

Angel One (ANGELONE) - BUY

Company Update

Current Market Price (CMP)

Rs. 225

Target Price

Rs. 315

Rationale:

- Angel One offers attractive risk-reward, given its absolute valuations, recent relative underperformance and a visible rebound in retail activity.
- A sustained recovery in valuation over the medium term will depend on steady revenue traction, margin improvement and a stable regulatory environment.
- The valuation gap between Angel One and listed exchanges also remains puzzling, considering their comparable growth drivers and similar exposure.
- At ~18X FY2027 earnings, we find the current risk-reward favourable, given expectations of a 20-25% earnings CAGR over the next couple of years.
- We Upgrade the stock to BUY, with unchanged Fair Value of Rs. 315.

👍 Positives:

- Angel One reported a sequential recovery in activity levels in 3Q, with early trends in 4Q pointing toward a sequentially stronger quarter.
- Recent bouts of volatility (commodities, union budget) have helped volume growth in Q4. Angel's January average daily volumes were up 25% over December and 17% over the Q3 average.
- The company aims for a ~50% operating margin for the broking business and ~45% for the non-broking business.
- Management's recent guidance on expense growth provides visibility toward margin improvement.

👎 Negatives:

- There are clear risks stemming from intermittent regulatory concerns.



The content of this document has been derived from KIE research report. "Kotak's PCG Research summarizes the report Research Team (Shrikant.Chouhan@kotak.com)." Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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