Angel One | ADD

JM Financial

Strong earnings, courtesy markets; downgrade to ADD

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Angel One reported strong Q4FY26 earnings of INR 3.2bn (+19% QoQ/+84% YoY; +5% JMFe). While order growth was already known to Street (reported), the beat is attributable to higher revenue per order and controlled costs, resulting in a consolidated EBDAT margin of 41.7% (44.4%, excluding one-offs); for the broking & distribution (B&D) business, EBDAT margin came in at 44.6%. Hereon, the company expects B&D margin of 45%+ and a hit of 2.5–3% from new initiatives. The stock has rallied 40% since Sep'25, and we believe the stock price now captures the near-term earnings momentum. We believe in Angel One's medium-term diversification story and value the stock at 20x FY28E EPS of INR 18 (against 20x FY28E EPS of INR 17 earlier), yielding a revised TP of INR 350 (earlier INR 333); downgrade to ADD.

- **Strong revenue led by growth in derivatives and commodity broking:** Broking revenue rose 15% QoQ on the back of 13% QoQ increase in the number of orders and a 2% QoQ uptick in revenue per order. The derivatives and commodity segments reported growth while cash orders declined sequentially. Client funding book is flat QoQ, in line with weak cash market activity on the platform. The Distribution business was weak – MF AUM declined owing to MTM and some outflows, and credit disbursals contracted 15% QoQ – leading to a slight decline in distribution revenue sequentially. The company announced infusion of INR 1.5bn into its NBFC platform to offer loan against securities (LAS) on its own book. Currently, it only offers personal loans (PL), without carrying any risk (including any FLDG – First Loss Default Guarantee) on its own book. A similar amount will be infused in WM, which is expected to break even in three–four years.

- **Strong margin performance:** Total expenses are controlled (+6% QoQ/+17% YoY; 4% below JMFe). There are two one-offs in costs: INR 192mn paid to clients following a technical glitch and IPL expenses of INR 115mn. Adjusting for these, EBDAT margin would stand at 44.4% against 41.7% reported. In the near term, the **company expects to report a margin of 45%+ in the B&D business, with a 2.5–3% drag from the newer businesses**. In Q1FY27, the company would incur INR 1.35bn on IPL, hitting margin for the quarter. AI adoption and nearly flat ESOP costs should result in lower employee costs for FY27 (over FY26). We are building in an average daily order run-rate of 7.3mn/8.4mn for FY27E/28E; any outperformance thereof would lift EBDAT margin further versus our base case of 40%/42% in FY27E/28E.

- **Valuations and view – ADD the franchise though near-term earnings priced in:** Angel One has been at the front of financialisation—drawing masses to markets, and that runway has still not run out. Its large active client base provides cross-sell opportunities, and its strong operating leverage ensures most of it flows through to the bottom line. We believe earnings trajectory of 30%+ EPS compounding over FY26–28E is now largely priced in. Its valuation of 22x/19x FY27E/28E EPS reflects the risk to earnings from any regulatory action on derivatives. That said, we argue the next leg of upside would come in as the distribution engine matures and asset and wealth management businesses start to break even FY29E onwards. We value Angel at 21x FY28E EPS of INR 18, yielding a revised TP of INR 350; downgrade to ADD.

Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	BUY
Current Price Target (12M)	350
Upside/(Downside)	8.4%
Previous Price Target	333
Change	5.1%

Key Data – ANGELONE IN

Current Market Price	INR 322
Market cap (bn)	INR293.7/US$3.2
Free Float	55.8
Shares in issue (mn)	910.9
Diluted share (mn)	910.9
3-mon avg daily val (mn)	INR2,843.3/US$30.7
52-week range	INR 329/209
Sensex/Nifty	78,494/24,354
INR/US$	92.9

Price Performance

%	1M	6M	12M
Absolute	48.6	29.2	36.9
Relative*	41.1	38.8	37.0

** To the BSE Sensex*

Financial Summary

Y/E March	FY25A	FY26A	FY27E	FY28E	FY29E
Net Revenue (INR mn)	41,047	39,952	48,290	56,337	64,646
Total expenses (INR mn)	25,363	27,234	30,342	34,604	39,443
PAT (INR mn)	11,486	9,152	13,281	16,082	18,650
YoY growth (%)	2%	-20%	45%	21%	16%
ROA (%)	7.62%	4.49%	5.18%	5.5%	5.5%
RoE (%)	26.5%	15.5%	20.1%	21.2%	21.2%
EPS (INR)	12.7	10.0	14.6	17.7	20.5
EPS YoY (%)	-5%	-21%	45%	21%	16%
P/E (x)	**19.3**	**24.5**	**16.9**	**13.9**	**12.0**
BVPS (INR)	62.5	67.5	77.4	89.4	103.4
P/BV (x)	**3.9**	**3.6**	**3.2**	**2.8**	**2.4**

Source: Company data, JM Financial. Note: Valuations as of 17/Apr/2026

Q4FY26 conference call takeaways

- **Operating profit (EBDAT) margin achievements and targets**
  - The company reported EBDAT margin of 41.7% for 4QFY27.
  - Normalising for IPL costs of INR 115mn and client reimbursements of INR 192mn, EBDAT margin would stand at 44.4%.
  - On a standalone basis, for the B&D business, EBDAT margin stood at 44.6% for the quarter.
  - Management is targeting 45%+ EBDAT margin on B&D with 2.5–3% negative EBDAT margin for the new initiatives – asset and wealth management primarily.
  - Management expects employee costs for FY27E to remain flat vis-a-vis FY26E, of about INR 1.1.bn, inclusive of ESOP costs.
  - IPL-related costs for the season are expected to be about INR 1.5bn, in line with past spending; major costs would come in next quarter as the IPL began late.
  - The company expects Customer Acquisition Cost (CAC) to reduce going into FY27.
- **Asset and Wealth Management businesses**
  - The AMC business reported a period-ending AUM of INR 3.6bn, which was sequentially lower due to softer market conditions and liquid fund redemptions.
  - It launched the AngelOne Silver ETF and AngelOne Silver ETF fund of funds, bringing the total number of schemes to 11.
  - Mutual funds' AUM has grown to INR 167bn with 8.8mn unique SIPs registered during the year.
  - Wealth Management business's AUM crossed INR 100bn, up 23% QoQ. Also, the UHNI segment has doubled over one year.
  - Wealth Management business to break even over the next three–four years.
  - The company announced infusion of INR 1.5bn in the wealth management business.
- **Credit distribution**
  - Angel One has proposed capital infusion of up to INR 1.5bn in its NBFC platform.
  - The company will offer Loan Against Securities (LAS) on its own book.
  - Currently, it only offers personal loans, without carrying any risk (including any FLDG – First Loss Default Guarantee) on its own book.
- **Miscellaneous**
  - Recent RBI directions regarding banks' capital market exposures are expected to have limited operational impact due to existing funding structures and collateral frameworks.
  - Angel paid INR 192mn to some clients due to the abnormal trading environment on its platform, attributable to a technical glitch from an MII (Market Infrastructure Institution). Angel is looking to resolve it with the MII.
- **Other comments**
  - The company has not hiked charges on trades, carried using the MTF facility.
  - Direct channel versus Assisted Channel in new customer acquisition continues to be 75:25.

Exhibit 1. 4QFY26: Quarterly trends across key financials

Quarterly INR mn	Q4FY25	Q3FY26	Q4FY26	QoQ (%)	YoY (%)	4Q26e	Var %
Net Revenue	8,289	10,253	11,270	9.9%	36.0%	11,386	-1%
Other Income	18	28	78	179.3%	328.0%	32	143%
Total Revenue	**8,308**	**10,281**	**11,348**	**10.4%**	**36.6%**	**11,419**	**-1%**
Employee benefits expense	1,867	2,743	2,443	-10.9%	30.9%	2,901	-16%
Other expenses	4,084	3,803	4,506	18.5%	10.3%	4,343	4%
Total Expense	**5,950**	**6,546**	**6,949**	**6.2%**	**16.8%**	**7,244**	**-4%**
PBT	2,357	3,735	4,399	17.8%	86.6%	4,174	5%
Tax	612	1,048	1,197	14.2%	95.5%	1,127	6%
PAT	**1,745**	**2,688**	**3,202**	**19.1%**	**83.5%**	**3,047**	**5%**

Source: Company, JM Financial

Exhibit 2. 4QFY26: Quarterly trends across key operating metrics

Key metrics	Q4FY25	Q3FY26	Q4FY26	QoQ (%)	YoY (%)
Net broking	4,864	5,951	6,923	16.3%	42.3%
No of orders	327	378	430	13.8%	31.5%
Net broking revenue per order	14.9	15.7	16.1	2.3%	8.2%
NII	2,574.6	3,137.7	3,214.3	2.4%	24.8%
- o/w Client funding (est.)	564.9	926.5	858.0	-7.4%	51.9%
- o/w Interest on FDs (est.)	2,009.7	2,211.1	2,356.3	6.6%	17.2%
Client funding book (avg., INR bn)	36.5	58.6	58.5	-0.2%	60.3%
Distribution revenue (INR mn)	314.0	575.2	542.9	-5.6%	72.9%
EBDAT margin, %	31.8%	39.9%	41.7%	1.8%	9.9%
Effective tax rate (%)	26.0%	28.0%	27.2%	-0.8%	1.2%

Source: Company, JM Financial

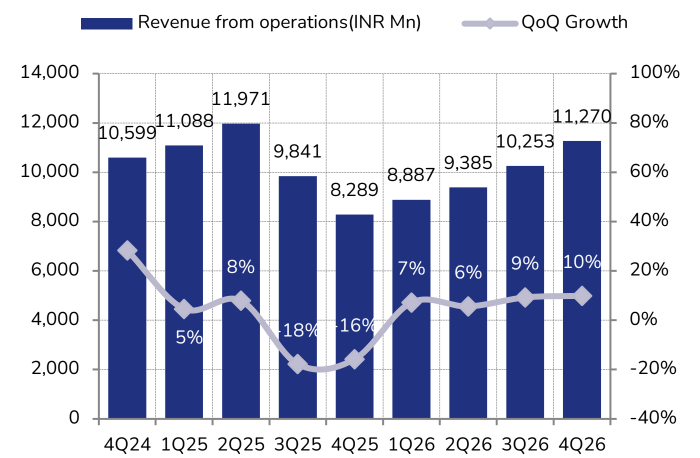
Exhibit 3. WC: Not material change

Change in estimates	FY27E, New	FY27E, New	Change	YoY	FY28E, New	FY28E, New	Change	YoY
Gross Revenue	65,900	64,139	-2.7%	24%	77,180	74,849	-3.0%	17%
Net Revenue	49,525	48,290	-2.5%	21%	58,251	56,337	-3.3%	17%
Employee benefits expense	12,584	10,670	-15.2%	0%	14,224	11,737	-17.5%	10%
Other expenses	18,198	18,198	0.0%	19%	21,172	21,172	0.0%	16%
Total Expense	32,292	28,868	-10.6%	11%	37,121	32,910	-11.3%	14%
PBT	17,233	17,948	4.1%	41%	21,131	21,732	2.8%	21%
Tax	4,323	4,666	7.9%	31%	5,319	5,650	6.2%	21%
PAT	12,910	13,281	2.9%	45%	15,812	16,082	1.7%	21%
EPS	14.0	14.6	4.2%	45%	18	18	-1.9%	21%

Source: Company, JM Financial

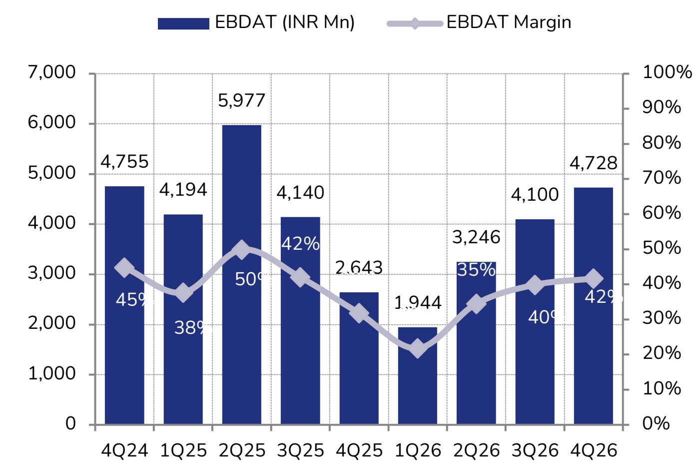
Quarterly charts

Exhibit 4. Revenue up 36% YoY/10% QoQ



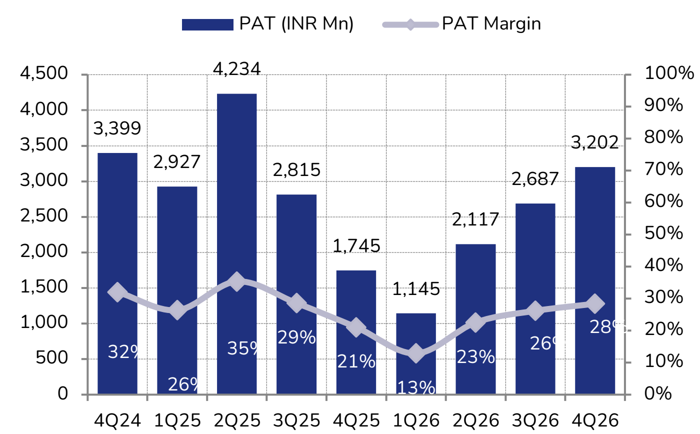
Source: Company, JM Financial

Exhibit 5. EBDAT margin touches 42% in 4QFY26



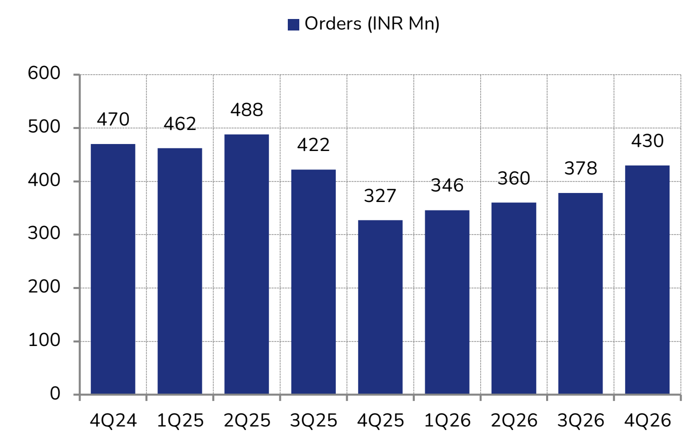
Source: Company, JM Financial

Exhibit 6. PAT margin increases to 28% in 4QFY26



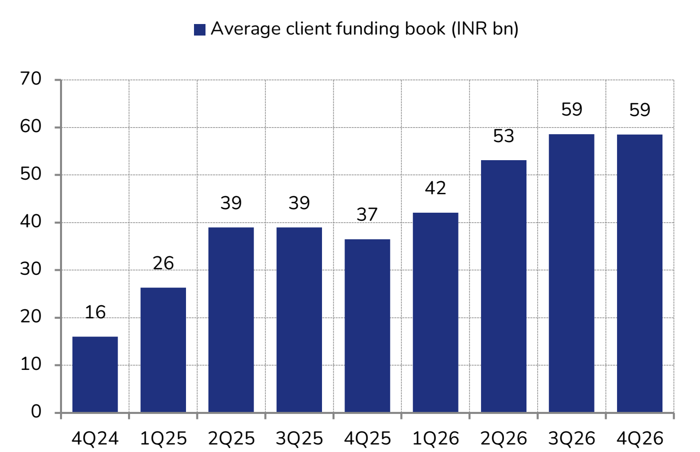
Source: Company, JM Financial

Exhibit 7. Number of orders up 14% QoQ/31% YoY



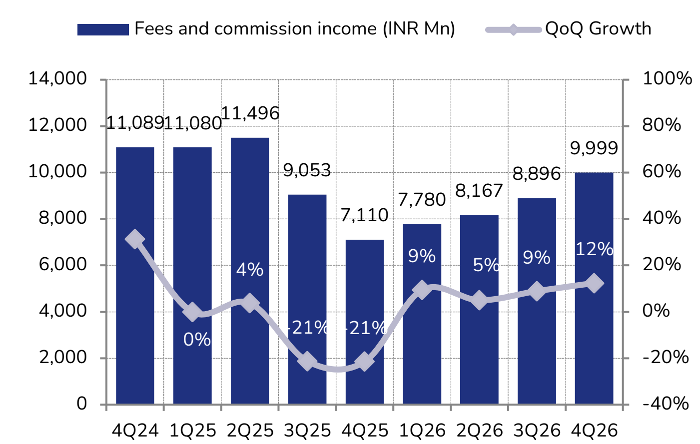
Source: Company, JM Financial

Exhibit 8. Average client funding book touches INR 59bn



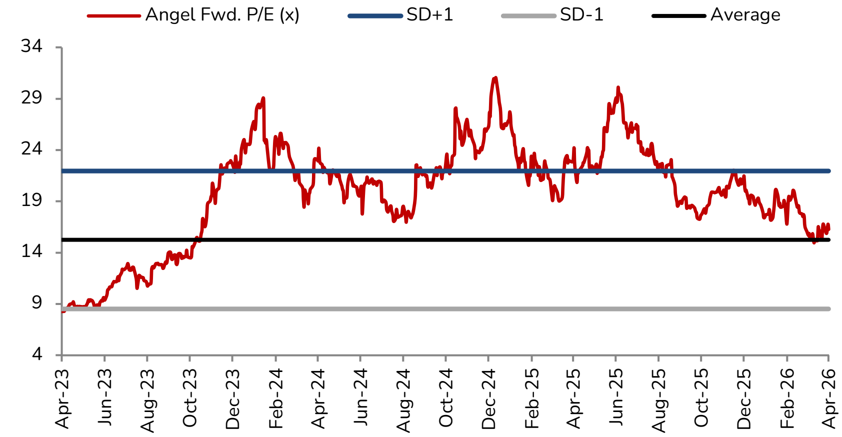
Source: Company, JM Financial

Exhibit 9. Fees & commission income increases 12% QoQ



Source: Company, JM Financial

Exhibit 10. Angel 1Y forward P/E – trading above SD+1



Source: Company, JM Financial

Financial Tables

Income Statement (INR mn)

Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Gross Broking Income	52,149	51,159	63,452	74,060	85,130
Interest Income	13,410	16,317	19,672	22,756	25,707
Other Income	38,739	34,842	43,781	51,304	59,424
Gross Revenue	**52,242**	**51,522**	**64,139**	**74,849**	**86,038**
Interest Expense	2,948	4,367	7,718	9,124	10,639
Fees and commission expense	8,246	7,202	8,131	9,389	10,753
Net Revenue	**41,047**	**39,952**	**48,290**	**56,337**	**64,646**
Employee benefit expense	8,552	10,670	10,670	11,737	13,146
Impairment on financial instruments	25	31	36	41	47
Other expenses	15,752	15,282	18,198	21,172	24,348
Operating expense	**24,329**	**25,984**	**28,904**	**32,951**	**37,542**
Depreciation	1,034	1,250	1,437	1,653	1,901
Total Expenditure	**25,363**	**27,234**	**30,342**	**34,604**	**39,443**
Profit before tax & Exceptional items	**15,685**	**12,719**	**17,948**	**21,732**	**25,203**
Tax	4,199	3,567	4,666	5,650	6,553
PAT (Pre-Extraordinaries)	**11,486**	**9,152**	**13,281**	**16,082**	**18,650**
Exceptional Items	-	-	-	-	-
Reported Profit (PAT)	**11,486**	**9,152**	**13,281**	**16,082**	**18,650**
Dividend	43,341	2,740	4,244	5,140	5,962
Retained earnings	**(31,855)**	**6,412**	**9,037**	**10,942**	**12,688**

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Share capital	903	911	911	911	911
Reserves & Surplus	55,488	60,578	69,616	80,557	93,245
Networth	**56,391**	**61,489**	**70,527**	**81,468**	**94,156**
Trade payables	73,177	91,703	101,790	112,987	125,416
Borrowings	33,828	78,791	92,726	110,033	126,391
Other liabilities	393	512	563	619	681
Tax liabilities	256	251	276	304	334
Provisions	4,841	6,293	8,179	10,631	13,818
Total Equity and Liabilities	**168,886**	**239,038**	**274,061**	**316,042**	**360,796**
Net Fixed Assets	4,504	4,481	6,049	8,166	11,025
Total non-current investments	494	635	793	991	1,239
Deferred tax assets	85	73	91	113	142
Other non - current assets	1,774	1,817	2,271	2,839	3,549
Total Non-current assets	**6,857**	**7,005**	**9,204**	**12,110**	**15,955**
Total Current investments	2,016	2,574	2,574	2,574	2,574
Trade receivables	2,996	4,345	5,431	6,788	8,485
Cash and bank balance	118,044	165,636	183,134	210,011	321,314
Short - term loans and advances	36,988	51,281	64,291	73,716	-
Other current assets	1,985	8,198	9,428	10,842	12,469
Total Current Assets	**162,029**	**232,033**	**264,857**	**303,931**	**344,841**

Source: Company, JM Financial

Du-Pont Analysis

As a % of Balance sheet	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue from ops / Avg.	34.6%	25.1%	24.7%	25.1%	25.2%
Other Revenues / Avg. Assets	0.1%	0.2%	0.3%	0.3%	0.3%
Total Revenues / Avg. Assets	34.7%	25.3%	25.0%	25.4%	25.4%
Employee cost / Avg. Assets	5.7%	5.2%	4.2%	4.0%	3.9%
Finance cost and fees expense	7.4%	5.7%	6.2%	6.3%	6.3%
Operating cost / Avg. Assets	24.3%	19.0%	18.0%	18.0%	18.0%
PBT / Avg. Assets	10.4%	6.2%	7.0%	7.4%	7.4%
RoA (%)	7.6%	4.5%	5.2%	5.5%	5.5%
Assets/Equity (x)	3.5x	3.5x	3.9x	3.9x	3.9x
RoE (%)	26.5%	15.5%	20.1%	21.2%	21.2%

Source: Company, JM Financial

Valuation

Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Shares in issue (mn)	902.9	910.9	910.9	910.9	910.9
EPS (INR)	**12.7**	**10.0**	**14.6**	**17.7**	**20.5**
EPS (YoY)(%)	-5%	-21%	45%	21%	16%
PER (x)	**25.4**	**32.1**	**22.2**	**18.3**	**15.8**
BV (INR)	62.5	67.5	77.4	89.4	103.4
BV (YoY)	72.7%	8.1%	14.7%	15.5%	15.6%
P/BV (x)	5.2	4.8	4.2	3.6	3.1
DPS (INR)	48.0	3.0	4.7	5.6	6.5
Div. yield (%)	14.9%	0.9%	1.4%	1.7%	2.0%

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
09-Apr-26	Buy	333	4.1
16-Jan-26	Buy	320	18.5
16-Jan-26	Buy	270	-6.9
16-Oct-25	Buy	290	7.4
6-Sep-25	Buy	270	

Recommendation History Chart

APPENDIX I

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