

ANGEL BROKING LIMITED

Issue highlights

- Incorporated on August 8, 1996, **Angel Broking Limited ("Angel")** is one of the **largest independent full-service retail broking house in India** in terms of active clients on NSE as of June 30, 2020. Angel is a technology led financial services company, that provides **broking and advisory services, margin funding, loans against shares** (through one of its Subsidiaries, AFPL) and **financial products distribution** to its clients under the brand "**Angel Broking**".
- Company's principal business includes broking and advisory services, margin funding, and distribution of financial products which are complemented by their research services and investment advisory.
- Its broking services are offered through (i) its online and digital platforms, and (ii) its network of more than 11,000 sub-brokers, as of June 30, 2020.
- Angel has more than 43,90,000 downloads of its Angel Broking mobile app and nearly 10,00,000 downloads of its **Angel BEE** app as of June 30, 2020, which enables its clients to avail the services digitally.
- Its primary focus is to profitably grow the retail broking, margin funding and distribution businesses through its **online and digital platforms, "Angel Broking Mobile App", "trade.angelbroking.com", "Angel SpeedPro", "Angel BEE", which are powered by "ARQ", a rule-based investment engine.**
- As of June 30, 2020, Angel ranks as No. 1 stock broking house in terms of Authorised Persons registered with NSE.**
- Angel BEE** is a digital platform, developed with an aim to fulfil the financial requirements of its clients, with a focus on millennials, by inculcating investment discipline and providing avenues for independent financial management. It offers instant, "on-the-go", paperless and personalized solutions through which clients can manage their financial portfolio. Activation of an account by a client on Angel BEE is a paperless and seamless process.
- The shares will be listed on BSE and NSE.

Brief Financial Details*

(₹ In Cr)

Particulars	As at June 30,	As at March 31,			
	2020(03)	2020(12)	2019(12)	2018(12)#	
Equity Share Capital	72.00	72.00	72.00	72.00	
Reserves as stated	567.09	519.42	459.44	401.58	
Net worth	639.08	591.42	531.44	473.57	
Total Revenue	246.59	754.71	784.11	779.99	
Revenue Growth (%)	-	(3.75)%	0.53%	-	
Profit Before Tax	64.63	118.77	128.19	160.03	
Profit for the Period	47.30	82.35	79.84	107.09	
Net Profit as % to Revenue	19.18%	10.91%	10.18%	13.73%	
EPS (₹)	6.57	11.44	11.09	14.91	
RONW (%)	7.40%	13.92%	15.02%	22.61%	
NAV (₹)	88.77	82.15	73.82	65.78	

Source: RHP, * Restated Consolidated, # Proforma Ind AS; Numbers for the quarter ended June 30, 2020 have not been annualized

Issue Details

Fresh Issue of Equity shares aggregating up to ₹ 300 Cr and Offer for sale of equity shares aggregating up to ₹ 300 Cr.

Issue highlights

Issue size: ₹ 600 Cr

No. of shares: 19,672,130 – 19,607,842 Shares

Face value: ₹ 10

Issue summary

Price band: ₹ 305 - 306

Bid Lot: 49 Shares and in multiple thereof

Post Issue Implied Market Cap:

₹ 2,496 Cr – 2,503 Cr

BRLMs: ICICI Securities, Edelweiss Financial, SBI Capital Markets

Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Tuesday, **22nd Sep' 2020**

Issue closes on: Thursday, **24th Sep' 2020**

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	29-09-2020
Refunds/Unblocking ASBA Fund	30-09-2020
Credit of equity shares to DP A/c	01-10-2020
Trading commences	05-10-2020

Listing: BSE and NSE

Issue break-up

Cat	No. of Shares	₹ In Cr	% of Issue
QIB*	9,836,064 - 9,803,920	300.00	50%
NIB	2,950,820 - 2,941,177	90.00	15%
Retail	6,885,246 - 6,862,745	210.00	35%
Total	19,672,130 - 19,607,842	600.00	100%

*Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

Shareholding (No. of Shares)

	Pre issue	Post issue^	Post issue~
No of shares	71,995,003	81,831,069	81,798,925

^@ Lower price Band ~@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoters Gr	55.20%	47.67%
Public	44.80%	52.33%
Total	100.00%	100.00%

BACKGROUND

The company was initially incorporated as “M. BNL. Securities Private Limited” on August 8, 1996. Dinesh D. Thakkar, Ashok D. Thakkar and Sunita A. Magnani are the Promoters of the company. The Promoters collectively hold 20,718,725 Equity Shares, equivalent to 28.78% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Dinesh D. Thakkar is the Promoter, Chairman and Managing Director of the company. He has over 25 years of experience in the broking industry and has been on the Board since October 23, 2007.

Vinay Agrawal is the Director and Chief Executive Officer of the company. He has over 18 years of experience in the broking industry and has been on the Board since October 23, 2007.

Uday Sankar Roy is the Independent Director of the company. He has over 37 years of experience in the banking industry and has been on the Board since May 14, 2018.

Kamalji Sahay is the Independent Director of the company. He has over 39 years of experience in the insurance industry and has been on the Board since May 14, 2018.

Anisha Motwani is the Independent Director of the company. She has several years of experience in management consultancy. She has been on the Board since May 14, 2018.

Ketan Shah is the Non-Executive Director of the company. He has over 25 years of experience in the broking and financial services industry and has been on the Board since May 11, 2018.

Vineet Agrawal is the Chief Financial Officer of the company. He has several years of experience in the manufacturing, financial and telecommunication sectors. He heads the treasury, corporate finance, accounts, secretarial, statutory and management reporting, taxation, audit, business finance, commercial and controlling teams in the company. He has been associated with the company since September 22, 2015.

Naheed Patel is the Company Secretary and Compliance Officer of the company. She has over 11 years of experience in the secretarial, accounts and finance departments. She has been associated with the company since September 1, 2016.

The company has won several Certificates of Recognition/ Certificates of Appreciation awards:

Year	Award
2020	<ul style="list-style-type: none"> Awarded Silver Honour in the ‘Digital Marketing Excellence in Social Media (BFSI)’ award at the DIGIXX 2020 Summit Awards for #ShagunKeShares campaign, organised by Adgully Awarded Silver Honour in the ‘Digital Marketing Excellence in Video (Financial Services)’ award at the DIGIXX 2020 Summit Awards for #ShagunKeShares campaign, organised by Adgully
2019	<ul style="list-style-type: none"> The ‘Trendsetter’ award at the Net App® Data Driven Innovation Awards 2019 The CEO Award for ‘The Best Marketing Campaign of the Year 2019’ organised by Tefla’s The CEO Award for ‘The Digital First Organization of the Year 2019’ organised by Tefla’s Ranked amongst the Top 100 Franchise Opportunities in India for the year 2019 in its Annual Survey by Franchise India The ‘Best Performing Retail Member’ award by NSE at the NSE Market Achievers Award 2019

OFFER DETAILS

The Offer		
Fresh Issue (₹ 300 Cr)		Upto 9,803,922 [^] Equity Shares
* Offer for sale by:	₹ 300 Cr	Upto 9,803,922[^] Equity Shares
Ashok D Thakkar – The Promoter Selling Shareholder	₹ 18.34 Cr	Up to 599,183 Equity Shares
Sunita Magnani – The Promoter Selling Shareholder	₹ 4.50 Cr	Up to 147,059 Equity Shares
IFC – Investor Selling Shareholder	₹ 120.00 Cr	Up to 3,921,634 Equity Shares
Individual Selling Shareholders	₹ 157.16 Cr	Up to 5,136,046 Equity Shares
(^ at upper price band)		

OBJECTS OF THE ISSUE

Objects	(₹ In Cr) Amount
To meet working capital requirements	230.00
General Corporate Purposes	[•]
Total	[•]

BUSINESS OVERVIEW

Angel Broking Limited (“Angel”) is one of the largest independent full-service retail broking house in India in terms of active clients on NSE as of June 30, 2020 (Source: CRISIL Report). Angel is a technology led financial services company, that provides **broking and advisory services, margin funding, loans against shares** (through one of its Subsidiaries, AFPL) and **financial products distribution** to its clients under the brand “**Angel Broking**”. Its broking services are offered through (i) its online and digital platforms, and (ii) its network of more than 11,000 sub-brokers, as of June 30, 2020. Angel has more than 43,90,000 downloads of its Angel Broking mobile app and nearly 10,00,000 downloads of its **Angel BEE** app as of June 30, 2020, which enables its clients to avail the services digitally.

Digital marketing has enabled the company to garner 39.8 crore digital impressions in June, 2020 on its various online and digital platforms. Their customer outreach, spans across approximately 96.87% or 18,649 pin codes in India as of June 30, 2020. Angel manages ₹13,254 crore in client assets and over 2.15 million operational broking accounts as of June 30, 2020.

Angel’s experience of over 2 decades has helped them to integrate its knowledge and expertise in the broking industry with the technology they provide to its retail clients through various platforms. They have enhanced client engagement and experience through application of technology to broking services including, launch of its mobile application for its broking services in the year 2011 and KYC authentication and complete client on-boarding through the electronic and digital medium in the year 2015 and 2016, respectively.

Its primary focus is to profitably grow the retail broking, margin funding and distribution businesses through its **online and digital platforms, “Angel Broking Mobile App”, “trade.angelbroking.com”, “Angel SpeedPro”, “Angel BEE”, which are powered by “ARQ”, a rule-based investment engine.**

Angel provides its broking services through various web, digital and .exe platforms, which are integrated with each other enabling its clients to have a seamless trading and investment experience, positioning them to benefit from the development of the Indian financial market, increased emphasis on digitalisation, and growth in the returns from such financial investments.

As of June 30, 2020, Angel had over 2,500 full-time employees.

Angel provides a wide range of financial services to its clients including and in relation to:

- **Broking and Advisory:** Angel provides broking services across equity (cash-delivery, intra-day, futures and options), commodity and currency segments, along with debt products. It facilitates participation of its clients in initial public offerings undertaken by various companies. As a part of the broking and advisory services offered by them, Angel also facilitate opening of demat accounts for its clients. Angel is a member of BSE, NSE, MSEI, MCX and NCDEX in order to provide broking services. To complement its broking and advisory services, Angel also provide the following additional services to its clients:
 - **Research Services:** Angel has a dedicated research team of 54 members who cater to quantitative and qualitative research requirements relating to the stock market such as equity fundamentals, technical, derivatives, commodities currencies and mutual funds.
 - **Investment Advisory:** Angel provide investment advisory services to its retail clients with customized investment recommendations which assists its clients in achieving their investment goals across various investment avenues such as equities, debt, currency, commodities, derivatives, mutual funds and insurance products.

- **Investor Education:** Its website, www.angelbroking.com, is also a knowledge center which aims to empower investors, including its clients, with an understanding in respect of trading and investments products. As part of its investor awareness initiative, Angel regularly undertake sessions through various digital mediums, to enhance its retail clients' knowledge regarding its products, research and market trends.
- **Other Financial Services:** In addition to the broking and advisory services, Angel also provide the following financial services that may enable its clients to achieve their financial goals:
 - **Margin Trading Facility:** Angel provides margin trading facility to its clients for leveraging their eligible collaterals by funding their requirements on the cash delivery segment of equities. Such funding is subject to exposure against margins that are mandated by the stock exchanges, with the securities forming a part of the collateral for such funding.
 - **Distribution:** Angel undertakes distribution of third-party financial products such as mutual funds, and health and life insurance products, according to its clients' requirements. Such distribution is undertaken through both its offline channels and its digital platforms, "Angel Broking" and "Angel BEE". Its distribution business helps its clients to achieve their financial and risk mitigation objectives by providing them with personal wealth management services.
 - **Loans against shares:** Through its Subsidiary, AFPL, which is registered as an NBFC, they provide loans against shares to its retail clients.

For the period ended June 30, 2020 and in Financial Years 2020, 2019 and 2018:

- The Consolidated Total Revenue from Operations was ₹ 238.42 crore, ₹ 724.62 crore, ₹ 757.98 crore, and ₹ 764.28 crore respectively.
- The Profit from Continuing Operations as restated was ₹ 48.26 crore, ₹ 86.79 crore, ₹ 83.40 crore and ₹ 109.79 crore respectively.

The Return on Net Worth for equity shareholders (RoNW) for the period ended June 30, 2020 was 7.40% (not annualised) and Financial Year 2020 was 13.92%.

Revenue from Operations:

	Period Ended June 30,		Year Ended March 31,					
	2020		2020		2019		2018	
	₹ in Cr	% to Total	₹ in Cr	% to Total	₹ in Cr	% to Total	₹ in Cr	% to Total
Interest Income	34.93	14.65%	157.74	21.77%	202.35	26.70%	236.92	31.00%
Fees and commission income	203.16	85.21%	564.40	77.89%	555.57	73.30%	526.58	68.90%
Net gain on fair value changes	0.34	0.14%	2.49	0.34%	0.07	0.01%	0.78	0.10%
Total	238.42	100.00%	724.62	100.00%	757.98	100.00%	764.28	100.00%

BUSINESS UPDATE – COVID 19

- Being a digital and technological driven organization, Angel has adapted to offsite and flexible working environment for its employees, adequately empowering them with equipment and web-enabled tools to effectively perform their roles and responsibilities. They have also instituted various performance evaluation tools which specifically help them measure the performance of its employees working remotely.
- Its prolific use of technology and complete focus on digitalisation enables Angel to operate efficiently even through the global pandemic caused by COVID-19. Its average monthly client additions in Q1 FY21 was 115,565 against an average monthly addition of 46,676 in FY20, registering a growth of 147.59%.
- The robustness and scalability of its digital ecosystem was also tested during Q1 FY21 as they experienced an increase of 2.48 times, 2.21 times and 1.96 times in its average daily logins on their mobile application, average daily traded clients and average fund transfer during this period respectively.
- To ensure safety of its clients' data while maintaining productivity of the human capital, Angel has created a secure VPN tunnel to provide them access to its servers.

COMPANY BUSINESS

Company's principal business includes broking and advisory services, margin funding, and distribution of financial products which are complemented by their research services and investment advisory.

Broking and Advisory

A. Broking services

Average Daily Turnover ("ADTO for broking services and the market share for the periods indicated:

(₹ in Cr)

	Period Ended	Year Ended			Period Ended				Month Ended			
Segment	Q1 FY21	2020	2019	2018	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20	Jun'20	May'20	Apr'20	Mar'20
ADTO - Overall	61,894.5	4,1323.8	16,808.7	12,310.3	58,201.8	45,007.0	35,826.8	25,317.6	82,885.0	54,120.0	44,446.0	42,590.0
Overall Equity Market share	8.23%	5.41%	3.02%	3.24%	6.90%	5.91%	4.68%	3.68%	9.55%	7.56%	6.83%	6.41%
ADTO - Cash	5,781.3	2,926.2	2,138.2	1,679.3	3,299.5	3,173.4	2,660.9	2,554.8	6,664.0	5,634.0	4,858.0	3,044.0
Market Share - Cash	17.26%	13.73%	10.90%	8.51%	14.03%	14.33%	13.75%	12.70%	17.26%	18.36%	16.09%	11.89%
ADTO –F&O	51,108.0	33,972.9	12,407.4	8,866.2	49,246.8	36,947.8	29,035.3	19,808.0	70,030.0	43,012.0	36,527.0	34,636.0
Market Share - F&O	7.77%	5.14%	2.68%	2.90%	6.67%	5.62%	4.42%	3.38%	9.16%	7.02%	6.34%	6.16%
ADTO - Commodity	3,775.4	3,728.5	1,937.9	15,055	4,864.3	4,180.7	3,347.5	2,458.4	4,785.0	4,242.0	2,049.0	3,826.0
Market Share - Commodity	24.60%	16.90%	10.04%	8.82%	20.88%	19.09%	14.48%	12.39%	25.96%	25.34%	20.28%	18.01%

Source: RHP

Products: Angel's broking business primarily comprises broking services that they offer to retail clients trading in equities, equity derivatives, commodities and currency derivatives.

Client Acquisition: Angel's broking business is anchored by its retail clients, to whom they offer products and services through (i) their online and digital platforms and (ii) the network of over 11,000 Authorised Persons, as of June 30, 2020.

Platforms: Angel's backend systems provide an integrated and seamless access across all product platforms.

Angel Broking – Mobile Application and Website

- **Angel Broking – Mobile Application:** The Angel Broking mobile application provides a platform for its clients' trading and investment requirements and is powered by ARQ, a rule based investment engine. The application enables clients to maintain a comprehensive portfolio management for individual and family members.
- **Angel Broking - Trade.AngelBroking.com:** The website, 'trade.angelbroking.com', is a web-based trading platform with a simplified interface to meet clients' investment needs.

Angel BEE: Angel BEE is a digital platform, developed with an aim to fulfil the financial requirements of its clients, with a focus on millennials, by inculcating investment discipline and providing avenues for independent financial management. It offers instant, "on-the-go", paperless and personalized solutions through which clients can manage their financial portfolio. Activation of an account by a client on Angel BEE is a paperless and seamless process.

SpeedPro: SpeedPro is an application trading platform that enhances a clients' trading experience further, with faster execution of trades combining seamless execution and monitoring of positions across various exchanges such as NSE, BSE, and MCX and investing in multiple asset classes.

NXT, the Next Gen Platform for Authorised Persons: NXT is a platform which uses technology to help their Authorised Persons to be an integral part of the digital ecosystem and effectively utilise the business opportunities that are generated through its various marketing initiatives. Additionally, NXT offers "Customised ARQ", an extension of the rule based investment engine. Further, NXT provides a feature "Integrated Platform for Equity and Mutual Funds", enabling Authorised Persons to offer a streamlined experience to their clients,

B. Research and Investment Advisory services

- **Research services:** As of June 30, 2020, Angel has a dedicated team comprising 54 members who cater to quantitative and qualitative research requirements relating to the stock market such as equity fundamentals, technical, derivatives, commodities currencies and mutual funds. Currently, “Angel Top Picks” is the flagship equity product from its fundamental research desk, delivering outperformance against BSE100 since its launch.
- **Investment Advisory services:** Angel provides its investment advisory services through their dedicated team of equity advisors and through their mobile based applications, such as “Angel Broking” and “Angel BEE”
 - **Angel Equity Advisory:** The Angel Equity Advisory is focused on identifying short-term trading strategies in equity cash, equity futures and options, currency and commodities segments, based on technical analysis.
 - **ARQ Advisory:** ARQ asset allocation advisory is based on Modern Portfolio Theory. ARQ provides customized investment advisory services,
 - **Angel Platinum Portfolio Advisory Service (“Angel Platinum”):** Angel Platinum is a premium portfolio advisory service by the Angel Research Team to help clients build a long term portfolio.
- **Investor Education:** Angel’s website, www.angelbroking.com, is a knowledge centre which aims to empower its clients in respect of trading and investments in financial products. Angel conduct periodic sessions with retail investors to impart education regarding investments in equity, equity derivatives, commodities and currency products.

Other financial services

- **Margin Trading Facility and Non-Margin Trading Facility Designated Client Lending:** Angel provides margin trading facility to its clients to enable them to leverage their eligible collaterals, by funding their requirements in the cash delivery segment of equities. They provide margin funding for up to 79.55% of the purchase value by the client. As of June 30, 2020, its margin trading facility book of ₹ 768.70 crore was spread over 143,287 clients.
- **Distribution Activity:** Angel’s distribution business primarily consists of the distribution of third party mutual funds, and life and health insurance products to its clients. The income from distribution activity was ₹ 2.07 crore, ₹ 9.98 crore, ₹ 11.63 crore and ₹ 12.51 crore for the period ended June 30, 2020 and in Financial Years 2020, 2019 and 2018, respectively.
 - **Mutual Funds:** Angel follows an “open-source” distribution model, pursuant to which they distribute mutual funds of third parties. As of June 30, 2020, they distributed mutual funds schemes of 40 asset management companies. The AUM of the mutual funds distributed by them was ₹ 721.2 crore and ₹ 857 crore as on March 31, 2020 and June 30, 2020, respectively.
 - **Life and Health Insurance:** Angel currently distributes life insurance products of Aditya Birla Sun Life Insurance Co. Ltd., ICICI Prudential Life Insurance Corporation Ltd. and HDFC Life Insurance Co. Ltd. They currently distribute health insurance products of HDFC ERGO General Insurance Co. Ltd and Manipal Cigna Health Insurance Co. Ltd. They currently distribute general insurance products of HDFC ERGO General Insurance Co. and Bajaj Allianz Life Insurance Co. Ltd. The revenue from distribution of insurance products was ₹ 0.87 crore, ₹ 5.18 crore, ₹ 7.16 crore and ₹ 7.90 crore for the period ended June 30, 2020 and in Financial Years 2020, 2019 and 2018, respectively.

Loans against Shares: Angel offers, through its Subsidiary, AFPL, loans against shares as per their approved list of securities, based on margin regulations prescribed by RBI. The interest income from lending activities was ₹ 1.32 crore, ₹ 8.64 crore, ₹ 13.70 crore and ₹ 17.19 crore for period ended June 30, 2020 and in Financial Years 2020, 2019 and 2018, respectively.

COMPETITIVE STRENGTHS

- **One of the largest retail broking houses with strong brand equity**

Company’s online and digital platforms, along with its vast network of Authorised Persons enables them to reach a large population of retail clients spread across approximately 96.87% or 18,649 pin codes in India. This widespread reach has enabled them to enhance its client base by 36.81% CAGR from 1.06 million in FY18 to 2.15 million as on

June 30, 2020. The number of operational accounts increased from 1.06 million in March, 2018 to 2.15 million in June, 2020.

The “Angel Broking” brand, established over 22 years ago, has over the years built an online and digital broking and financial services platform, with a pan-India presence. They provide its broking, margin funding, advisory and financial services through its brands “Angel Broking” and “Angel BEE”, powered by “ARQ”, which are well recognized brands in the retail broking industry in India and are capable of addressing the financial investment and risk mitigation requirements of Indian retail clients.

Angel has a strong brand presence using a targeted strategy of offering services under different brands to cater to a diverse group of clients. They are well placed to capitalise on the expected growth in the broking sector in India due to its early mover advantage in providing broking, financial and advisory services through both, its online and offline channels.

- **Ensuring client satisfaction through the implementation of advanced technology and digitalisation**

Angel has successfully implemented technology to the broking and advisory business in India, from acquisition of clients to the settlement of trades, remittance of funds and providing its clients with necessary data and reports to ensure that its clients are provided with customised and holistic solutions.

Angel is one of the leading independent full-service retail broking houses in terms of active clients on NSE as of July 31, 2018 (Source: CRISIL Report) in India which have applied a rule based investment engine, “ARQ” to its broking and advisory services. A combination of both, its fundamental knowledge of the markets and market insights; and the application of a rule based system has resulted in its being able to provide customised advice and services to its clients.

In 2016, angel has launched “ARQ”, which is rule based investment engine for its retail clients, which uses the “Modern Portfolio Theory” in order to provide its clients a convenient means to make investments. Further, they have recently launched a mobile application, “Angel BEE”, which is an aggregated advisory platform to cater to the millennial generation, providing investment advisory services to them. Further, their research capabilities have, over time, gained recognition and are supplemented by “ARQ” ensuring more accuracy in their recommendations.

- **Client acquisition through diversified digital platforms**

Angel has strong capabilities to acquire customers through various diversified digital platforms. From Q2 FY 20 to Q1 FY21, 85.21% of its clients have been acquired digitally, of which, 53.31% are acquired through performance marketing, either by way of organic or paid leads, 20.72% through referrals from its existing clients and 11.18% through digital influencers.

- **Performance Marketing:** This is the most prominent channel for client additions, as it garnered approximately 53.31% of its gross client additions in Q1 FY21. The website traffic increased by 255.05% from 0.27 million in Q1 FY20 to 0.96 million in Q1 FY21.

Through its partnerships in the digital ecosystem they are also able to recalibrate their marketing strategies and through marketing automation they are better equipped to cater to an increase in the number of clients. In order to enhance the brand visibility, they have directed their marketing mediums through digital and mobile marketing in addition to television. Innovative customer acquisition programs like “Accelerated Lead Conversion Program”, “Data-led Inactive Conversion Program” and certain other programs with video sharing platforms, also help them acquire new customers.

- **Referrals:** The referral program yields a significant share to its monthly client acquisition plan which stood at approximately 20.72% in Q1 FY21.
- **Digital Referral Associates or Digital Influencers:** Since July, 2019, Angel has established partnerships with over 5,191 Digital Referral Associates (the “DRAs”) which in turn give them access to approximately 7.96 crore persons forming a part of their subscriber base as of June 30, 2020, which is an increase of 12.85 times of subscriber base as compared to their subscriber base as of January, 2020, which was approximately 6.19 million subscribers. The DRAs subscription base increased by 47.29 times since July, 2019.

- **Authorised Person Network:** As of June 30, 2020, Angel has over 11,000 Authorised Persons registered with NSE, which have consistently been an important client acquisition channel for the company. Its proprietary digital platform “NXT” facilitates them to further their digital marketing initiatives. These Authorised Persons contributed to 14.79% of its client base in Q1 FY21. **As of June 30, 2020, Angel ranks as No. 1 stock broking house in terms of Authorised Persons registered with NSE.**

Further, there was an increase in the use of their Do It Yourself (the “DIY”) accounts by 364.54% from 6,751 accounts in January 2020 to 31,361 accounts in June, 2020.

- ***Integrated, end to end, and advanced digital experience ensuring client satisfaction***

Over the last 3 years, Angel has transformed its business into a seamless digital experience for its 2.15 million clients as on June 30, 2020. Its marketing initiatives are now driven using artificial intelligence. The client on-boarding journey is largely a straight through process, without any requirement for physical documentation. Due to its continuous digital initiatives, they have increased their monthly average online order execution of direct clients to more than 99% in Q1 FY 21.

They have also entered into an agreement with a third party for them to supply printable white labelled research reports and portfolio analysis for stock selection by their clients, which will be an additional offering for them. Its client engagement and service activities are completely driven by its artificial intelligence and machine learning based strategies. Their strategies enable them to segment their clients into various categories based on risk taking appetite, trading and investment behaviour.

- ***Diversified product offering across segments at competitive price***

Company’s online platforms, “Angel Broking”, “trade.angelbroking.com”, “Angel SpeedPro” and “Angel BEE”, powered by ARQ, allow them to provide their clients with an ability to manage their wealth and investments in an efficient and organized manner. Angel also facilitates participation in initial public offerings. Its Angel iTrade Prime Plan was launched comprising, ₹ 0 for equity delivery and ₹ 20 per order for all other segments.

- ***Robust business metrics building operating leverage***

Company’s well executed strategy of being a digital first organisation enabled them to grow its business exponentially, for example, Angel witnessed a growth of nearly 2.5 times in its average monthly gross client acquisition run rate to 115,565 in Q1 FY21 from an average monthly gross client acquisition run rate of 46,676 in FY20.

The average daily turnover grows from ₹ 25,317.6 crore in Q1 FY20 to ₹ 61,894.5 crore in Q1 FY21, as well as placed Angel at the forefront in the turnover based market share for the retail broking industry in India. The broking, distribution and advisory services are backed by robust infrastructure and has processed at peak usage, being, approximately 3.46 million trades in a day. The overall traded client base also registered a 30.21% growth as of June 30, 2020 as compared to March 31, 2020.

- ***Experienced management team with proven execution capabilities***

Angel has a strong management team with experience in the Indian financial services and broking sectors. The quality of its management team has been significant in achieving its business results. All members of its senior management team have substantial experience. One of its Promoters, Dinesh D. Thakkar has over 27 years of experience in the broking industry and is the founder of the Angel Group. Their other Promoters, Ashok D. Thakkar and Sunita A. Magnani have over 20 years and over 15 years of experience, respectively, in the “Angel” group.

The management team is driven by an agile mindset and has been instrumental in transforming the business from a largely physical to a completely digital model over the last 3 years. The team is responsible for formulating the business strategy, devising and executing marketing and sales plan, managing their service areas, diversifying the business and sector mix, ensuring strong operating and technology platforms and expanding its client relationships.

Further, its management team enables them to conceptualise and develop new services, effectively market its services, and develop and maintain relationships with various stakeholders and intermediaries including its clients and sub-broker network.

KEY BUSINESS STRATEGIES

- ***Strengthen the leadership position to become the largest retail broking business in India***

Angel aim to enhance its market position in the growing retail broking segment, by continuing to focus on acquiring and retaining clients, product innovation, leveraging its web and digital broking platforms and brand to acquire clients through these platforms and its extensive Authorised Person network, analysing client behaviour and provide personalized recommendations. Further, they intend to expand and offer all the financial services required by its retail clients.

Angel aims to increase its client base, increase the number of trades and transactions, thereby increasing retail broking revenues. They also intend to diversify and increase its retail client base by catering to various clients across different age groups with digital applications such as “Angel BEE” which has been designed to specifically suit the needs of the millennial generation. They wish to increase its retail client base by providing an open source platform, integrate better third party applications and offer multilingual services on its online platforms to ensure reach to a larger investor base and capitalise on the underserved client base with simplicity in advice.

- ***Augment the investment in the mobile platform, artificial intelligence, machine learning capabilities and newer technologies***

As the majority of its retail clients interact with Angel through its electronic broking platform, they continuously invest in the development of technology to ensure that they provide its clients with a superior, seamless and secure experience. Its risk management framework is completely automated and they remain committed to enhance their systems to meet the growing needs and requirements of regulators, market participants and clients.

They will continue to improve its systems to provide their clients with unified data architecture across sales, onboarding, risk profiling, research recommendations, trade execution and settlement and generation of reports. With successful application of artificial intelligence and machine learning to its investment advisory services, they will be able to implement artificial intelligence to other functions, enabling efficient and profitable growth of its business.

- ***Establish a leadership position in the investment advisory space to support its business***

Angel provides investment advisory services through its various applications and the website, which is supplemented by “ARQ”, a rule based investment engine. They are currently provide its clients with customized solutions to assist them achieve their investment goals across various investment asset classes such as equities, derivatives, currency and commodities, mutual funds, fixed deposits and bonds, health insurance and life insurance products. The “Angel BEE” mobile application as the digital interface for sourcing, client acquisition and digital interaction with their clients further strengthens its focus on technology. “Angel BEE” is its digital platform through which they provide retail wealth management and personalised investment recommendations to the clients.

- ***Capitalisation of the growing investable wealth in India***

According to the CRISIL Report, the 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 the expected growth in the Indian economy, increasing urbanisation, increased consumerism due to higher per capita incomes, and favourable changes.

In the last 5 years, there has been an increase in the amount of wealth invested in India in financial products as compared to traditional forms of investment. Angel intends to capitalise on these opportunities in the Indian financial market, given its experience in adopting technology and automation to service its clients. The projected growth and the changes in the Indian financial market resulting from increased wealth and trading will result in an increase in the dependence of existing and new clients on financial services providers such as Angel.

INDUSTRY REVIEW

Brokerage rates of various major brokerages across products

Brokers	Delivery	Intraday	Futures	Options	Commodity
Angel Broking	0	₹ 20	₹ 20	₹ 20	₹ 20
Zerodha	0	₹ 20	₹ 20	₹ 20	₹ 20
RKSV Securities	0	₹ 20	₹ 20	₹ 20	₹ 20
5 Paisa	₹ 20	₹ 20	₹ 20	₹ 20	₹ 20
Axis Securities	0.50%	0.05%	0.05%	₹ 100 per lot	₹ 100 per lot

Brokers	Delivery	Intraday	Futures	Options	Commodity
Axis securities (tiered plan)	0.25%	0.03%	0.03%	₹ 50 per lot	₹ 50 per lot
Kotak Securities	0.49%	0.049%	0.049%	₹ 300 per lot	₹ 300 per lot
HDFC Securities	0.50%	0.05%	0.05%	₹ 100 per lot	₹ 100 per lot
Motilal Oswal	0.50%	0.05%	0.05%	₹ 70 per lot	0.05%
IIFL Securities	0.50%	0.05%	0.05%	₹ 100 per lot	₹ 100 per lot
ICICI Securities	0.55%	0.275%	0.05%	₹ 95 per lot	₹ 95 per lot
ICICI securities (tiered plan - 1)	0.25%	0.025%	0.025%	₹ 35 per lot	₹ 35 per lot
ICICI securities (tiered plan - 2)	0.25%	0.025%	0.025%	₹ 20 per order + ₹ 5 per lot	₹ 20 per order + ₹ 5 per lot

Active clients on NSE for major brokerages

	CAGR (FY15-20)	CAGR FY1-20	Share as on June 2020	Share as on FY20	As on June 2020 ('000)	FY20 ('000)	FY19 ('000)	FY18 ('000)	FY17 ('000)	FY16 ('000)	FY15 ('000)
Zerodha Broking Ltd	116%	55.56%	15.92%	13.10%	1,941	1,414	909	541	166	62	30
ICICI Securities Ltd	13%	27.49%	9.17%	9.97%	1,119	1,076	844	798	618	560	595
RKSV Securities India Pvt Ltd	145%	519%	6.38%	5.73%	778	619	100	44	17	11	7
Angel Broking Ltd	29%	39.47%	6.29%	5.34%	767	576	413	364	230	171	160
HDFC Securities Ltd	16%	7.14%	6.14%	6.67%	749	720	672	602	483	408	348
Kotak Securities Ltd	16%	30.59%	5.24%	5.30%	639	572	438	369	274	247	268
5Paisa Capital Ltd	237%	309%	4.64%	4.02%	566	434	106	36	4	NA	0
Motilal Oswal Financial Services	20%	18.18%	3.38%	3.49%	412	377	319	308	207	166	153
Axis Securities Ltd	18%	(35.56)%	2.48%	2.50%	302	270	419	405	259	184	120
SBICAP Securities	17%	19.62%	2.21%	2.32%	269	250	209	214	169	126	114
India Infoline Ltd	(5)%	2.34%	1.93%	2.03%	235	219	214	225	198	263	286
Edelweiss Broking	23%	8.33%	1.11%	1.20%	135	130	120	105	75	77	47
Reliance Securities	1%	(0.83)%	0.97%	1.10%	119	119	120	123	83	97	114
Aditya Birla Money	0%	(2.27)%	0.38%	0.40%	46	43	44	55	40	39	43
JM Financial	8%	11.11%	0.35%	0.37%	43	40	36	39	32	28	27
Total	16%	22.93%	100.00%	100.00%	12,196	10,796	8,782	8,290	5,951	5,170	5,092

Note: Active clients are those that executed at least one trade in the past one year

Source: NSE, CRISIL Research

Active client acquisition in the past Q1 FY21

Brokers	Active client addition from Apr-Jun 2020 as a proportion of Jun 2020 active customer base
Zerodha Broking Limited	27%
Angel Broking Limited	25%
5Paisa Capital Limited	23%
RKSV Securities India Private Limited	20%
Kotak Securities Ltd.	10%
Axis Securities Limited	10%
Motilal Oswal Financial Services Ltd	8%
SBI Cap Securities Limited	7%
India Infoline Ltd.	7%
Aditya Birla Money limited	6%
JM Financial Services Ltd.	6%
Edelweiss Broking Limited	4%
ICICI Securities Limited	4%
HDFC Securities Ltd.	4%
Reliance Securities Limited	0%
Total	11%

Source: NSE, CRISIL Research

Services offered by different players

Parameters	Angel Broking	Zerothda	RKSV	5 Paisa	ICICI Securities	HDFC Securities	Kotak Securities	Axis Securities	Sharekhan	Motilal Oswal
Zero Account opening fee	✓	✗	✗	✓	✗	✓	✗	✗	✗	✗
Complementary Inhouse Research / Advisory	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓
Margin trading facility	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Securities as collateral	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Paid services (Smallcase/ Sensibull/ Streak etc.)	✗	✓	✗	✓	✗	✓	✓	✓	✗	✗
Knowledge centre/Education	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓
Zero fund transfer charges	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓
Instant fund payout	✓	✗	✗	✗	✓	✓	✓	✓	✗	✗

Financial parameters from fiscal 2017 to 2020

	FY20 Total income (₹ Cr)	3-year CAGR (FY17 to FY20)	Broking income as % of Total Revenue				FY20 PAT (₹ Cr)	3-Year CAGR (FY17 to FY20)	PAT margin			
			FY20	FY19	FY18	FY17			FY20	FY19	FY18	FY17
Angel Broking Ltd	759.9	11%	75%	71%	64%	56%	82.3	38%	11%	10%	14%	6%
Aditya Birla Money Ltd	173.7	12%	54%	56%	68%	72%	12.0	25%	7%	6%	4%	5%
HDFC Securities Ltd	862.3	16%	80%	85%	89%	76%	384.2	21%	45%	42%	43%	39%
ICICI Securities Ltd	1722.1	7%	55%	54%	55%	55%	536.7	17%	31%	28%	30%	24%
India Infoline Ltd	643.7	8%	67%	70%	68%	87%	142.6	23%	22%	21%	21%	15%
Kotak Securities Ltd	1690.0	11%	NA	55%	53%	60%	555.0	15%	33%	24%	29%	29%
Reliance Securities Ltd	208.3	0%	66%	62%	66%	69%	(38.8)	NM	(19)%	8%	3%	0%
SBICAP Securities Ltd	495.9	26%	NA	40%	43%	45%	84.9	48%	17%	14%	21%	10%
5Paisa Capital Ltd	108.1	144%	67%	89%	77%	21%	(7.9)	NM	(7)%	(31)%	(129)%	(157)%

COMPARISON OF ACCOUNTING RATIOS WITH LISTED INDUSTRY PEER (AS ON 31ST MARCH 2020)

Name of the company	Standalone/ Consolidated	Face Value	Closing price on August 31, 2020	Total Income (₹ Cr)	EPS (Diluted)	NAV	P/E	RoNW (%)
Angel Broking Ltd	Consolidated	10	NA	754.71	11.44	82.15	[•]	13.92
ICICI Securities Ltd	Consolidated	5	477.0	1,722.06	16.8	37.5	28.4	44.32
Geojit Financial Services Ltd	Consolidated	1	38.2	306.37	2.0	23.8	19.4	8.91
IIFL Holdings Ltd	Consolidated	2	41.9	789.95	7.3	27.5	5.7	26.39
Motilal Financial Services Ltd	Consolidated	1	683.4	2,365.41	12.2	210.9	56.0	4.15
JM Financial Ltd	Consolidated	1	81.3	3,453.55	6.5	96.7	12.6	9.69

Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 31, 2020.

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

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