an array of services. We are favourably placed in the industry, backed by our superior technology, strong research services, product offering and a competitive pricing structure, placing us among the top five players.

#### 6. Cyber security

An external information security breach, such as hacker attacks, frauds, virus or worm infestation in our IT systems, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information .

We have in place cutting-edge systems that ensure the security of our client data. We ensure that no critical financial information of our clients are stored on our systems. Besides, we are working with government agencies to ensure higher level of information security for our clients.

## ▼ SWOT ANALYSIS

### Angel Broking Strengths

1. Anti-fragile business model - Well defined playbook for onboarding , acquisition and retention. Track record for weathering market volatility.

2. Full-stack Technology base - Digital experience curated by AI and ML , strategic investments in this area to create seamless experience for users with strong backend services .
3. Geographic reach - Focusing on all parts of India including tier 2 and tier 3 cities in India , enabled by strong and scalable platform with competitive pricing models.
4. People-first culture - Onboarding of new employees regularly as company expands and the team led by experienced management. Best governance practices to ensure accountability and transparency.

## Angel Broking Weaknesses

1. There is less penetration in rural area. This in general has been an issue with the broking businesses that are present mostly in urban areas and due to lack of financial education in rural areas they are not able to tap this market.
2. Also it shares 14% market share. Which indicates that the business is dominated by GROWW and ZERODHA..
3. As such there are no other major weaknesses

## Angel Broking Opportunities

1. **High purchasing power and people looking to more investment opportunities**
2. **Growing rural market**
3. **Earning Urban Youth**

## Angel Broking Threats

1. **Stringent Economic measures by Government and RBI**
2. **Entry of foreign finance firms in Indian Market**

## ▼ FINANCIAL ANALYSIS

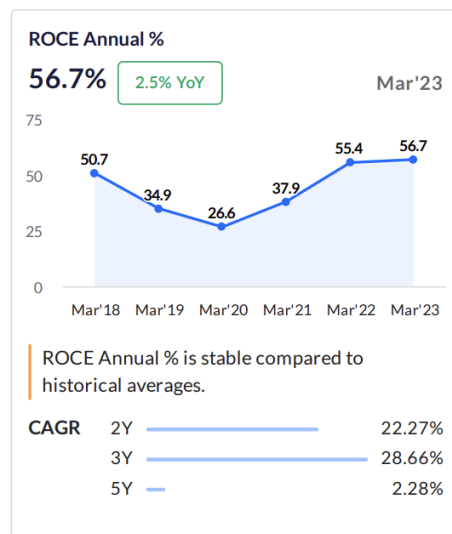
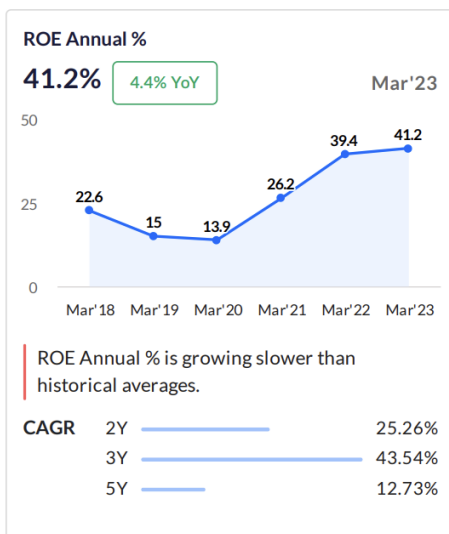


## ▼ FINANCIAL OVERVIEW

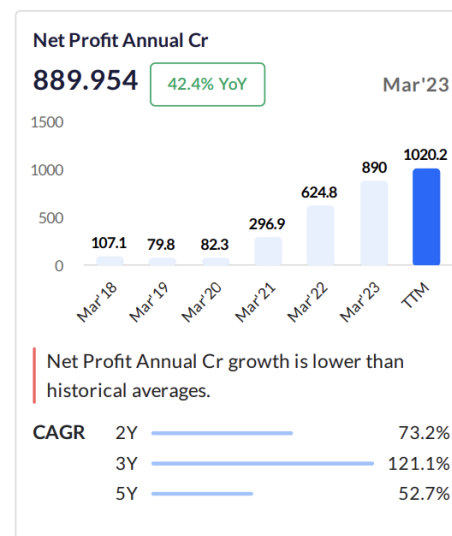
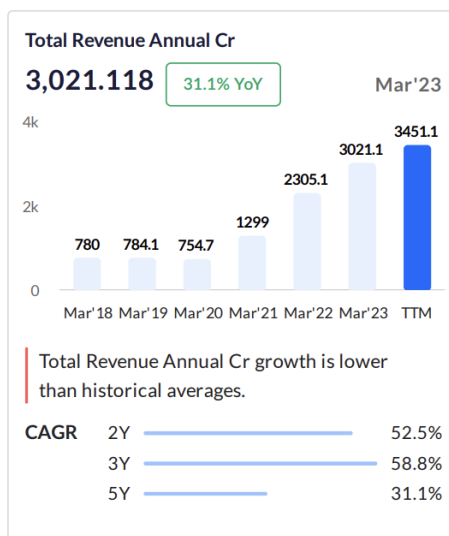
Market Cap	₹ 25,793 Cr.	Current Price	₹ 3,072	High / Low	₹ 3,246 / 999
Stock P/E	25.3	Book Value	₹ 311	Dividend Yield	1.30 %
ROCE	44.0 %	ROE	47.1 %	Face Value	₹ 10.0
Change in Prom Hold	-0.04 %	EPS	₹ 122	EPS last year	₹ 107
Debt	₹ 1,555 Cr.	Enterprise Value	₹ 19,709 Cr.	PEG Ratio	0.48
Promoter holding	38.3 %	Pledged percentage	0.00 %	PB X PE	250
Return over 5years	%	Return over 3years	101 %		

## ▼ KEY PROFITABILITY RATIOS





### ▼ KEY GROWTH RATIOS



### ▼ YEARLY PROFIT AND LOSS STATEMENTS

## Profit & Loss

Consolidated Figures in Rs. Crores / [View Standalone](#)

PRODUCT SEGMENTS

	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	TTM
Sales +	450	451	440	770	778	748	1,289	2,292	3,002	3,430
Expenses +	339	362	437	516	575	564	826	1,366	1,708	1,957
Operating Profit	112	90	3	254	203	183	462	926	1,294	1,473
OPM %	25%	20%	1%	33%	26%	24%	36%	40%	43%	43%
Other Income +	11	11	112	14	11	2	8	5	18	21
Interest	38	36	54	95	70	50	42	76	91	90
Depreciation	10	13	14	15	20	21	18	19	30	37
Profit before tax	74	52	48	159	124	114	410	836	1,192	1,367
Tax %	37%	39%	35%	32%	36%	28%	28%	25%	25%	
Net Profit +	47	32	31	108	80	82	297	625	890	1,020
EPS in Rs	32.69	22.08	21.59	14.99	11.09	11.44	36.28	75.41	106.68	121.98
Dividend Payout %	13%	25%	31%	91%	24%	24%	35%	36%	37%	

## Balance Sheet

Consolidated Figures in Rs. Crores / [View Standalone](#)

CORPORATE ACTIONS

	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Sep 2023
Equity Capital	14	14	14	72	72	72	82	83	83	84
Reserves	332	355	375	403	459	519	1,049	1,502	2,078	2,529
Borrowings +	333	358	772	1,125	872	491	1,171	1,258	787	1,555
Other Liabilities +	295	411	641	767	805	1,108	2,511	4,378	4,529	6,658
Total Liabilities	974	1,139	1,803	2,367	2,209	2,190	4,814	7,220	7,478	10,826
Fixed Assets +	121	122	123	116	134	124	115	152	187	250
CWIP	1	3	1	0	1	2	0	12	62	50
Investments	0	0	50	6	15	35	6	19	109	117
Other Assets +	852	1,014	1,630	2,246	2,059	2,029	4,693	7,037	7,120	10,408
Total Assets	974	1,139	1,803	2,367	2,209	2,190	4,814	7,220	7,478	10,826

## ▼ SHAREHOLDING PATTERN FOR ANGEL ONE BROKING

### Shareholding Pattern

Numbers in percentages

Quarterly

Yearly

TRADES

2 Recently

	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
Promoters +	44.56%	44.55%	44.26%	43.77%	43.68%	44.00%	43.83%	43.71%	43.68%	38.48%	38.30%	38.26%
FIIs +	4.74%	5.01%	4.70%	4.66%	5.44%	8.96%	10.54%	11.27%	17.25%	16.61%	17.04%	16.82%
DIIIs +	12.45%	11.97%	9.28%	8.17%	8.57%	10.33%	8.92%	9.71%	9.27%	9.73%	10.25%	10.41%
Public +	38.24%	38.47%	41.76%	43.40%	42.31%	36.72%	36.70%	35.32%	29.80%	35.17%	34.42%	34.52%
No. of Shareholders	55,405	46,605	56,800	84,764	1,11,755	1,01,028	1,28,787	1,21,000	1,25,067	1,42,320	1,29,211	1,31,876

## ▼ CSR



## ▼ CONCLUSION

- According to CRISIL Report, financial market in India is expected to continue to grow in line with its historical trajectory, due to strong demand and supply-side drivers, such as expected growth in the Indian economy, increasing urbanisation, increased consumerism due to higher per capita incomes. This indicates market growth potential for established financial service providers in India such as Angel Broking. Further, clients in India are also increasingly willing to pay a premium for higher quality of infrastructure and service, such as technology, automation and other value-added services and higher product safety.
- In the last five years, there has been an increase in the amount of wealth invested in India in financial products as compared to traditional forms of investment. The company intends to capitalise and acquire larger market share on these opportunities in the Indian financial market, given its experience in adopting technology and automation to service clients.
- Apart from this, the company anticipates that Angel BEE (digital platform for distribution of financial and investment products, which is powered by ARQ) would benefit from the growing market opportunities in the most efficient manner together with its wealth of experience, research capabilities, understanding of the financial markets. Thus, this will help Angel to capitalise on the growing investable wealth in India.
- Finally we conclude the report by giving a bullish perspective on Angel One Ltd. seeing upon the fundamentals of the stock. Stock seems to be promising and good long term returns are expected.

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