

India's Retail Equity Revolution

Indicators & Impact

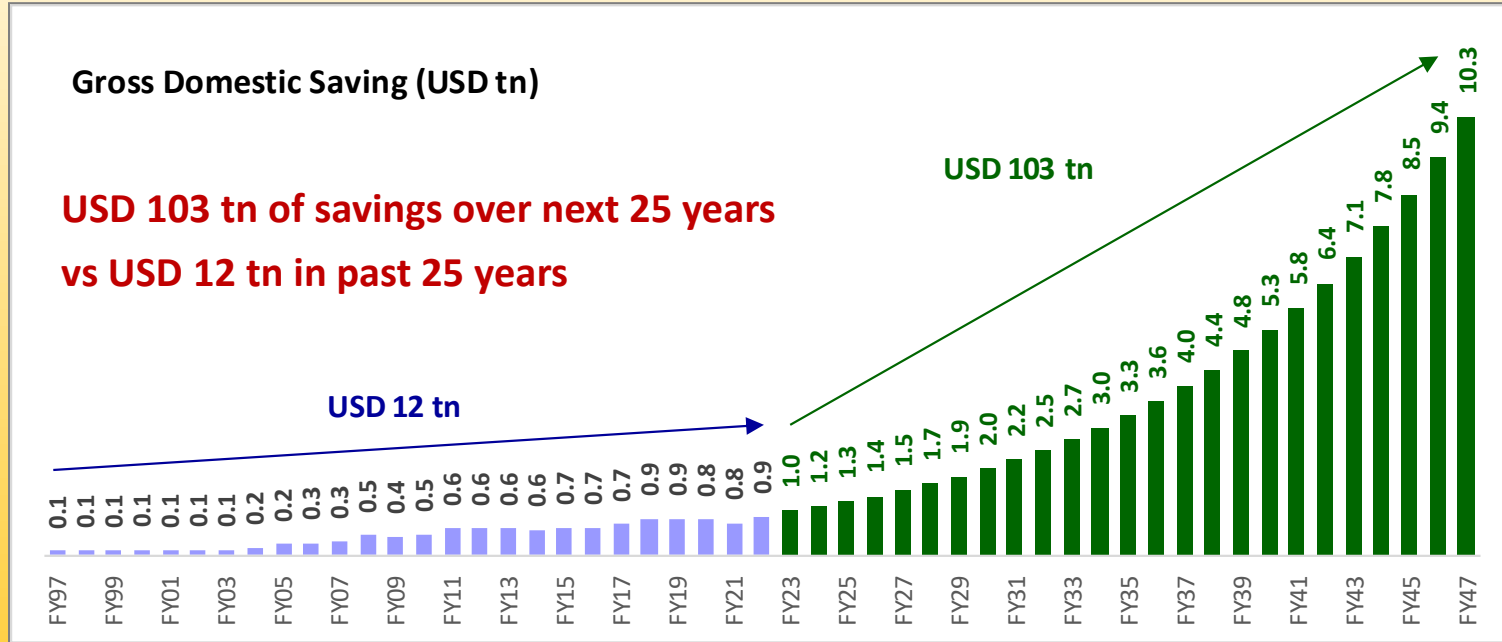
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7th June 2024

Disclaimer



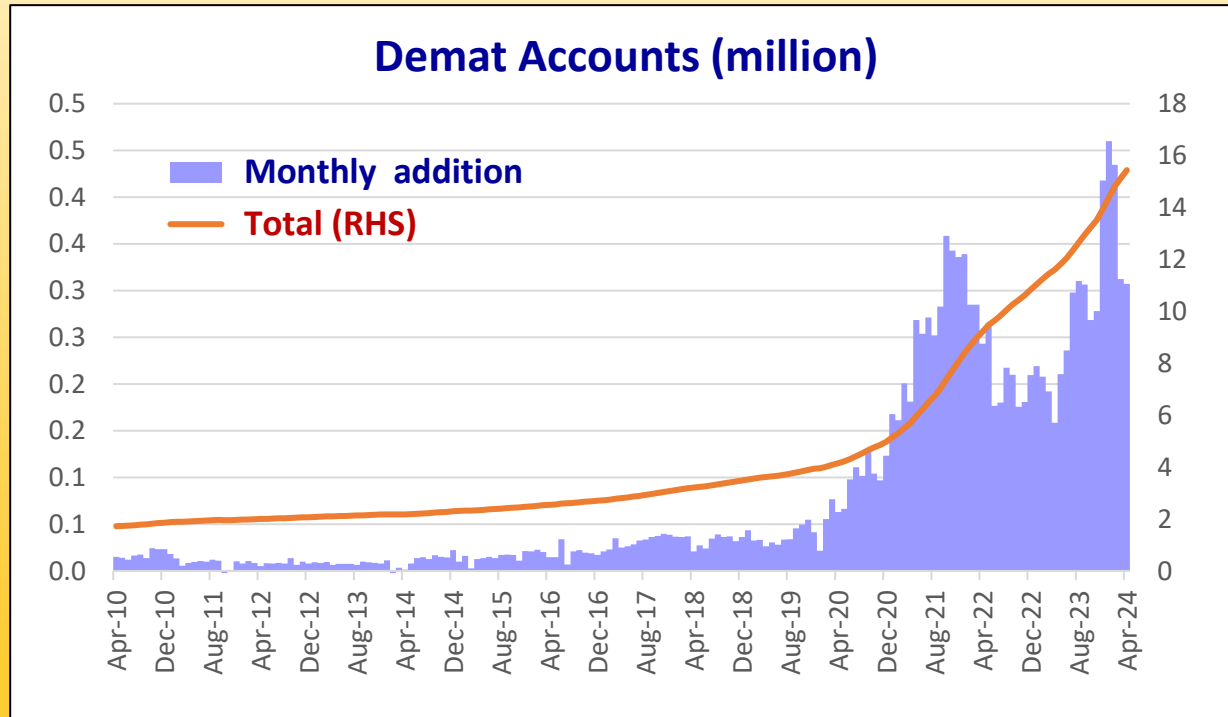
- ❑ All data and exhibits used here are only to support the topic under discussion.
- ❑ This presentation should not be construed as a recommendation for any investment strategy by the Motilal Oswal group companies or its employees and associates.



- **Massive opportunity for Capital Markets, particularly with digital reach and friendly regulation**

India's Retail Equity Revolution

❑ Hockey-stick of demat accounts



Monthly Average

FY17-20 – 0.36 mn

FY20-23 – 2.06 mn

FY23-24 – 3.20 mn

Total Demat A/cs

Mar-20 – 41 mn

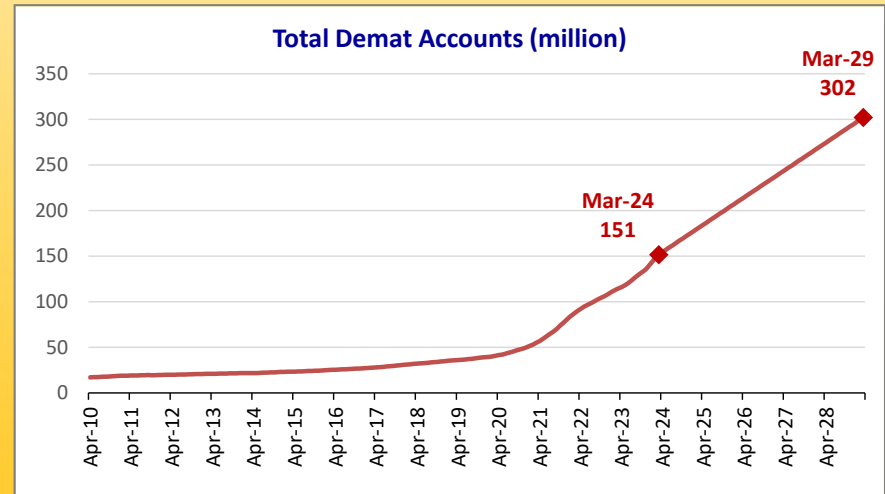
Mar-23 – 115 mn

Apr-24 – 154 mn

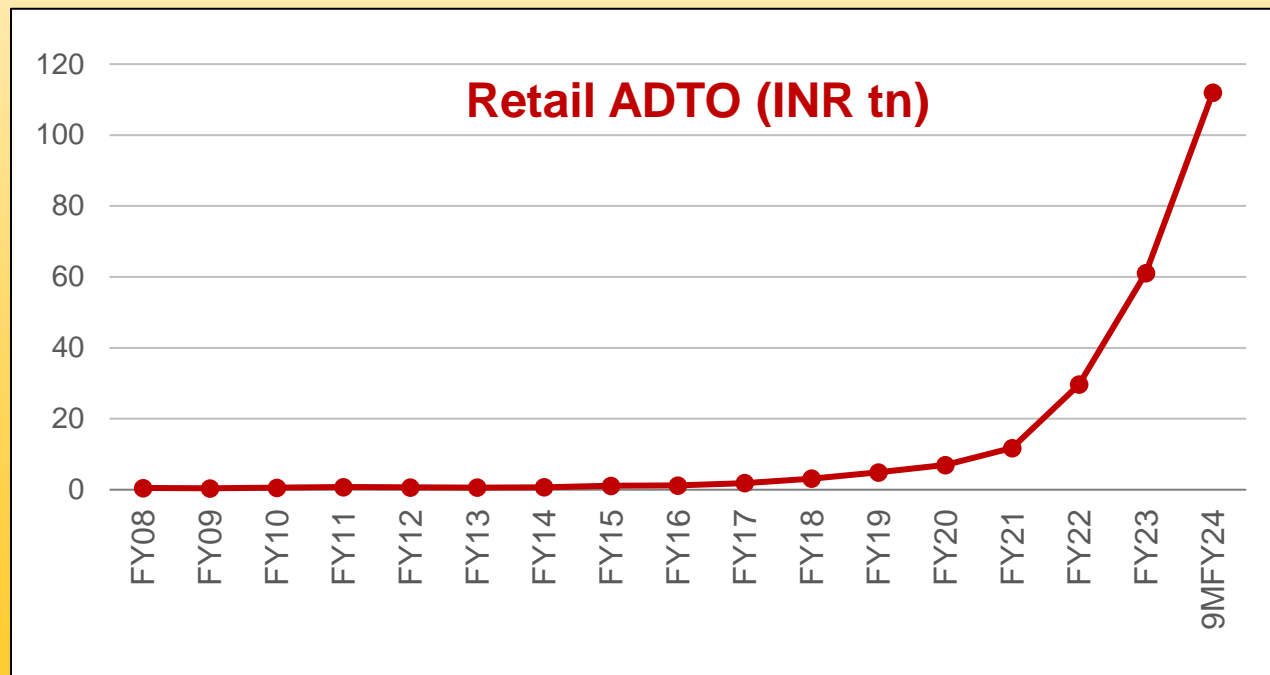
How big can it be

- At 2.5 million per month for the next 5 years, the demat accounts figure doubles to 300 mn by Mar-29

Combination of number of participants and amount of savings attributable to them can create an explosive force



❑ Hockey-stick in Retail Average Daily Turnover (ADTO) too



ADTO

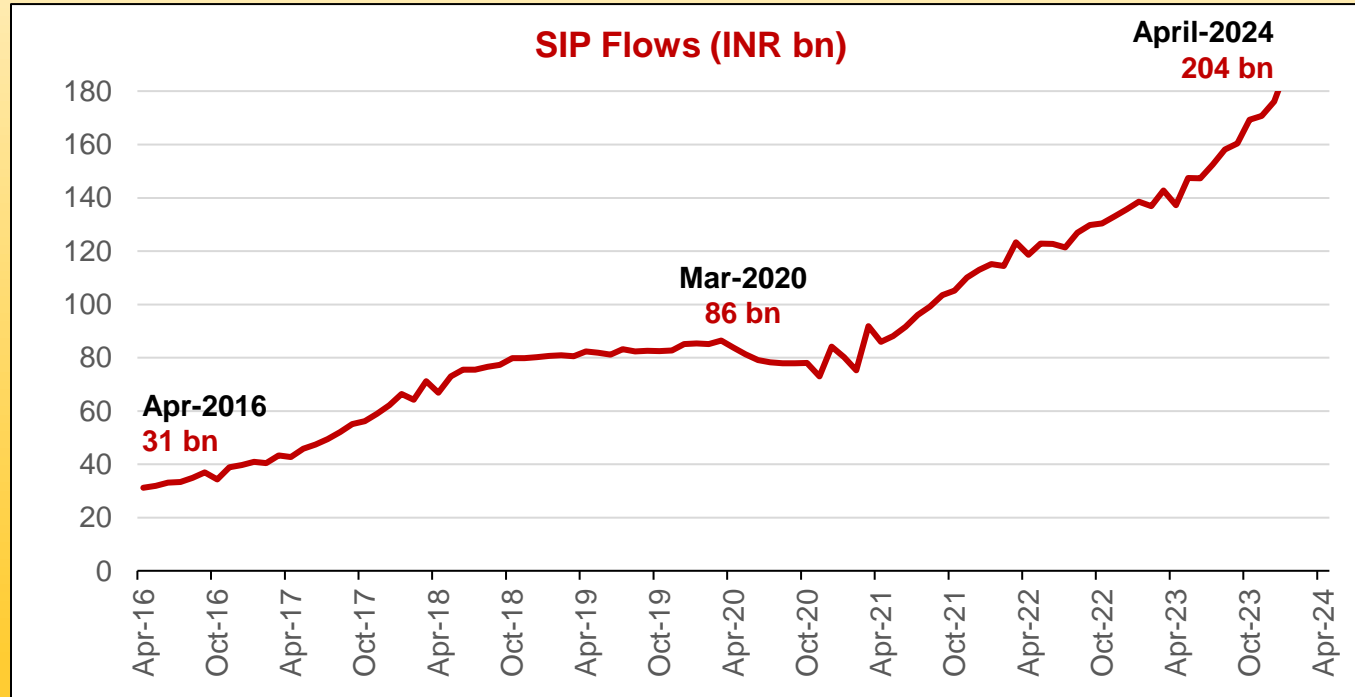
FY20 – INR 7 tn

FY23 – INR 61 tn

9MFY24 – INR 112 tn

India's Retail Equity Revolution (continued)

❑ SIP flows on a relentless rise, making the markets resilient



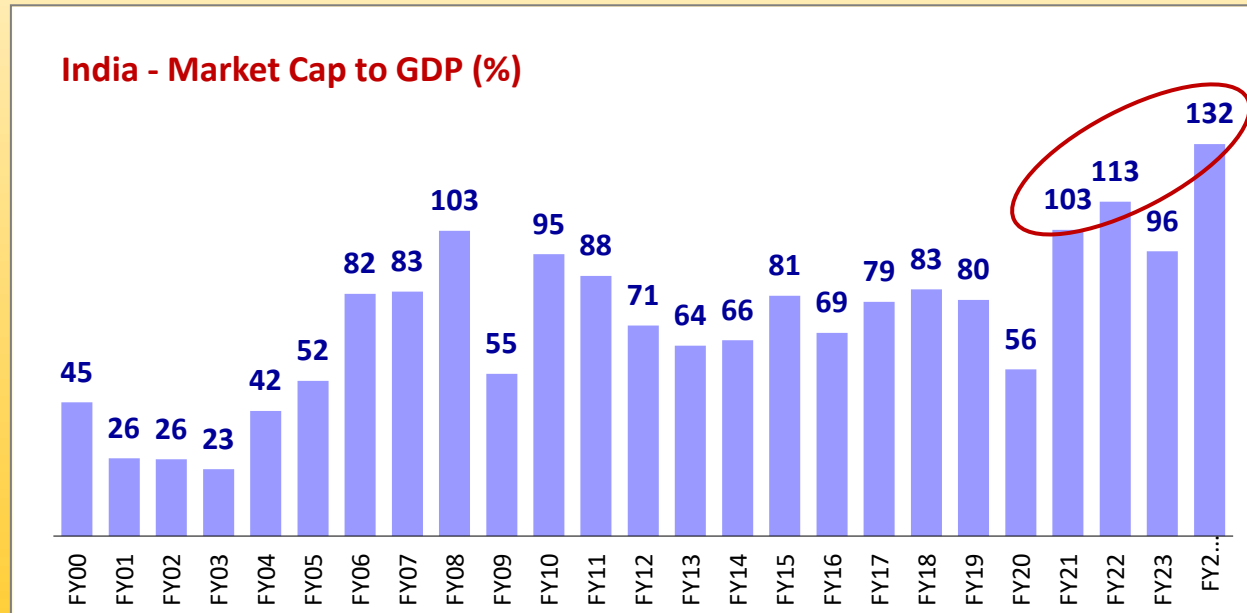
Key reasons for the retail equity revolution

- ❑ Online KYC rules eased by SEBI during the Covid period
- ❑ Sharp recovery in equity markets post the Covid slump
- ❑ Emergence of many more discount brokers
- ❑ Increase in number of products and expiries in options

Positive regulatory changes led to accelerated participation

Impact

☐ Sustained boom in secondary market



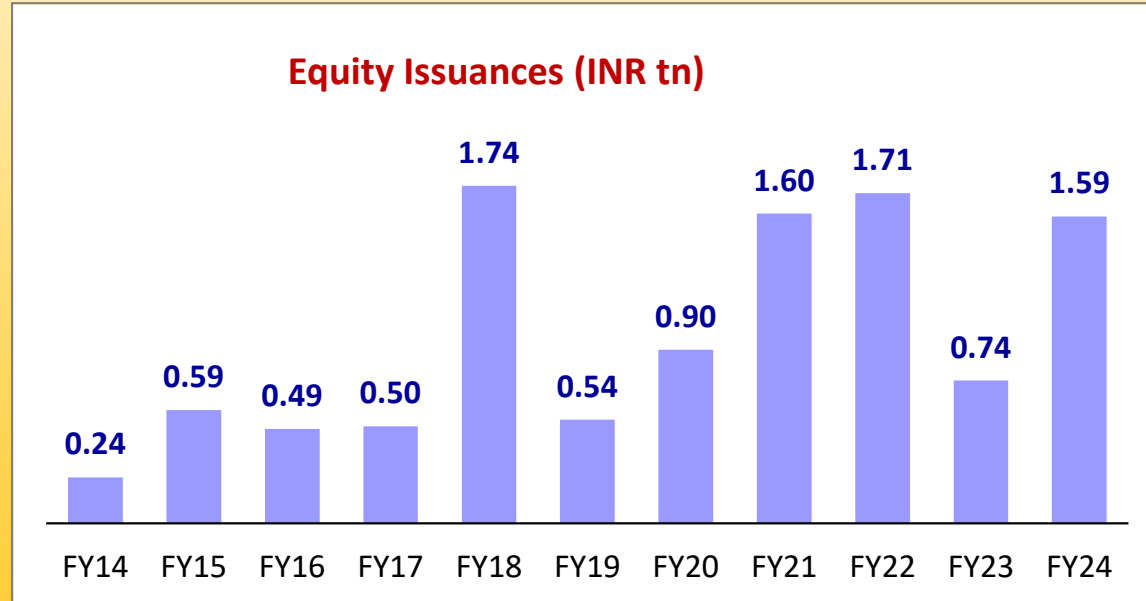
Market Cap to GDP at all-time high levels

□ Sustained DII flows to absorb FII shocks

	Net flows (USD bn)	
	FII	DII
CY12	24.6	-10.9
CY13	20.0	-13.1
CY14	16.2	-4.9
CY15	3.3	10.2
CY16	2.9	5.3
CY17	7.7	14.0
CY18	-4.6	15.9
CY19	14.2	6.0
CY20	23.4	-5.0
CY21	3.8	12.1
CY22	-17.0	32.2
CY23	21.4	22.3

In CY22, as high as USD 17 bn FII selling got absorbed by DII flows

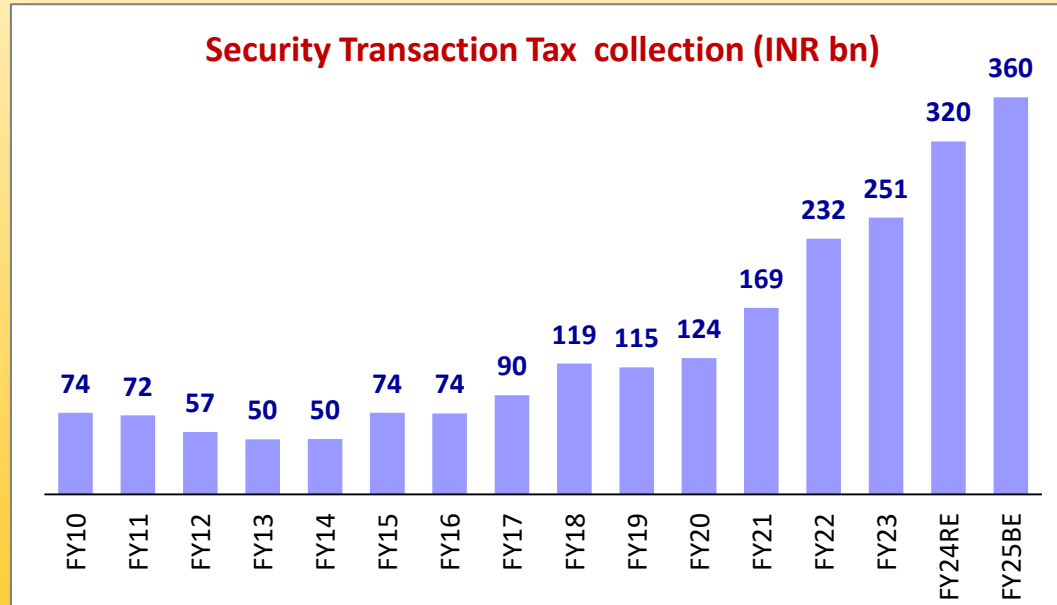
- ❑ Boom in primary market – big boost for entrepreneurship



Positive regulatory changes can lead to robust equity capital market

Impact (continued)

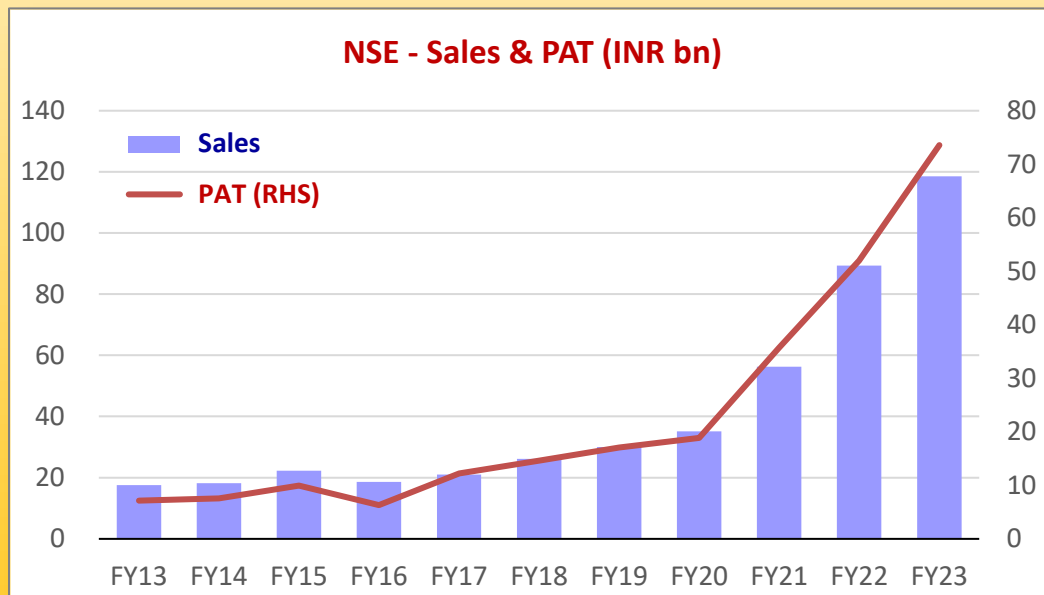
❑ Rise in government revenue



Capital Gains Tax & Dividend Distribution Tax would also have risen – separate figures not available

❑ Superior performance of market-related players

NSE



Revenue CAGR

FY13-20: 10%

FY20-23: 50%

PAT CAGR

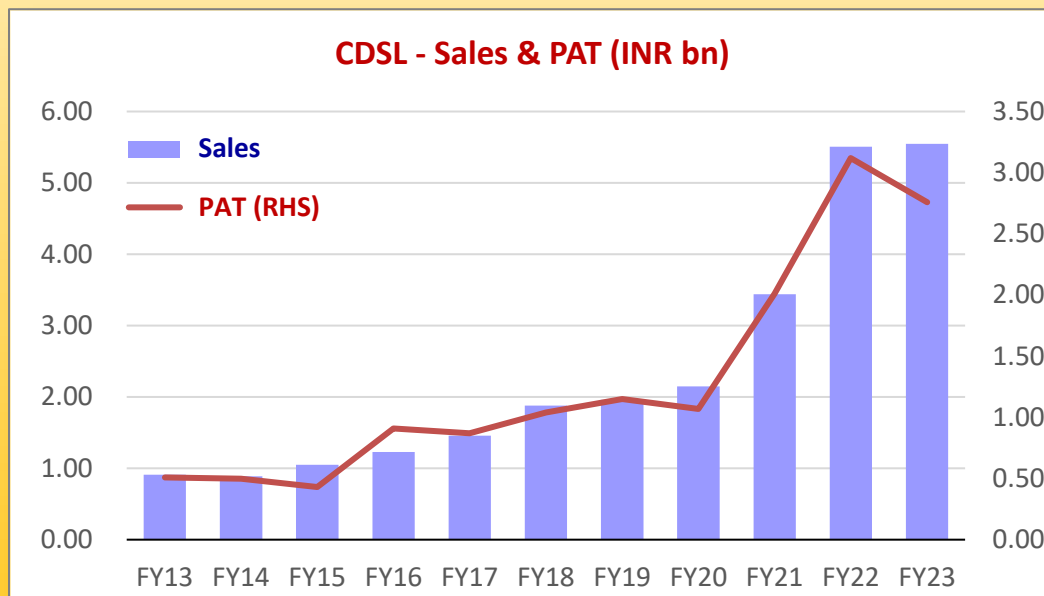
FY13-20: 15%

FY20-23: 57%

Impact (continued)

- ❑ Superior performance of market-related players (*continued*)

CDSL



Revenue CAGR

FY13-20: 13%

FY20-23: 37%

PAT CAGR

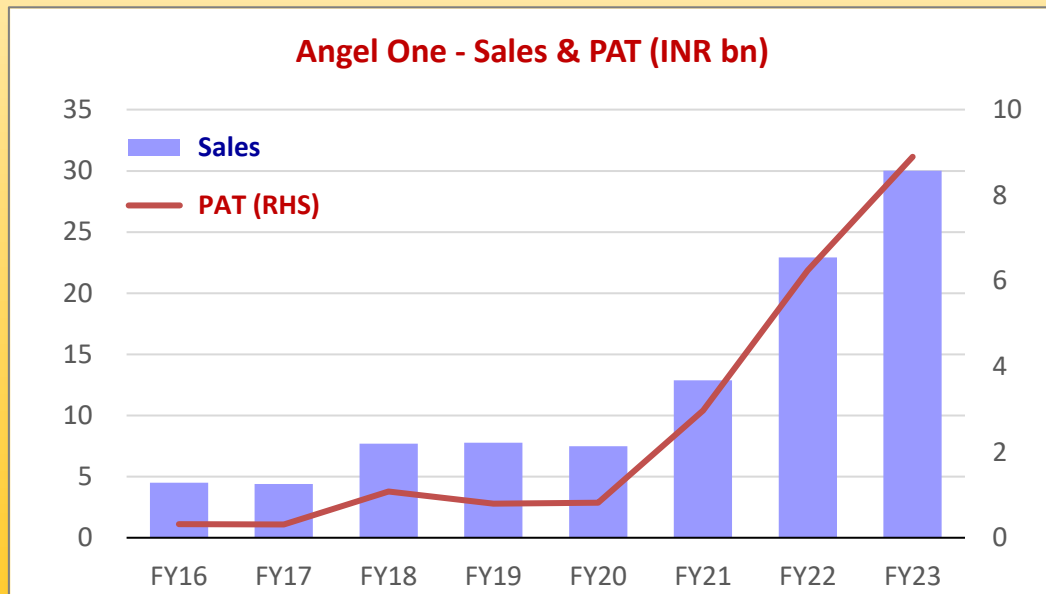
FY13-20: 11%

FY20-23: 37%

Impact (continued)

- ❑ Superior performance of market-related players (*continued*)

Angel One



Revenue CAGR

FY16-20: 13%

FY20-23: 59%

PAT CAGR

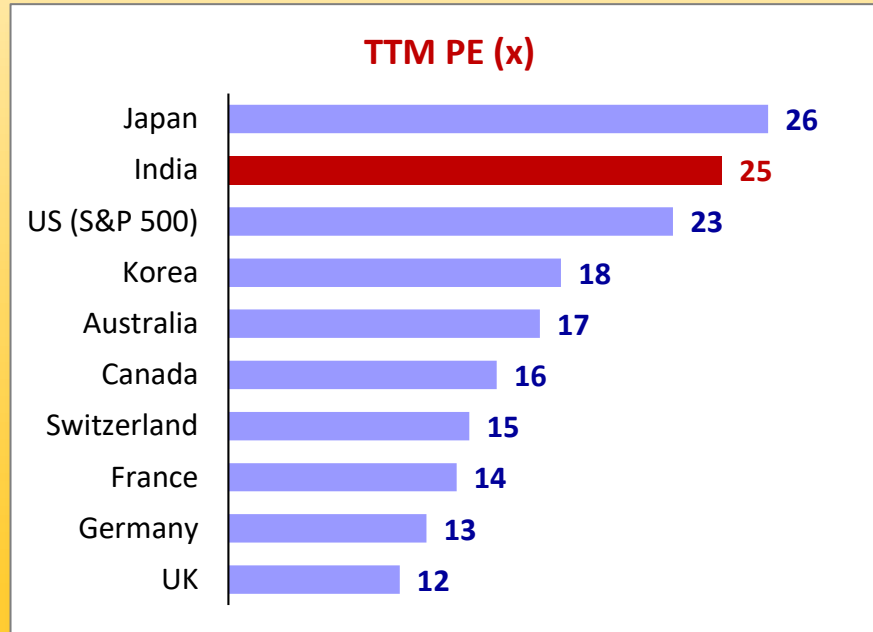
FY16-20: 27%

FY20-23: 121%

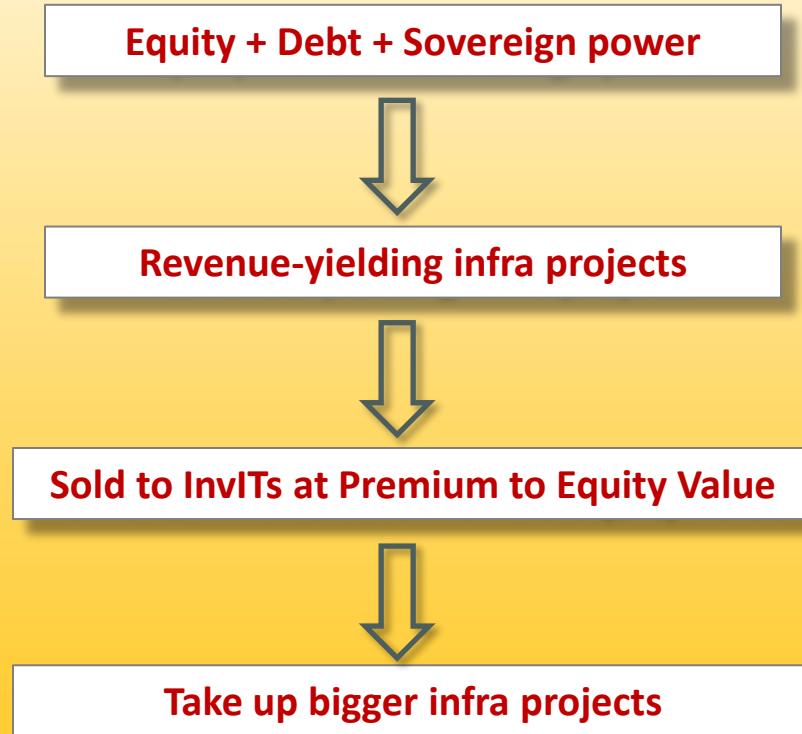
Impact (continued)

☐ Risk of overheated market

India at the top of most richly valued markets



Potential for India's Infrastructure Juggernaut



Conclusions

- ❑ **India's retail equity market is witnessing a revolution, and is likely to become bigger, in the backdrop of savings boom**
 - Demat accounts, ADTO, SIP flows all on a sharp rise
- ❑ **... it has wide-ranging impact**
 - Mostly positive but with a risk of overheated market
- ❑ **... holds possibilities for dynamic capital market**
 - Most liquid and easy to access
- ❑ **... and economic development**
 - Creative financing to build an infrastructure juggernaut
- ❑ **India's Equity Revolution has just about begun!**

Thank You!
&
Ride India's Retail Equity Revolution!!