

## About Angel Broking Limited

The Company is one of the largest independent full-service retail broking house in India, in terms of active clients on NSE as of July 31, 2018 (Source: CRISIL Report). It is a technology led financial services company, that provides broking and advisory services, margin funding, loans against shares (through one of our 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, 2018.

## The Promoters of Angel Broking Limited

Dinesh D. Thakkar,  
Ashok D. Thakkar &  
Sunita A. Magnani

## Tentative timetable:

IPO Opens On Sep 22, 2020

IPO Closes On Sep 24, 2020

Finalisation of Basis of Allotment :Sep 29, 2020

Initiation of Refunds Sep 30, 2020

Credit of Shares to Demat :Oct 1, 2020

IPO Shares Listing Date :Oct 5, 2020

## Angel Broking IPO Details

Here are the IPO issue details.

IPO Date	Sep 22, 2020 to Sep 24, 2020
Face Value	Rs 10 per equity share
IPO Price band	Rs 305 to Rs 306 per share
Issue Size	Total of Rs 600 Crores
Fresh issue	Rs 300 Crores
Offer for sale	Rs 300 Crores
IPO Lot Size	49 shares
Listing at	BSE and NSE

## Angel Broking IPO Lot Size for retail investors

Application	Lots	Shares	Amount (Cut-off)
Minimum	1	49	Rs 14,994
Maximum	13	637	Rs 194,922

## Company Financials

Here is the summary of the financial information of the company.

### A) Consolidated Financials (Restated)

Fin. Year ending	Total Revenues (Rs in Crores)	Profits after tax (Rs in Crores)	Profit %
Mar-2018	779.9	107.0	13.7%
Mar-2019	784.1	79.8	10.2%
Mar-2020	754.7	82.3	10.9%

### B) Standalone Financials (Restated)

Fin. Year ending	Total Revenues (Rs in Crores)	Profits after tax (Rs in Crores)	Profit %
Mar-2018	753.6	101.0	13.4%
Mar-2019	762.6	76.6	10.0%
Mar-2020	742.7	86.6	11.7%

C) Its average EPS in the last 3 years is Rs 11.4 and FY2020 is Rs 11.4.

## Angel Broking IPO – Why should you invest in this IPO?

Here are a few reasons to invest.

- 1) Angel Broking is one of India's oldest stockbroking houses providing broking, margin funding, advisory and financial services in India.
- 2) On the face of checking the financial performance, there is no growth in revenues in the last 3 years. This is majorly due to reduction in interest income in the last 3 years. Its fees and commission through brokerage has increased year on year in the last 3 years.

## Major risk Factors to consider before investing in Angel Broking IPO

These risk factors can impact company revenue and margins which would affect its share price. Investors should go through these points and understand these risk factors before investing.

- 1) Its margins are on declining mode in the last 3 years

- 2) The outbreak of COVID-19, or outbreak of any other severe communicable disease could have a potential impact on its business, financial condition and results of operations.
- 3) General economic and market conditions in India and globally could have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.
- 4) Lalit T. Thakkar, one of the members of Promoter Group and one of the Selling Shareholders, has in the past been debarred from accessing capital markets.
- 5) Company, some of its Directors, its Promoters, its Subsidiaries and certain Group Companies are involved in legal and other proceedings.
- 6) They rely on its broking and related services business for a substantial share of its revenue and profitability. Any reduction in brokerage fee could have material adverse effect on its business, financial condition, cash flows, results of operations and prospects.
- 7) There are operational risks associated with the financial services industry which, if realised, may have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects
- 8) They face significant competition in businesses, which may limit its growth and prospects.
- 9) For complete internal and external risk factors, you can refer the RHP of the company.

### **Angel Broking IPO price – Is it reasonably priced? - YES**

- 1) On the upper price band of Rs 306 and EPS of Rs 11.44 for FY20, the P/E ratio works out to be 26.7x.
- 2) For last 3 years EPS of Rs 11.9, P/E ratio is 25.7x.
- 3) Means, the company is asking the issue price of Rs 306 in the P/E range of 26.7x to 25.7x.
- 4) Its peers like Motilal Oswal is trading at P/E of 54.7x (Highest) and IIFL Securities are trading at P/E of 5.4x (Lowest) and industry average P/E is 24.1x. Hence the company asking price of Rs 306 is fully priced and above industry average.

### **Should you invest or not? OUR TAKE**

Angel Broking is one of the oldest stock brokers in India. Its revenues have fallen majorly due to fall in interest income, however, its revenues through brokerage business is increasing year on year. Drop in margins is also a major concern. Its issue price is fully priced and above industry average. In this artificial bull run, there is flood of IPOs now, which want to make money from the retail investors. High risk investors can invest in this IPO for medium to long term. It may or may not provide listing gains.