



## IPO Note – Angel Broking Ltd

21-September-2020

## Issue Snapshot:

Issue Open: Sept 22 – Sept 24, 2020

Price Band: Rs. 305 – 306

\*Issue Size: 19,607,843 eq shares  
(Fresh Issue 9,803,922 eq sh + Offer for sale of 9,803,922 eq sh)

Issue Size: Rs. 598.0 – 600.0 cr

Reservation for:

QIB Upto 50% eq sh  
Non Institutional atleast 15% eq sh  
Retail atleast 35% eq sh

Face Value: Rs 10

Book value: Rs 88.87 (June 30, 2020)

Bid size: - 49 equity shares and in multiples thereof

100% Book built Issue

## Capital Structure:

Pre Issue Equity: Rs. 72.00 cr  
Post issue Equity: Rs. 81.80 cr

Listing: BSE & NSE

Book Running Lead Manager: ICICI Securities Ltd, Edelweiss Financial Services Ltd, SBI Capital Markets Ltd

Registrar to issue: Link Intime India Private Limited

## Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	55.2	47.7
Public & Employee	44.8	52.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source for this Note: RHP

\* = assuming pricing at higher end of band

## Background & Operations:

Angel Broking Ltd (ABL) is one of the largest retail broking houses in India in terms of active clients on NSE as of June 30, 2020. It is a technology-led financial services company providing 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 and allied services are offered through (i) online and digital platforms, and (ii) network of over 11,000 Authorised Persons as of June 30, 2020. It had more than 4.39 million downloads of its Angel Broking mobile application and nearly 1 million downloads of its Angel BEE mobile application as of June 30, 2020, which enables its clients to avail its services digitally. Digital marketing has enabled ABL to garner 398 million digital impressions in June, 2020 on its various online and digital platforms. Its customer outreach, spans across approximately 96.87% or 18,649 pin codes in India as of June 30, 2020. It manages Rs 132,540 million in client assets and over 2.15 million operational broking accounts as of June 30, 2020.

ABL launched its mobile application for 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 retail broking, margin funding and distribution businesses through 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. It 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 it to benefit from the development of the Indian financial market, increased emphasis on digitalisation, and growth in the returns from such financial investments. It also provides a wide range of financial services to its clients including and in relation to:

**Broking and Advisory:** ABL 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 it, it also facilitates opening of demat accounts for its clients.

**Other Financial Services:** In addition to broking and advisory services, it also provides the following financial services that may enable clients to achieve their financial goals:

**Margin Trading Facility:** Provides margin trading facility to its clients for leveraging their eligible collaterals by funding their requirements on the cash delivery segment of equities.

**Distribution:** It undertakes distribution of third-party financial products such as mutual funds, and health and life insurance products, according to the client's requirements.

**Loans against shares:** Through Subsidiary, AFPL, which is registered as an NBFC, it provides loans against shares to its retail clients.

## Objects of Issue:

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders.

## The Offer for Sale

ABL will not receive any proceeds from the Offer for Sale. The Selling Shareholders shall reimburse the Company for the Offer expenses incurred by the Company on behalf of the Selling Shareholders, upon the successful completion of the Offer.

## The Fresh Issue

The Net Proceeds from the Fresh Issue will be utilised towards the following objects:

- To meet working capital requirements; and
- General corporate purposes.

Additionally, ABL expects to achieve the benefits of listing of the Equity Shares on the Stock Exchange and to receive the benefits of enhancement of its brand name and the creation of a public market for the Equity Shares in India.

## Competitive Strengths

**Largest retail broking houses with strong brand equity:** ABL is one of the largest retail broking houses in India, in terms of active clients on NSE as of June 30, 2020. Its online and digital platforms, along with its vast network of Authorised Persons enables it 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 ABL to enhance its client base by 36.81% CAGR from 1.06 million in FY18 to 2.15 million as on June 30, 2020. Over this period, it witnessed a consistent growth in its gross client addition of 0.22 million, 0.26 million, 0.56 million and 0.35 million in FY18, FY19, FY20 and Q1FY21, respectively and representing a 59.54% CAGR over the period from FY18 to FY20. In the three months period ending June 30, 2020, it witnessed an average monthly client addition of approximately 115,565 clients, over a monthly average of 46,676 clients in FY20 representing a growth of 147.59%. Over the last one year, ABL has more than doubled its overall turnover market share in the retail broking space in India. It has been consistently improving its average monthly net client addition run rate from 19,698 incremental demat accounts in Q1FY20 to 36,638 incremental demat accounts in Q2FY20 to 42,409 incremental demat accounts in Q3FY20 to 75,584 incremental demat accounts in Q4FY20 and further to 113,191 incremental demat accounts in Q1FY21. This translated into a sequential growth of 86.00%, 15.75%, 78.23% and 49.75% in Q2FY20, Q3FY20, Q4FY20 and Q1FY21 respectively.

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

**Client acquisition through diversified digital platforms:** ABL has strong capabilities to acquire customers through various diversified digital platforms. Based on its average client additions in Q1 FY21, 85.21% of its clients has 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 approximately 11.18% through digital influencers. The remaining 14.79% of its clients, are acquired through network of Authorised Persons. From Q2FY20 to Q1FY21, 79.76% of its clients have been acquired digitally, of which, 50.76% are acquired through performance marketing, either by way of organic or paid leads, 22.24% through referrals from existing clients and 6.77% through digital influencers.

**Performance Marketing:** This is the most prominent channel for client additions, as it garnered approximately 53.31% of ABL’s gross client additions in Q1FY21. Its website traffic (both directly and organically) increased by 255.05% from 0.27 million in Q1FY20 to 0.96 million in Q1FY21. Through its partnerships in the digital ecosystem it is also able to recalibrate its marketing strategies and through marketing automation it is better equipped to cater to an increase in the number of clients. ABL has also focussed on providing education-based content on its digital and social media platforms which may lead to an increase in the number of subscribers. Further, it also optimise its mobile application on an on-going basis towards organic discoverability of its mobile application and simplification of the process for on-boarding of clients, which is one of its key modes for customer acquisition.

**Referrals:** Referral program yields a significant share to ABL’s monthly client acquisition plan which stood at approximately 20.72% in Q1FY21.

**Digital Referral Associates or Digital Influencers:** Since July, 2019, ABL has established partnerships with over 5,191 Digital Referral Associates (the “DRAs”) which in turn gives access to approximately 79.55 million persons forming a part of its 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 company is focused on on-boarding new clients through its DRAs partnerships and their subscribers. It has also added multiple influencer channels on various video sharing and social media platforms, with a coverage of more than 800 videos added by these influencers.

**Authorised Person Network:** As of June 30, 2020, ABL has over 11,000 Authorised Persons registered with NSE, which has consistently been an important client acquisition channel for the Company. Its proprietary digital platform “NXT” facilitates them to further their digital marketing initiatives.

Further, there was an increase in the use of 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:** ABL remains focussed on innovation and implementation of technology across various services offered by it, which has resulted in an increase in client satisfaction. Its mobile based applications across the broking and advisory businesses has been consistently appreciated and awarded. Due to its continuous digital initiatives, it has increased its monthly average online order execution of direct clients to more than 99% in Q1 FY 21. Further,

ABL's client onboarding is completely digital and a seamless process. Its strategies enable to segment its clients into various categories based on risk taking appetite, trading and investment behaviour. This also enables to provide personalised advisory related services and recommendations to its 2.15 million clients as on June 30, 2020, through multiple delivery channels, being, push notifications on (i) mobile application; (ii) the worldwide web; (iii) the .exe platform; (iv) business account with certain messenger applications ; and (v) e-mail.

It also provides its clients various offers in respect of their first trade or in the process of transferring funds or other such transactions. Its emphasis on providing clients with services through technological platforms has enabled it to rationalise the cost that it incur to service its clients' needs, leading to cost-efficiencies. This has enabled it to not only offer a simplified and most competitive pricing its clients but also serve them with value added services like research and advisory at no additional cost, margin trading facility, securities as collateral and no fund transfer charges.

**Diversified product offering across segments at competitive price:** ABL's online platforms, "Angel Broking", "trade.angelbroking.com", "Angel SpeedPro" and "Angel BEE", powered by ARQ, allows the company to provide its clients with an ability to manage their wealth and investments in an efficient and organized manner. Its clients trade in equities in the cash-delivery, cash-intraday, futures and options, indices – derivatives segment through various order types, including market orders, stop loss orders and valid till cancelled orders. It also facilitates participation in initial public offerings. Coupled with this competitive pricing plan, it also offers services such as complementary in-house research and advisory, margin trading facility, securities as collateral and no charges for any fund transfer. This complete offering is a unique proposition and makes ABL one of the most competitive players across the industry.

**Robust business metrics building operating leverage:** ABL's well executed strategy of being a digital first organisation enabled ABL to grow its business exponentially. it 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 augmentation of its digital processes, technological platforms, performance marketing, client engagement strategy, robust client acquisition and an all-inclusive flat pricing model has enabled it to substantially grow the average daily turnover from Rs 253,176 million in Q1 FY20 to Rs 618,945 million in Q1 FY21, as well as placed it at the forefront in the turnover based market share for the retail broking industry in India. Corresponding to an increase in its market share, its base of NSE active clients witnessed growth from 0.36 million in March, 2018, 0.41 million clients in March, 2019 to 0.58 million clients in March, 2020 and further to 0.77 million clients in June, 2020. Its 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:** ABL has a strong management team with experience in the Indian financial services and broking sectors. The quality of its management team has been the driving force in achieving all-encompassing growth in its business. All members of senior management team have substantial experience. Its 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 three years. The team is responsible for formulating its business strategy, devising and executing marketing and sales plan, managing its service areas, diversifying business and sector mix, ensuring strong operating and technology platforms and expanding client relationships. Further, its management team enables to conceptualise and develop new services, effectively market services, and develop and maintain relationships with various stakeholders and intermediaries including its clients and Authorised Persons network.

## Business Strategy:

**Strengthen leadership position to become the largest retail broking business in India:** ABL intends to strengthen leadership position to become the largest retail broking firm in India, both by broking revenue and active clients. In particular, it aims to enhance its market position in the growing retail broking segment, by continuing to focus on acquiring and retaining clients, product innovation, leveraging 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, it intends to expand and offer all the financial services required by its retail clients and aims to increase client base, increase the number of trades and transactions, thereby increasing retail broking revenues. It also intends 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. It also intends to strengthen its client support systems to ensure that it is able to provide anytime, anywhere access through various modes of communication.

**Augment its investment in mobile platform, artificial intelligence, machine learning capabilities and newer technologies:** ABL is at the forefront of application of technology and digitalisation in the broking business in India and are continuously striving to reach international standards of providing services to its clients. Given that a majority of its retail clients interact with through its electronic broking platform, it continuously invest in the development of technology to ensure that it provides its clients with a superior, seamless and secure experience. It aims to enhance its client engagement through focused advancements in mobile technology and delivering innovative products, improving user interface across devices and ensure time optimisation for an increase in the performance and execution of trades. It also intends to continue to ensure that it implement the best practices in respect of cyber security and increase its ability to operate with third parties to optimise operations and provide clients with a digital experience which is efficient and cost-effective. As ABL's client base increases, it will have access to an increasing amount of data. It intends to continue investing in and



augmenting its analytical capabilities to ensure that I is able to gain personalised and actionable insights from such data while ensuring compliance with the privacy requirements of its clients. ABL has, and will continue to, use analytics and artificial intelligence to help understand client preferences, design new products, identify targets for cross-selling and increase transactions with its clients.

**Establish a leadership position in the investment advisory space to support business:** ABL provides investment advisory services through its various applications and its website, which is supplemented by “ARQ”, a rule based investment engine. It currently provides 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. “Angel BEE” is its digital platform through which it provides retail wealth management and personalised investment recommendations to its clients. It intends to continue to maintain high growth and profitability by increasing the scope and intensity of activities in its existing investment advisory business by providing such services to a wider range of clients and ensuring that other platforms of its Company are capitalised in order to efficiently manage the wealth of clients.

ABL intends to capitalise on its existing retail client base to ensure that its wealth management business increase over time and each of its clients receive personalised and satisfactory services. Further it intends to leverage its analytics capabilities to selectively target client based on their likelihood to purchase such products and also tends to continue to engage with third-party providers to increase the number of products available to its clients and to capitalise on its digital marketing to generate client leads and introduce a number of initiatives to simplify client acquisition. This is in addition to new products that it launches regularly in line with client needs.

**Capitalisation of the growing investable wealth in India:** 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. This indicates market growth potential for established financial service providers in India such as ABL. 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. It 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 its clients. Further, 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 ABL.

## Industry

### Capital Markets

#### Overview

There are two factors that influence the performance of entities in the capital markets business – i) the performance of the primary and secondary equity markets; and ii) corporates’ fund-raising through equity (initial public offer or IPO, rights issue, qualified institutions placement) or debt markets. Capital market-related entities have had fruitful last few years as the markets gave investors healthy returns. Corporates, too, tapped the capital markets for raising capital through equity and debt. Over fiscals 2015-2019, the benchmark indices Nifty 50 of the National Stock Exchange (NSE) and S&P BSE Sensex of the Bombay Stock Exchange (BSE) clocked 11.6% CAGR. Both the indices rose 9% and 6.5% over April-December of fiscal 2020. On January 20, 2020, the Nifty 50 hit an all-time high of 12,430.5 following gains in global peers. Fresh liquidity infusion by the US Federal Reserve also improved investor sentiments.

#### The following factors explain the uptrend in the first nine months of fiscal 2020:

- Establishment of a stable Union government and a conducive macroeconomic environment
- Falling interest rate and benign inflation in the country, and a low interest rate regime globally
- Continued inflows from domestic institutional investors (DIIs) and foreign portfolio investor (FPIs)
- Implementation of structural reforms such as IBC, power sector reforms, the corporate tax reforms, and GST raised hopes of a sustained pick-up in economic growth in the years ahead
- Increasing share of financial assets compared with that of physical assets in investors’ savings

However, the strong growth of the capital markets fizzled out on February 1, 2020, after the Union Budget for fiscal 2021 presented in Parliament failed to match market expectations. The benchmark indices declined sharply in reaction. The situation was further exacerbated by the Covid-19 pandemic that weakened the global markets. Many countries locked down their economy and borders in order to contain the spread of the virus. In India too, a nationwide lockdown was initially imposed for 21 days on March 25, 2020, which was subsequently extended to a total of 40 days. Reacting to initial lockdown, the Nifty 50 declined to 8,597.75 by March 31st after touching a low of 7,511.10 on March 24th. Subsequently, however, the markets have seen a remarkable recovery with the surge in global liquidity lifting the benchmark indices. As of June 30, 2020, the Nifty 50 stood at 10,302.1 after touching a high of 10,553.15 on June 24th. The Nifty saw a movement of 40.5% in between these extreme levels of the lowest low and the highest high during this period. Going forward in fiscal 2021, the benchmark indices are expected to hover around the current level despite ample liquidity due to cut in

earnings estimates of companies across sectors and uncertainty surrounding the banking system. However, growth is likely to return in fiscal 2022 on expectations of an uptick in the economy.

## Growth in primary market subdued after fiscal 2018

The primary market has remained subdued in fiscals 2019-2020 and the first quarter of the current fiscal on account of a series of domestic and global events, including the liquidity crisis in the Indian economy after the IL&FS meltdown in 2018; the trade stand-off between the US and China; and lower-than-expected growth in global and domestic macro-economic indicators. Although there hasn't been a sharp fall in the number of issuances, the total amount raised via primary issues in India fell below the fiscal 2017 levels. In fiscal 2021, on account of increasing economic uncertainty due to the pandemic, the primary market activity is expected to remain low. Fiscal 2018 was a bumper year for fund raising via equity market as more than ₹ 800 billion was garnered through over 200 IPOs, mainly on account of higher liquidity and private equity players exiting their holdings. This was almost three times the capital raised in fiscal 2017.

## Equity market turnover continues to soar

Increasing investor interest in derivatives has led to a sharp run-up in turnover of equity derivatives markets. Equity derivative markets have outpaced the cash markets, clocking 35% CAGR over fiscals 2015-2020. The share of equity derivatives in total market turnover has increased to more than 97% from 94% during the period. Key factors that aided this growth were the rise in the benchmark indices; cut in securities transaction tax (STT) on equity futures from 0.017% to 0.01%; and increasing share of high-frequency and algorithmic trading, mainly in the derivatives market. FPIs account for only 15-20% of overall volume in derivatives and mainly take positions for hedging. DIIs have a negligible presence in the derivatives segment as key institutions such as mutual funds are not allowed to write option contracts and norms stipulate that their exposure to option premium paid must not exceed 20% of the net assets of the scheme. The highest share is of the others category – including individual investors, HUFs, Trusts, NRIs etc. accounting for 38% in fiscal 2020 and proprietary trades accounting for 33% of the equity derivatives turnover in NSE which is the major contributor of equity derivatives turnover.

## Average daily turnover (ADTO) increased with rising investor participation (Rs billion)

With increasing retail participation both in equity cash and derivatives segments, the average daily turnover clocked a strong ~34% CAGR over fiscals 2015-2020, mainly led by derivatives. With the equity market poised to do well in the long term, this number is likely to see further growth.

## New investors on the rise

Mutual fund folios that were active as of end fiscal 2020 have nearly more than doubled from the end of fiscal 2015 levels growing at a CAGR of ~16.5%. The number of active accounts held in NSDL and CDSL have also seen an increase of 7.45% and 18.2% CAGR respectively upto June 2020. Moreover, despite the sharp decline in equity markets towards the end of March 2020 following the pandemic-induced lockdown, new demat accounts and mutual fund folios (SIP accounts) continued to be added in April and May 2020.

## Increasing investor participation in the capital markets

As on FY20, current penetration of demat accounts as a proportion of the population stands at ~3% considering a population of 1.4 billion in FY20 in India. This number is quite low and provides ample scope for further additions. As per the India postal code system there are 19,252 pin codes as on May 2020 that are served. Further, the reach and distribution of financial products and across various tier of cities/districts across the country (as per annexure) has been increasing and is expected to continue to rise in the future.

## Types of products offered by exchanges

Exchanges offer a variety of products to investors, sold via brokerage firms or data vendors. Below is the list of products provided by exchanges:

Segments	Products and services	Customer group
Cash market	Products: Equities, ETF, MF, SLBS, OFS Services: Settlement guarantee	Retail, Institutional and Proprietary; Participants - Domestic & Foreign
Derivatives	Products: Equity Derivatives (Index & Stock), Currency Derivatives, Interest Rate Futures, Derivatives on Global Indices & Volatility; Services: Settlement Guarantee	Retail, Institutional and Proprietary; Participants - Domestic & Foreign
Commodity	Products: Commodities (including agriculture, metals, oil, gold, etc.), Commodity derivatives, Commodity options Services: Settlement Guarantee	Retail, Institutional and Proprietary; Participants - Domestic & Foreign
Debt Market	Debt Market Products: Debt securities, Corporate bonds, Govt. securities & T bills Services: Clearing and Settlement, Risk Management, Connect NSE, Corporate bond database	Retail, Institutional and Proprietary; Participants - Domestic & Foreign
Data and Information Vending	Products: Online Real time Data Feed, 15-Min delayed, 5 minutes, 2 minutes and minute Snapshot Data, EOD data, Historical Trade & order and Corporate Data; Services: Providing data feed	Data vendors, researchers, TV channels, financial websites, software and algorithm developers
Index Services	Products: Equity Index- BSE SENSEX, NIFTY, NIFTY 100, NIFTY Bank indices etc. and Debt Index;	AMCs, ETF issuers, insurer, NBFCs, investment banks, stock exchanges and AIFs

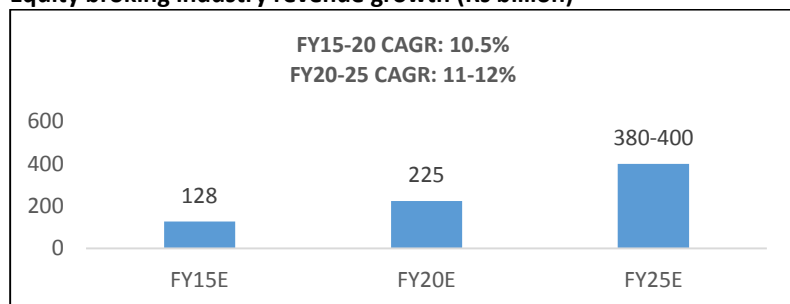
	Services: Index IP Licensing and Customized Index solution	
Margin trading facility	Products: Equity cash segment Services: Margin and SPAN reports	Retail, Institutional and Proprietary; Participants - Domestic & Foreign

## Equity broking industry revenue to log 11-12% CAGR in next five fiscals driven by a growth of 23-25% in turnover Volumes

The domestic broking industry's revenue registered ~10.5% CAGR over fiscals 2015-2020, to reach an estimated Rs 225 billion on account of a ~34% increase in turnover in equity (cash and derivatives of NSE, BSE) markets during the same period. The industry is expected to see strong growth going ahead, after facing difficulties on account of pressure on yields and changing regulatory landscape. The growth will mostly be due to increased scalability and reach of players to untapped markets, especially lower tiered cities, leveraging their highly agile digital models. This will be adequately supported by the growing turnover levels across the equity derivatives and cash segments. These segments are expected to cumulatively grow at a 23-25% CAGR up to fiscal 2025. This growth will be driven mainly by the higher investor awareness, increased retail interest across market segments, easier and faster means to access the markets and continuing FII inflows.

As advanced technology enables easier online operations, brokerages can gain access to a large amount of client information and data. This will help them better target their customers with value added services as well as credit and distribution services in addition to their core offering which is now more simple and customer-friendly. In the next five fiscals, It is expected that the industry to log 11-12% CAGR.

### Equity broking industry revenue growth (Rs billion)



### Classification of the broking industry

With progresses made in the broking sector, trading process, which used to be cumbersome and expensive, has transformed for the better. Anyone with a mobile device and internet connection can now open a broking account and trade without any human interface. Technology has also significantly brought down the cost to conduct the business as players need not open branches or recruiting sales personnel. This has helped brokerage firms to remain extremely profitable despite a sharp reduction in fees charged. In the current market scenario, pricing has ceased to be a differentiator with consumers increasingly choosing brokerages on the basis of quality of their service and conveniences they offer.

The industry can be broadly divided into two – 1. Brokerages that charge a flat transaction-based fee irrespective of the volume or the trade size; and 2. Those that charge a percentage fee on the transaction value hereafter referred to as non-flat fee brokers. Traditionally, larger bank-based players adopted percentage fee-based model, where for each transaction (intra-day and delivery-based), a fixed brokerage fee as percentage of value of transaction was charged which was mentioned in the annual plan of the customer. They have largely persisted with this model and have started offering limited plans for some customers based on a flat fee-based structure. On the other hand, most of the brokerages, some even commanding a very high market share of active customers, have adopted the flat fee-based model, where transactions are charged on a flat fee basis irrespective of the value of transactions, except for very small value transactions.

### Traditional broking shifts to technology-oriented lean and adaptive models

The flat fee-based brokerages are relatively a newer concept in our country but garnered a dominant share in the industry with their service offerings across customers using both mobile applications and terminals to invest and trade. Aided by the ease of transacting and the super-fast registration and account opening processes across both these category of brokers, the industry is seeing a surge in retail investor participation, which, in turn, is boosting the trading turnover. With the importance of technology increasing, customers are provided more and more means to access information and take active decisions based on the fast paced information availability. The systems are ever evolving and have become quick and robust. In order to stay relevant and increase the market share, many brokers have heavily invested in infrastructure. Their IT systems have transformed from legacy systems to modern day agile, adaptive and lean architectures.

## Digital trading platforms provide brokerages with enhanced scalability

With the domestic brokerage industry evolving, various brokers distinguish themselves from others in terms of their service offering to the customers including lower fees, lower maintenance charges, faster turnaround times for account opening, better security features, faster access to systems, etc. In addition, the evolution of technology has helped them further penetrate their target customer segment faster. It offers them ease of scalability, which reduces their operating cost per customer and improves their profitability. Facilities supplementing mobile-based trading, such as live TV, advanced research reports, push notifications, enhanced price discovery settings, etc., help enhance the user experience for their customers helping them with better retention. With advent of the modern platforms, brokers have put in place infrastructure which lowers the variable operating cost per customer considerably due to its scalable nature. The same platforms that cater to existing clientele can scale up to accommodate multiple new users. This helps them price their offerings lower and in many cases charge fixed transaction-based fees or even charge no fee for delivery-based transactions.

## Varied service offerings to diverse set of customers

These brokerages further offer services to either individuals or even institutions, which usually perform high value transactions, requiring higher technical support such as high frequency data, algorithm implementation and testing capabilities, co-locations, trade automation etc., which, with the better infrastructural setup, becomes easier to implement and offer.

## Value added service offering becomes a key differentiator amid rising competitive pressure

Broking yields for most full service brokerages have taken a further hit in fiscal 2020 after a sustained pressure in last two-three fiscals. Pricing pressure due to rising competition and increasing product offerings is the major reason for this fall. With increasing competition in equity broking between all – from bank-led brokers, traditional call-order based brokers and advanced technology-led brokers – average broking yields have been falling. This competitive intensity in the industry is expected to remain high going forward. Broking yields, which are calculated as brokerage income to turnover, for various players in the industry have halved from the fiscal 2015 levels.

The fall in yields is being cushioned by increasing turnover and market participation in addition to higher paid offerings such as subscription-based services, margin-based funding facilities, etc. Going a step further, several brokers also offer enhanced graphical user interfaces with modern charting techniques, strategy building tools to trade in derivatives, offer margin and credit facilities, high frequency data feed etc. These modern day facilities require significant infrastructure and technological capability in which these players have actively invested in.

While players have scaled up their technology infrastructure significantly, additional expenses, such as manpower, branches and costs associated with scaling up in newer geographies, etc., have come down because of digitalisation of their operations and ease of scalability due to this. CRISIL Research's analysis shows that several broking entities have ramped up their technology investments by around 50% in fiscal 2018 and another 20% in fiscal 2019. In fiscal 2020 too, It is estimated relatively higher spends on technology upgrades and towards building sustainable and agile infrastructure.

## Internet and mobile trading gaining share on account of convenience

The penetration of internet trading has been deepening, with the number of active registered subscribers seeing a significant increase. Internet trading volumes are also on the rise with their share increasing from 20.9% in the F&O segment to 31.5% over fiscals 2015-2019. Cash segment volume, meanwhile, increased from 23.2% to 29.8%. The share of internet-based trading, however, declined to 23.5% in the cash segment and 25.7% in the F&O segment in fiscal 2020 largely owing to the high growth of the turnover during the period.

### Key factors aiding this growth are:

- Growing mobile usage and penetration: India has more than 693 million internet users as of March 2020. Of this, more than 671 million subscribers are wireless/mobile subscribers
- Growing usage of smartphones: With ever growing user base of smartphones, India has close to 658 million 4G data subscribers as of fiscal 2020. With cheaper availability of data, increasing penetration of the smartphone devices, easy information dissemination, growing investor education initiatives from market participants, access to social media and informative websites, investors are increasingly becoming better equipped to trade and invest in the equity markets.
- Lower brokerage fees: Retail traders trading online get discounts in brokerage; full service brokerages have also adopted internet trading models to become leaner
- Flexibility and convenience: Internet trading allows for greater control on transactions and faster turnaround (within seconds) and reduces latency with the time required for calling a broker and placing the order coming down
- Handy tools: Multiple tools, such as stock screener, yield calculator, technical indicators, charting tools, etc., are offered to investors
- Real-time data and news feed: Mostly all key brokerages provide subscribers with real-time data and live news feeds. They also provide facilities such as advisors and recommendation reports
- NSE had launched internet-based trading for investors in 2000 and mobile-based trading in 2010.



## Service diversification into distribution has added to the revenue streams of brokerages

Most large players have diversified into related fee-based activities such as mutual fund distribution and capital markets lending to diversify their income source. However, some have amplified focus on growing their non-capital market credit books. In the long term, their success in the lending business would be dependent on their ability to effectively manage the liability-side of their book and risk. There are also a set of non-bank and non-NBFC brokers that exclusively focus on broking and distribution business. Smaller entities in the equity broking business remain niche players with limited diversification and hence are more vulnerable to market volatility. These entities typically benefit from strong customer relationships. Nevertheless, given the shift in market share towards larger brokerages, they will need to continuously evolve and control their cost structure to be able to manage profitability in the current market environment. Below is a comparison of latest product offerings of some flat fee-based and non-flat fee-based brokers. Many large brokers offer several plans to their retail clients (for example, flat brokerage plan vs variable brokerage plan where traded turnover and brokerage rates are inversely related). Institutional brokerage rates are far lower than the retail rates and mainly depend on the quality of research reports and trade execution capability provided. Given in the below table is the indicative structure of charges for a variety of trading options. As can be seen from the table, Angel Broking is one of the most competitive players in the industry.

## Brokerage rates of various major brokerages across products

#	Brokers	Delivery	Intraday	Futures	Options	Commodity
1	Angel Broking	0	Rs. 20	Rs. 20	Rs. 20	Rs. 20
2	Zerodha	0	Rs. 20	Rs. 20	Rs. 20	Rs. 20
3	RKSV Securities	0	Rs. 20	Rs. 20	Rs. 20	Rs. 20
4	5 Paisa	Rs. 20	Rs. 20	Rs. 20	Rs. 20	Rs. 20
5	Axis Securities	0.50%	0.05%	0.05%	Rs. 100 per lot	Rs. 100 per lot
5b	Axis securities (tiered plan)	0.25%	0.03%	0.03%	Rs. 50 per lot	Rs. 50 per lot
6	Kotak Securities	0.49%	0.049%	0.049%	Rs. 300 per lot	Rs. 300 per lot
7	HDFC Securities	0.50%	0.05%	0.05%	Rs. 100 per lot	Rs. 100 per lot
8	Motilal Oswal	0.50%	0.05%	0.05%	Rs. 70 per lot	0.05%
9	IIFL Securities	0.50%	0.05%	0.05%	Rs. 100 per lot	Rs. 100 per lot
10	ICICI Securities	0.55%	0.275%	0.05%	Rs. 95 per lot	Rs. 95 per lot
10b	ICICI securities (tiered plan - 1)	0.25%	0.025%	0.025%	Rs. 35 per lot	Rs. 35 per lot
10c	ICICI securities (tiered plan - 2)	0.25%	0.025%	0.025%	Rs. 20 per order + Rs. 5 per lot	Rs. 20 per order + Rs. 5 per lot

## Growth drivers

**Favourable demographics to aid capital market growth** As per the World Population Prospects 2019, India's working age population was 0.87 billion in 2019 and is expected to rise to 0.92 billion by 2024. Also an increase in the working age population is expected to be observed between 2015 and 2040 from 63% to 65% of the country's total population. This clearly highlights that contrary to other G3 and Asian countries, India's working population has not peaked and will continue to grow for the next three decades. Increase in life expectancy and aspirations of the working population (for example, need to build a strong corpus before retirement) is also increasing, leading to more focus on investments in the capital markets. The young population is typically more technologically savvy and, with increasing proliferation of wireless broadband internet, internet and mobile trading should get a boost.

## Low penetration, favourable government policies to increase investments in capital markets

Demonetisation (in November 2016), a reduction in cash transactions due to the implementation of GST from July 2017, and the Benami Transaction Act have funneled a huge proportion of household cash savings to financial assets. The latter includes direct investments in shares and debentures and inflows in mutual funds. In addition, the falling interest rate cycle, coupled with low returns from traditional investment instruments such as gold and real estate, has led to a shift in retail investor interest to capital markets. Going forward, CRISIL Research expects the gradual pickup in economic growth, benign inflation and low interest rates to lead to a surge in household financial savings in India. The share of capital markets within financial savings is also likely to increase, dictated by heightened awareness and consequent higher retail participation.

## Moderate penetration of equity leaves further scope for growth

The global market capitalisation to GDP ratio continued to improve in calendar year 2019 to reach 93% from the lows of 56% in 2008. This was aided by a recovery in global macros and the fiscal and monetary stimulus provided by various governments. India, which was relatively insulated from global shocks, saw the ratio improve from 54% in 2008 to 76% in 2019 (as per the World Bank). India's BSE market capitalisation in May 2020 to average GDP for fiscal 2020 stood at ~62%. The ratio was impacted by the Covid-19 pandemic-triggered uncertainty in the markets. With GDP growth expected to gradually pick up, increasing formalisation of the economy and more entities from newer segments getting listed (insurance companies, ecommerce service providers, for example), India's market capitalisation to GDP ratio is likely to increase further in the next few fiscals.

## **Mutual funds' net inflows to strengthen as investors hunt for higher returns**

Net inflows increased significantly thanks mostly to demonetisation in fiscal 2017, as low interest rates globally saw heightened investor interest in the Indian markets. In addition, falling interest rates led to higher issuance of corporate bonds. However, in the last quarter of fiscal 2018, increase in inflation, fiscal deficit and global uncertainties led to higher outflows in fixed income instruments over fiscal 2017. Flows in equity funds continued to be strong in fiscal 2018 supported by retail participation, but decelerated in fiscal 2019. A major shock in the form of the NBFC crisis in fiscal 2019 led to slowing of inflows during the year, followed by fiscal 2020, which ended with disruptions owing to Covid-19. Net inflows declined to Rs 873 billion in fiscal 2020. Commissions for players in fiscals 2019 and 2020 came under pressure in comparison to fiscal 2018 owing to stricter and tighter total expense ratio (TER) regulations as well as more vigilance in the reporting by the AMCs. This pressure is expected to neutralise in fiscal 2021 as volume growth will offset fall in commissions. Concentrated efforts to shift focus of the distributors to B30 cities will force the industry to target these regions more exhaustively to attain higher proportion of benefits.

## **Benign interest rate cycle to boost inflows into capital markets**

In addition to stable growth, interest rates have fallen led by proactive measures by the government / central bank. India's inflation average was below 4% in fiscal 2019 as against 6% in fiscal 2015 and double-digits in the preceding five years. However, inflation began rising from the second half of fiscal 2020 due to high food prices. The average CPI inflation was 5.84% in fiscal 2020. Though inflation has increased in the first quarter of fiscal 2021, driven by food prices, It is expected the average inflation for the year to moderate and be in the range of 4%.

## **Inherent demand for funds to push corporate debt and equity issuance**

CRISIL Research expects corporate India's funding needs to increase over the next five years with a pick-up in economic growth and private sector investments gradually reviving. Recently launched structures such as infrastructure investment trusts (InVITs) and real estate investment trusts (REITs) are also likely to witness increased traction. This would benefit investment banking players.

## **Financial inclusion programs to open bulk of population to capital markets**

The Indian government's financial inclusion schemes (such as Pradhan Mantri Jan Dhan Yojana) along with other changes such as simplification of account opening through e-KYC have gradually benefited capital market players. This is expected to continue as more sections of the society get introduced to the concept of financial savings and products and the base gets larger. Accounts opened under the PMJDY scheme had a cumulative deposits of Rs 1,333 billion as of May 2020.

## **Technology advancement**

Rapid advance in technology has reduced transaction time and costs. At the same time, brokers have been able to improve their reach and increase penetration by investing in online trading platforms, thereby allowing customers to virtually carry out transactions on their own online without interacting with the broker. Technological advancement along with rapid increase in smartphone penetration are tailwinds for the broking business. Technology savvy millennials have started preferring do-it-yourself models where the broker provides minimal services to them and manages its assets. This online model, where right from account opening to delivery is taken care of digitally, is proving cheaper for the brokers as well. Offering digital services in addition to minor physical interventions has been aiding the industry maintain its growth and on board customers from different walks of life.

## **Key Concerns:**

- The outbreak of COVID-19, or outbreak of any other severe communicable disease could have a potential impact on ABL's business, financial condition and results of operations.
- General economic and market conditions in India and globally could have a material adverse effect on the business, financial condition, cash flows, results of operations and prospects.
- ABL is subject to extensive statutory and regulatory requirements and supervision, which have material influence on, and consequences for, its business operations.
- The operation of ABL's businesses is highly dependent on information technology and ABL is subject to risks arising from any failure of, or inadequacies in its IT systems.
- Relies on broking and related services business for a substantial share of revenue and profitability. Any reduction in its brokerage fee could have material adverse effect on the business.
- There are operational risks associated with the financial services industry which, if realised, may have a material adverse effect on ABL's business, financial condition, cash flows, results of operations and prospects.

- Faces significant competition in businesses, which may limit ABL's growth and prospects
- ABL may not be able to sustain growth or expand its client and authorised persons base.
- If ABL is unable to maintain and enhance the 'Angel' brand equity, the sales of its products and services may suffer which would have a material adverse effect on the financial condition and results of operations.
- ABL's financial performance is subject to interest rate risk, and an inability to manage its interest rate risk may have a material adverse effect on its business prospects, financial condition and results of operation.
- If research disseminated or advice provided by ABL contains errors, this could have a material adverse effect on the business, financial condition or results of operations.
- It could be subject to claims by clients or actions by regulators or both for alleged mis-selling.
- Faces various risks due to its reliance on third-party intermediaries, authorised persons, vendors and service providers.
- Depends on the accuracy and completeness of information about clients and counterparties for its business. Any misrepresentation, errors in or incompleteness of such information could adversely affect the business and financial performance.
- Faces certain risks related to distribution business.
- A significant decrease in liquidity could negatively affect the business and reduce client's confidence in ABL.
- Credit risks in day-to-day operations may expose ABL to significant losses.
- Rely on the Indian exchanges for a significant portion of its business.
- Faces additional risks as ABL expands its product and service offerings and grow its business.
- A significant portion of revenue and income from brokerage business is derived from relatively few clients.
- ABL has high working capital requirements. Any failure in arranging adequate working capital for its operations may adversely affect its business, results of operations, cash flows and financial condition.
- ABL has incurred indebtedness, and may incur substantial additional indebtedness, which could adversely affect the financial condition.
- Rely in part on its dealer helpdesks, authorised persons and DRAs, and if ABL's dealer helpdesks, authorised persons and DRAs cannot function successfully, its growth and success may be affected.
- Some of ABL's Subsidiaries, Group Companies and Promoter Group entities operate in a similar line of business as ABL, which may lead to competition with these entities and could potentially result in a loss of business opportunity for ABL.
- Financial difficulty and other problems relating to financial institutions in India could have a material adverse effect on ABL's business, results of operations and financial condition.
- Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of ABL's Equity Shares.

## Balance Sheet

Particulars (Rs in Million)	Q1FY21	FY20	FY19
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5156.3	6132.4	4469.6
Bank Balance other than cash and cash equivalent	14,454.7	8,003.2	5390.1
Trade Receivables	562.8	390.3	2146.4
Loans	8144.1	2805.8	7616.9
Investments	23.6	352.7	149.1
Other financial assets	139.5	2705.8	681.9
<b>Non-financial Assets</b>			
Inventories	0.0	0.5	0.45
Tax assets (Net)	10.7	49.2	51.7
Deferred tax assets (Net)	51.1	48.9	75.7
Investment Property	33.3	1.3	1.3
Property, Plant and Equipment	1024.5	1038.8	1062.9
Intangible assets under development	23.4	20.9	5.7
Intangible assets	43.5	47.4	67.1
Right of use assets	93.8	153.2	208.5
Other non-financial assets	195.5	151.6	157.9
<b>Total Assets</b>	<b>29956.8</b>	<b>21901.8</b>	<b>22085.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
total outstanding dues of creditors other than micro enterprises and small enterprises	15036.8	9394.9	6377.6
Borrowings	6580.1	4908.8	8718.2
Other financial liabilities	1341.5	1304.7	1358.2
<b>Non-Financial Liabilities</b>			
Tax liabilities (Net)	58.9	0.5	2.7
Provisions	79.3	67.1	52.3
Other non-financial liabilities	469.4	311.7	261.9
<b>EQUITY</b>			
Equity Share capital	720.0	720.0	720.0
Other Equity	5670.85	5194.24	4594.4
<b>Total Liabilities and Equity</b>	<b>29956.8</b>	<b>21901.8</b>	<b>22085.3</b>

## Profit & Loss

Particulars (Rs in Million)	Q1FY21	FY20	FY19
Interest Income	349.3	1577.4	2023.5
Fees and commission income	2031.6	5644.0	5555.6
Net gain on fair value changes	3.4	24.9	0.7
Other Income	81.7	300.9	261.4
<b>Total Income</b>	<b>2466.0</b>	<b>7547.1</b>	<b>7841.1</b>
<b>Total Expenditure</b>	<b>1688.2</b>	<b>5661.7</b>	<b>5685.7</b>
Fees and commission expense	764.9	2304.4	2419.6
Impairment on financial instruments	189.8	377.1	151.5
Employee benefits expenses	373.1	1598.0	1591.7
Other expenses	360.4	1382.2	1522.9
Provision for anticipated losses and expenditure			
<b>PBIDT</b>	<b>777.8</b>	<b>1885.4</b>	<b>2155.5</b>
Interest	81.8	488.6	684.5
<b>PBDT</b>	<b>696.0</b>	<b>1396.8</b>	<b>1471.0</b>
Depreciation	49.7	209.2	189.1
<b>PBT</b>	<b>646.3</b>	<b>1187.7</b>	<b>1281.9</b>
Exceptional items	0.0	0.0	0.0
<b>Tax (incl. DT &amp; FBT)</b>	<b>163.7</b>	<b>319.8</b>	<b>447.9</b>
Tax	165.8	297.3	458.3
Taxes for earlier years	0.0	-2.1	4.0
Deferred Tax	-2.1	24.6	-14.4
<b>Reported Profit After Tax</b>	<b>482.6</b>	<b>867.9</b>	<b>834.0</b>
EPS (Rs.)	6.70	12.1	11.6
Equity	720.0	720.0	720.0
Face Value	10.0	10.0	10.0
OPM (%)	29.2	21.9	25.0
PATM (%)	19.6	11.5	10.6



## Disclaimer:

This report has been prepared by HDFC Securities Ltd (HSL) and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

It should not be considered to be taken as an offer to sell or a solicitation to buy any security. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building, B, Alpha, Office Floor 8, Near Kanjurmarg Station, Kanjurmarg (East), Mumbai -400 042. Tel -022 30753400. Compliance Officer: Ms. Binkle R Oza. Ph: 022-3045 3600, Email: complianceofficer@hdfcsec.com.

SEBI Registration No.: INZ000186937 (NSE, BSE, MSEI, MCX) | NSE Trading Member Code: 11094 | BSE Clearing Number: 393 | MSEI Trading Member Code: 30000 | MCX Member Code: 56015 | IN-DP-372-2018 (CDSL, NSDL) | CDSL DP ID: 12086700 | NSDL DP ID: IN304279 | AMFI Reg No. ARN -13549 | PFRDA Reg. No - POP 11092018 | IRDA Corporate Agent Licence No.CA0062 | Research Analyst Reg. No. INH000002475 | Investment Adviser: INA000011538 | CIN-U67120MH2000PLC15219.

Disclaimer : HDFC securities Ltd is a financial services intermediary and is engaged as a distributor of financial products & services like Corporate FDs & Bonds, Insurance, MF, NPS, Real Estate services, Loans, NCDs & IPOs in strategic distribution partnerships. Investment in securities market are subject to market risks, read all the related documents carefully before investing. Customers need to check products & features before investing since the contours of the product rates may change from time to time. HDFC securities Ltd is not liable for any loss or damage of any kind arising out of investments in these products. Investments in Equity, Currency, Futures & Options are subject to market risk. Clients should read the Risk Disclosure Document issued by SEBI & relevant exchanges & the T&C on www.hdfcsec.com before investing. Equity SIP is not an approved product of Exchange and any dispute related to this will not be dealt at Exchange platform.

This report is prepared in the normal course, solely upon information generally available to the public. No representation is made that it is accurate or complete. Notwithstanding that HDFC Securities Ltd is acting for Computer Age Management Services Ltd, this report is not issued with the authority of Computer Age Management Services Ltd. Readers of this report are advised to take an informed decision on the issue after independent verification and analysis.

This report is intended for non-Institutional Clients only. The views and opinions expressed in this report may at times be contrary to or not in consonance with those of Institutional Research of HDFC Securities Ltd. and/or may have different time horizons. Mutual Fund Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.