

About The Stock: In terms of NSE active clients, Angel One Limited is the largest listed retail stockbroking business in India. A technology-driven provider of financial services, Angel One offers its clients distribution of financial products from third parties as well as brokerage and consulting services, margin funding, loans secured by stock, and loans against shares. Angel One Ltd offers the brokerage and related services.

Online and digital platforms and Network of Authorized Persons.

To produce a superior digital experience, Angel One Ltd heavily relies on artificial intelligence, machine learning, and data science. With over 13 million users, the company has created a variety of digital properties including the Angel One Mobile App, ARQ Prime, a rule-based recommendation engine, SmartAPI, a free-to-integrate API platform, Smart Money, an investor education platform, and SmartStore, a marketplace for fintech products.

Important concall highlights

- Higher working capital requirement due to upstreaming of client cash, driving finance cost higher
- Plans to distribute consumer loans to better diversify income streams;
- Growth remains a focal area; expect CACs to sustain at exit Q4 levels;
- Performance stock units make up 50% of ESOP expenses for FY24E (around INR0.55 billion), subject to the achievement of higher growth targets.

Recent Quarters Update

- Angel's overall revenues increased by 12% QoQ, led by broking revenues that increased by 18% QoQ (order volume increased by 16% QoQ) and net interest income that increased by 7% QoQ (despite a 7% decline in MTF book).
- Opex (total operating expenses) increased 19% year over year to INR2.73b. The 32% QoQ drop in ESOP costs more than offset the 28% sequential increase in other expenses to INR1.97b.
- PAT surged by 17% Q-o-Q and 30% Y-o-Y in Q4FY23. The Company continues to gain market share in NSE's active client base, up from 12.0% in Q3FY23 to 13.1% in Q4FY23.
- Employee spending has decreased as a result of the company's FY23 provision for a reversal in variable expenses. The total cost of the personnel would be made up of 30–35% variable costs and the rest fixed costs. The entire ESOP reversal was brought about by the CEO's resignation. For FY24, an estimated INR 1.1 billion would be spent on ESOP.
- Other costs were elastic in nature and related to total turnover, such as customer acquisition costs and cloud costs. Within two quarters, the CAC is predicted to achieve breakeven.



Particulars	Values
Market Capitalisation	10,253.12 Cr
Enterprise Value	5,555 Cr
Total Debt	787.19
Cash	5491
Face Value	10
Share O/s	8,34,19,741
52 Wk Highs/Lows	999.00 - 2,022.00

Share Holdings Pattern

	Jun-22	Sep-22	Dec-22	Mar-23
Promoters	43.83	43.71	43.68	38.48
FII's	10.54	11.27	17.25	16.61
DII's	8.92	9.71	9.27	9.73
Public	36.7	35.32	29.8	35.17

NSE vs AngelOne



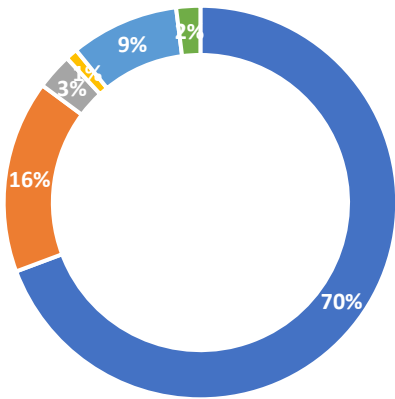
Key Risk

- Legal and regulatory compliance risks
- Competition risks
- Economic Environment and Market conditions Risks
- Technological risks

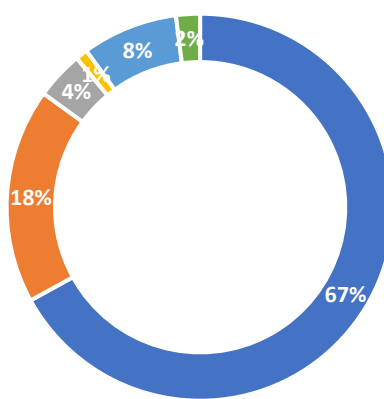
Revenue Mix

■ Gross Broking ■ Interest ■ Depository ■ Distribution ■ Ancillary Transaction Charges ■ Other Income

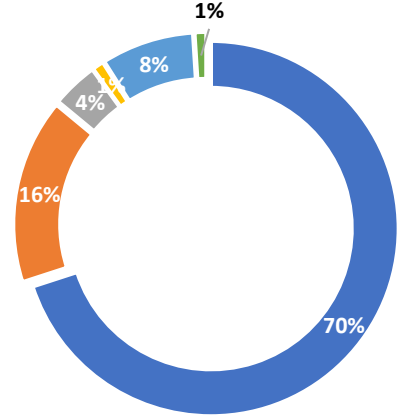
Q4'23



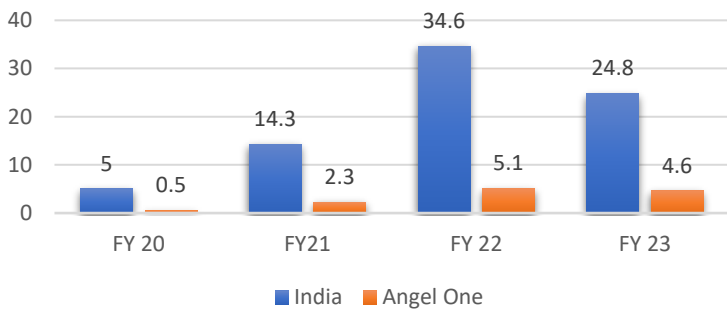
Q3'23



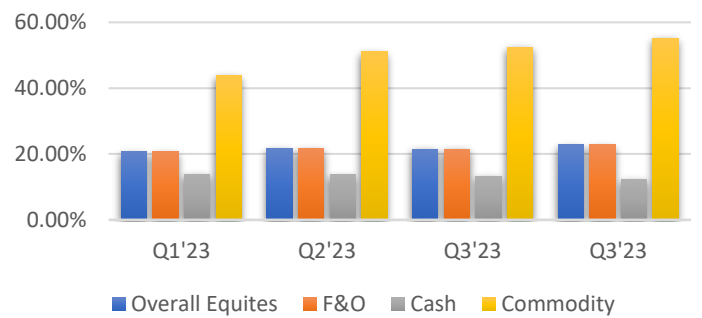
Q4'22



Client Additions



Retail ADTO Market Share

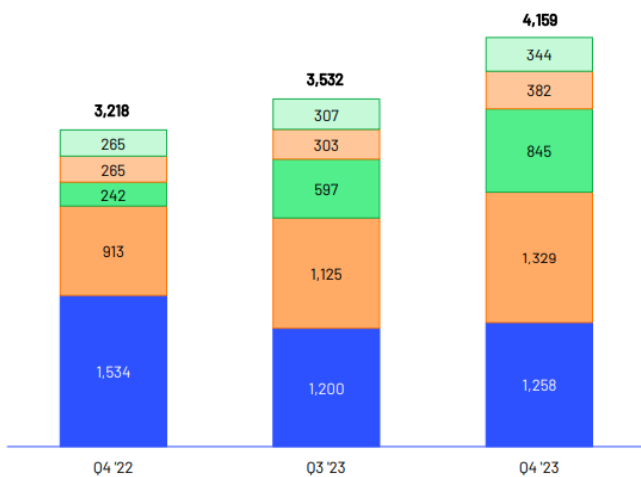


Values: In MN

Net Broking Revenue Contribution Mix

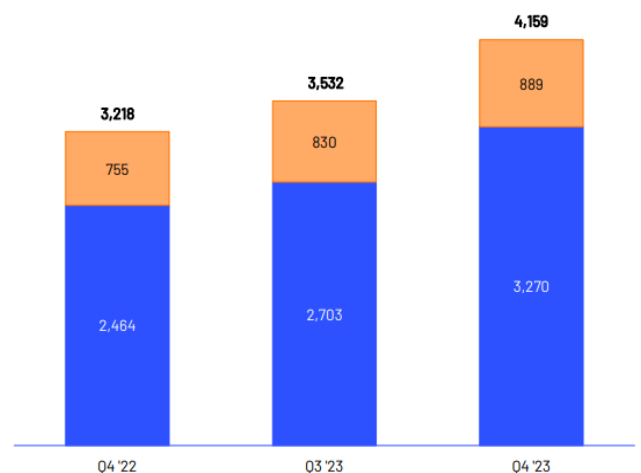
Age-wise Net Broking Revenue Mix

■ <1 years ■ 1-2 years ■ 2-3 years ■ 3-5 years ■ 5+ years



Contribution to Net Broking Revenue

■ Direct Clients ■ AP Clients



Operating Performance

	Q4 '23	% Change QoQ	% Change YoY	
Client Acquisition Metrics	Total Client Base	13.8 Mn	↑ 10.1%	49.5%
	Gross Client Acquisition	1.3 Mn	↑ 30.9%	-11.9%
	Share in India's Demat Accounts	12.0%	↑ 48 bps	176 bps
Active Client Metrics	NSE Active Client Base	4.3 Mn	↑ 0.9%	17.1%
	Rank In Incremental NSE Active Client	2 nd	Maintained	Up by 1 notch
	Share in NSE Active Client	13.1%	↑ 109 bps	296 bps
Transaction Metrics	Number of Orders	263 Mn	↑ 16.0%	24.6%
	Average Daily Turnover	₹ 18.5 Trn	↑ 27.7%	114.3%
	Share in Retail Overall Equity Turnover	22.8%	↑ 124 bps	178 bps

20.5% share in India's incremental demat accounts in Q4 '23























Source: Comp. Annual Report

Financial Statements

Historical Financial Statement - ANGEL ONE LTD									
Years	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Income Statement									
Sales	₹ 450.4	₹ 451.2	₹ 440.1	₹ 770.3	₹ 777.7	₹ 747.6	₹ 1,288.7	₹ 2,291.9	₹ 3,001.6
Sales Growth	#DIV/0!	0.17%	-2.47%	75.04%	0.97%	-3.87%	72.38%	77.85%	30.97%
COGS	₹ 112.0	₹ 134.8	₹ 160.4	₹ 151.2	₹ 170.7	₹ 418.5	₹ 574.2	₹ 904.8	₹ 397.9
COGS % Sales	24.85%	29.88%	36.45%	19.63%	21.95%	55.98%	44.56%	39.48%	13.26%
Gross Profit	₹ 338.48	₹ 316.39	₹ 279.64	₹ 619.02	₹ 606.97	₹ 329.08	₹ 714.46	₹ 1,387.09	₹ 2,603.69
Gross Margins	75.15%	70.12%	63.55%	80.37%	78.05%	44.02%	55.44%	60.52%	86.74%
Selling & General Expenses	₹ 226.82	₹ 226.79	₹ 276.54	₹ 364.75	₹ 404.21	₹ 145.94	₹ 252.05	₹ 468.93	₹ 1,311.62
S&G Exp % Sales	50.36%	50.26%	62.84%	47.35%	51.98%	19.52%	19.56%	20.46%	43.70%
EBITDA	₹ 111.66	₹ 89.60	₹ 3.10	₹ 254.27	₹ 202.76	₹ 183.14	₹ 462.41	₹ 918.16	₹ 1,292.07
EBITDA Margins	24.79%	19.86%	0.70%	33.01%	26.07%	24.50%	35.88%	40.06%	43.05%
Interest	₹ 38.41	₹ 35.66	₹ 53.93	₹ 94.69	₹ 69.76	₹ 49.96	₹ 42.32	₹ 75.98	₹ 89.52
Interest % Sales	8.53%	7.90%	12.26%	12.29%	8.97%	6.68%	3.28%	3.32%	2.98%
Depreciation	₹ 10.28	₹ 13.01	₹ 13.52	₹ 14.53	₹ 20.00	₹ 20.92	₹ 18.36	₹ 18.64	₹ 30.26
Depreciation % Sales	2.28%	2.88%	3.07%	1.89%	2.57%	2.80%	1.42%	0.81%	1.01%
Earnings Before Tax	₹ 62.97	₹ 40.93	₹ 64.35	₹ 145.05	₹ 113.00	₹ 112.3	₹ 401.7	₹ 823.5	₹ 1,172.3
EBT % Sales	13.98%	9.07%	-14.62%	18.83%	14.53%	15.02%	31.17%	35.93%	39.06%
Tax	₹ 27.3	₹ 20.2	₹ 16.9	₹ 50.8	₹ 44.6	₹ 32.0	₹ 113.1	₹ 211.7	₹ 301.6
Effective Tax Rate	43.35%	49.40%	-26.25%	34.99%	39.46%	28.49%	28.16%	25.70%	25.73%
Net Profit	₹ 35.7	₹ 20.7	(₹ 81.2)	₹ 94.3	₹ 68.4	₹ 80.3	₹ 288.6	₹ 611.9	₹ 870.7
Net Margins	7.92%	4.59%	-18.46%	12.24%	8.80%	10.74%	22.40%	26.70%	29.01%
No of Equity Shares	1.44	1.44	1.44	7.2	7.2	7.2	8.18	8.29	8.34
Earnings per Share	₹ 24.77	₹ 14.38	₹ 56.42	₹ 13.10	₹ 9.50	₹ 11.15	₹ 35.28	₹ 73.81	₹ 104.40
EPS Growth %	0.00%	-41.94%	-492.27%	-123.21%	-27.45%	17.35%	216.45%	109.19%	41.44%
Dividend per Share	₹ 4.39	₹ 5.6	₹ 6.8	₹ 13.6	₹ 2.7	₹ 2.7	₹ 12.9	₹ 27.1	₹ 39.9
Dividend payout ratio	17.72%	38.82%	-12.01%	103.85%	28.42%	24.22%	36.46%	36.70%	38.18%
Retained Earnings	82.28%	61.18%	0.00%	0.00%	71.58%	75.78%	63.54%	63.30%	61.82%

Historical Financial Statement - ANGEL ONE LTD									
Years	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Balance Sheet									
Equity Share Capital	₹ 14.4	₹ 14.4	₹ 14.4	₹ 72.0	₹ 72.0	₹ 72.0	₹ 81.8	₹ 82.9	₹ 83.4
Reserves	₹ 332.4	₹ 354.9	₹ 375.1	₹ 403.0	₹ 459.4	₹ 519.4	₹ 1,049.2	₹ 1,501.5	₹ 2,078.1
Borrowings	₹ 332.7	₹ 358.5	₹ 771.9	₹ 1,125.0	₹ 871.8	₹ 490.9	₹ 1,171.5	₹ 1,257.7	₹ 787.2
Other Liabilities	₹ 294.7	₹ 411.1	₹ 641.4	₹ 767.5	₹ 805.3	₹ 1,107.9	₹ 2,511.4	₹ 4,377.8	₹ 4,528.9
Total Liabilities	₹ 974.2	₹ 1,138.9	₹ 1,802.8	₹ 2,367.4	₹ 2,208.5	₹ 2,190.2	₹ 4,813.8	₹ 7,219.9	₹ 7,477.7
Fixed Assets Net Block	₹ 121.1	₹ 121.9	₹ 122.8	₹ 115.8	₹ 134.0	₹ 124.1	₹ 114.8	₹ 151.8	₹ 186.6
Capital Work in Progress	₹ 0.9	₹ 3.1	₹ 0.6	-	₹ 0.6	₹ 2.1	₹ 0.2	₹ 12.0	₹ 61.5
Investments	-	-	₹ 49.5	₹ 5.6	₹ 14.9	₹ 35.3	₹ 5.5	₹ 18.7	₹ 109.5
Other Assets	₹ 225.3	₹ 130.2	₹ 154.0	₹ 1,160.1	₹ 858.4	₹ 576.1	₹ 2,588.1	₹ 1,597.2	₹ 1,254.1
Total Non Current Assets	₹ 347.3	₹ 255.2	₹ 326.9	₹ 1,281.5	₹ 1,007.9	₹ 737.5	₹ 2,708.7	₹ 1,779.7	₹ 1,611.7
Receivables	₹ 268.5	₹ 445.9	₹ 858.2	₹ 158.5	₹ 214.6	₹ 39.0	₹ 227.7	₹ 565.3	₹ 374.9
Inventory	₹ 0.1	₹ 0.2	₹ 0.2	₹ 0.1	₹ 0.1	₹ 0.1	-	-	-
Cash & Bank	₹ 358.4	₹ 437.6	₹ 617.6	₹ 927.4	₹ 986.0	₹ 1,413.6	₹ 1,877.5	₹ 4,875.0	₹ 5,491.1
Total Current Assets	₹ 627.0	₹ 883.7	₹ 1,475.9	₹ 1,085.9	₹ 1,200.7	₹ 1,452.6	₹ 2,105.2	₹ 5,440.3	₹ 5,866.0
Total Assets	₹ 974.2	₹ 1,138.9	₹ 1,802.8	₹ 2,367.4	₹ 2,208.5	₹ 2,190.2	₹ 4,813.8	₹ 7,219.9	₹ 7,477.7

Historical Financial Statement - ANGEL ONE LTD									
Years	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Cash Flow Statements									
Cash from Operating Activities	₹ 10.6	(₹ 77.4)	(₹ 210.0)	(₹ 309.5)	-	₹ 643.3	(₹ 1,198.7)	₹ 557.6	₹ 803.3
Cash from Investing Activities	(₹ 7.1)	(₹ 13.2)	(₹ 49.5)	₹ 47.4	-	(₹ 28.1)	₹ 24.8	(₹ 52.4)	(₹ 185.1)
Cash from Financing Activities	₹ 1.9	₹ 39.6	₹ 350.3	₹ 238.9	-	(₹ 448.9)	₹ 894.1	(₹ 165.1)	(₹ 907.2)
Net Cash Flow	₹ 5.3	(₹ 51.1)	₹ 90.8	(₹ 23.2)	-	₹ 166.3	(₹ 279.8)	₹ 340.1	(₹ 289.0)

Ratio Analysis of - ANGEL ONE LTD												
Years	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Trends	Mean	Median
SalesGrowth		0.17%	-2.47%	75.04%	0.97%	-3.87%	72.38%	77.85%	30.97%		31%	16%
GrossMargin	75.15%	70.12%	63.55%	80.37%	78.05%	44.02%	55.44%	60.52%	86.74%		68%	70%
EBITDA Growth		-20%	-97%	8102%	-20%	-10%	152%	99%	41%		1031%	16%
EBIT Growth		-24%	-114%	-2401%	-24%	-11%	174%	103%	40%		-282%	-18%
Net Profit Growth		-42%	-492%	-216%	-27%	17%	260%	112%	42%		-43%	-5%
Dividend Growth		27%	21%	101%	-80%	0%	376%	111%	47%		75%	37%
Gross Margin	75.15%	70.12%	63.55%	80.37%	78.05%	44.02%	55.44%	60.52%	86.74%		68%	70%
EBITDA Margin	24.79%	19.86%	0.70%	33.01%	26.07%	24.50%	35.88%	40.06%	43.05%		28%	26%
EBIT Margin	23%	17%	-2%	31%	24%	22%	34%	39%	42%		25%	24%
EBT Margin	13.98%	9.07%	-14.62%	18.83%	14.53%	15.02%	31.17%	35.93%	39.06%		18%	15%
Net Profit Margin	7.92%	4.59%	-18.46%	12.24%	8.80%	10.74%	22.40%	26.70%	29.01%		12%	11%
SalesExpenses%Sales	50.36%	50.26%	62.84%	47.35%	51.98%	19.52%	19.56%	20.46%	43.70%		41%	47%
Depreciation%Sales	2.28%	2.88%	3.07%	1.89%	2.57%	2.80%	1.42%	0.81%	1.01%		2%	2%
OperatingIncome%Sales	22.51%	16.97%	-2.37%	31.12%	23.50%	21.70%	34.46%	39.25%	42.04%		25%	24%
Return on Capital Employed	15%	11%	-1%	15%	13%	15%	19%	32%	43%		18%	15%
Retained Earnings%	82.28%	61.18%	0.00%	0.00%	71.58%	75.78%	63.54%	63.30%	61.82%		53%	63%
Return on Equity%	10%	6%	-21%	20%	13%	14%	26%	39%	40%		16%	14%
Self Sustained Growth Rate	8.46%	3.43%	0.00%	0.00%	9.21%	10.29%	16.21%	24.45%	24.90%		11%	9%
Interest Coverage Ratio	1.27x	1.36x	1.25x	1.15x	1.29x	1.42x	1.43x	1.25x	1.34x		1.31x	1.29x
CFO/Sales	2.3%	-17.2%	-47.7%	-40.2%	0.0%	86.0%	-93.0%	24.3%	26.8%		-7%	0%
CFO/Total Assets	1.1%	-6.8%	-11.6%	-13.1%	0.0%	29.4%	-24.9%	7.7%	10.7%		-1%	0%
CFO/Total Debt	3.2%	-21.6%	-27.2%	-27.5%	0.0%	131.1%	-102.3%	44.3%	102.0%		11%	0%

Valuation & Outlook

In 4QFY23, despite difficult market conditions, it showed solid operational success. As instructed, management keeps making technology investments to improve its position. Given that the rate of gross client addition has started to slow down and that there has been a decline in order volume in addition to higher costs for customer acquisition and borrowing, we anticipate that growth will return to normal. Despite this, we continue to think that AOL will do better than the industry. With a revised TP of INR1,525 we reaffirm our BUY recommendation on the stock.

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