

# IPO Flash

September 22, 2025

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## Index

### Anand Rathi Share and Stock Brokers Limited

• About the IPO .....	2
• Valuation .....	2
• About the company .....	3
• Industry Overview .....	5
• Key Concerns .....	5
• Key Strategies .....	5
• Valuation and View .....	6
• Financials .....	8

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## Anand Rathi Share and Stock Brokers Limited

IPO Details:	
Issue opens	September 23, 2025
Issue closes	September 25, 2025
Issue size	Upto Rs. 745 crore
Type of issue	Fresh Issue
Offer size	Total issue size for 1,79,95,169 shares (1.8 crore)
Face value	Rs. 5 per share
Price band	Rs. 393 – Rs. 414
Bid lot	36 shares and in multiple thereof
QIB portion	Not more than 50% of the net offer
Non-Institution portion	Not less than 15%
Retail portion	Not less than 35%

Source: Company RHP

### About the IPO

Anand Rathi Share and Stock Brokers Limited (ARSSBL) is an established, over three-decade old, full-service brokerage house in India with over three decades of experience. It operates in highly competitive business environment. It is coming with a fresh issue of Rs. 745 crore, out of which Rs. 550 crore will be utilised for working capital requirement and the rest would be used for corporate purpose. The company witnessed strong growth across the business segment led by margin trading segment and distribution segment.

### Valuation

ARSSBL's revenue and PAT grew at a strong CAGR of 34.5% and 65.8% over FY23-FY25 due to low base. The company reported strong RoE of 23% in FY25 in line with the peers. While revenue growth has been strong and in line with peers, it is noted that the valuation is marginally at a premium. At the upper price band of Rs. 414, it trades on 18.4x its FY25 net earnings.

### Peer Comparison

Company	CMP	Market Cap	Total Revenue in FY25	Revenue CAGR (FY23-FY25)	PAT (FY25)	PAT CAGR (FY23-FY25)	PAT Margin	EPS	RoE	PE
Anand Rathi*	413	2,590	845.7	34.5%	103.6	65.8%	12.2%	22.5	23.1%	18.4x
MOSL	945	57,388	8339.0	30.5%	2,508.0	64.0%	29.8%	41.7	25.0%	22.6x
Angel	2266	20,473	5238	32.1%	1,172.0	14.8%	22.3%	129.8	27.1%	17.5x
Geojit	77.3	2,122	748	30.5%	172.0	30.5%	23.0%	6.0	16.0%	12.9x

Source: Company RHP; \*PE is calculated on upper band, # Market cap is calculated on upper band

### Offer details

Particulars	Issue size
Fresh Issue	Rs. 745 crore
<b>Total</b>	<b>Rs. 745 crore</b>

Source: Company RHP

**Shareholding pattern**

Particulars	Number of shares	Pre offer holding (%)	Number of share Post-Offer Holding (%)	Post-Offer Holding (%)
Promoter and Promoter Group	4,38,45,408	98.1%	4,38,45,408	70%
Public	8,69,150	1.9%	1,88,64,319	30%
Total	4,47,14,558	100.0%	6,27,09,727	100%

Source: Company RHP; Note: the company is professionally managed and does not have any promoter.

Pre-Offer Total number of issued shares	4,47,14,558
Post-Offer Total number of issued shares	6,27,09,727

Source: Company RHP

**Utilization of Proceeds**

The company plans to raise Rs. 745 crore entirely through a fresh issue. The management's primary focus is to strengthen balance sheet liquidity for margin funding and scaling broking operations. With growing client activity in leveraged equity products, higher working capital is expected to enhance revenue streams from interest income.

- ♦ Funding Long-Term Working Capital Requirements: Rs. 550 crore.
- ♦ The Balance is expected to utilised for General Corporate Purposes

**BRLMs:** Nuvama Wealth Management Limited, DAM Capital Advisors Limited, Anand Rathi Advisors Limited

**About the company**

Anand Rathi Share and Stock Brokers Limited, established in 1991, is a full-service brokerage firm and part of the Anand Rathi Group. The company provides broking services, margin trading, and financial product distribution under the "Anand Rathi" brand. They offer investment opportunities in various markets, such as equity, derivatives, commodities, and currency, to a diverse clientele. As of March 31, 2025, the company had a well-established client base, with 84.36% of its active clients being over 30 years old. With over three decades of industry experience and diverse offerings, the firm is strategically positioned for future growth. Their extensive network includes 90 branches and 1,125 authorized agents across 290 cities, serving clients in Tier-1, -2, and -3 cities. Additionally, the company provides online platforms to enhance accessibility. Its operations are supported by a strong team of 2,082 permanent employees, as of March 31, 2025.

**Offerings & Services:**

- ♦ **Broking services (60.3% of revenues):** The company provides broking services to retail, high net worth, ultra-high net worth individuals, and institutions across equity, derivatives, commodities, and currency markets through branches, authorised agents, and digital platforms.
- ♦ **Margin Trading Facility (13.5% of revenues):** The company offers margin trading facilities, allowing clients to leverage eligible collateral for equity cash delivery trades. Funding is based on margin requirements set by stock exchanges. The company has witnessed robust growth in the segment over the last two years.
- ♦ **Distribution of investment products (9.3% of revenues):** The company distributes third-party financial products, including mutual funds, AIFs, fixed deposits, bonds, and portfolio management services, through relationship managers and digital platforms.
- ♦ **Other Revenues:** 16.9% of revenues comprising mainly of interest on deposits, Govt. securities, bonds, etc.

**Business Segments**

(Rs. Crore)	FY23	FY24	FY25	FY23-FY25 (CAGR)
Broking & related services	317.3	457.8	510.3	26.8%
Interest on Margin Trading	54.2	75.9	114.3	45.2%
Distribution income	50.8	56.4	78.3	24.2%
Other income	45.6	91.7	142.8	77.0%
<b>Total</b>	<b>467.8</b>	<b>681.8</b>	<b>845.7</b>	<b>34.5%</b>

Source: Company RHP

**Business Segments (Growth, %)**

	FY24	FY25
Broking & related services	44.3%	11.5%
Interest on Margin Trading	40.0%	50.5%
Distribution income	11.1%	38.9%
Other income from Operations	101.1%	55.8%
<b>Total</b>	<b>45.7%</b>	<b>24.0%</b>

Source: Company RHP

**Revenue Mix (%)**

	FY23	FY24	FY25
Broking & related services	67.8%	67.1%	60.3%
Interest on Margin Trading	11.6%	11.1%	13.5%
Distribution income	10.9%	8.3%	9.3%
Other income from Operations	9.7%	13.4%	16.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company RHP

**Brief profile of directors, senior management and KMPs**

- ◆ **Pradeep Navratan Gupta, Chairman and Managing Director**, has been associated with Company since 1991 and has 32 years of experience in financial services. He holds a bachelor's degree in commerce from University of Rajasthan. He started his professional journey as a director in 1988 with Daman Ganga Textiles Private Limited. He played an instrumental role in setting up of the institutional broking and investment services arms of Company the company and remains the driving force behind our network of branches and Authorised persons across India.
- ◆ **Roop Kishor Bhootra, Whole-Time Director**, has been associated with Anand Rathi Group since May 4, 1995. He had an all-India rank of 29 in the final examination conducted by the Institute of Chartered Accountants of India. He heads the investment services wing. He has 29 years' experience in financial services in the field of building the investment services arm, formulating business, strategies, and was involved in sales, operations, process management, risk management and technology upgradation.
- ◆ **Vishal Jugal Kishore Laddha, Whole-Time Director**, has been associated with the Anand Rathi group since September 1, 1994. He was admitted as an Associate of the Institute of Chartered Accountants of India on September 23, 1996. He has 29 years of experience handling various areas of business in financial service industry. He has been actively involved in the institutional equity segment of company.
- ◆ **Priti Pradeep Gupta, non-executive director**, has been associated with the Anand Rathi group since January 22, 1992. She has obtained a post-graduation diploma in management from SP Jain Institute of Management & Research, Mumbai. She is currently also associated with LXME Acquaintance LLP, Ishika Focus Film Production LLP, and Navratan Foundation LLP. She has over 30 of experience in financial services.

- ◆ **Tarak Kumarpal Shah, Chief Financial Officer**, has been associated with the company since August 22, 2022. In his current role, he is responsible for treasury, corporate finance, accounts, taxation, audit, business finance, commercial and controlling teams in Company. He has passed final examination conducted by the Institute of Chartered Accountants of India. He is certified Chartered Global Management Accountant. Prior to joining our Company, he was associated with BSR & Co. LLP. He has over 15 years of experience in accounting and finance operations.

## Industry Overview

- ◆ **Favorable Demographics and Market Penetration:** India's young population is a key driver for the broking industry. The country's median age is projected to remain below 35 for the foreseeable future, ensuring a sustained supply of young, potential investors. Despite this large population, only about 4-5% of Indians invest in the stock market, which is a small fraction compared to countries like the US (55%), the UK (33%), and China (13%). This significant gap highlights a massive, untapped market with vast growth potential.
- ◆ **Shifting household savings:** Indian households are increasingly moving their savings from traditional physical assets (like gold and real estate) to financial instruments. The proportion of savings allocated to equities and mutual funds was 8% in FY24 and is projected to reach 12% by FY33. This shift provides a steady and growing stream of capital for the stock market.
- ◆ **Digitalisation and growth in tier-2/3 cities:** The rise of digital trading platforms has enabled brokerage firms to expand their reach far beyond major metropolitan areas. Over 60% of new investments are now coming from Tier 2 and Tier 3 cities, indicating that technology is democratizing access to financial markets. Cloud computing, real-time analytics, and secure digital payment systems are also playing a crucial role by improving efficiency and reducing costs for brokers.
- ◆ **Rise of derivatives trading:** India has become a global leader in derivatives trading, largely due to the surge in participation from retail investors. The share of derivatives trading volumes from retail investors has jumped from 2% in 2018 to 41% in 2023. By May 2024, the monthly notional value of derivatives traded reached an impressive Rs. 9,504 trillion (\$113.6 trillion). The introduction of new derivative products by SEBI has further enhanced market liquidity and created new revenue opportunities for brokers.

## Key Concerns

- ◆ Any adverse decision against the ongoing legal issues pertaining to the business/promoters may impact operations.
- ◆ Adverse market conditions due to slowdown may affect capital market activities, consequently it may also impact revenues of the company.
- ◆ Regulatory changes may impact operations and profitability.
- ◆ Change in global macros can impact the capital market activities which may affect investor sentiment and business growth.

## Key Strategies

- ◆ Strong GDP growth may drive capital market activities; hence the management can capitalize on the opportunities, resulting in top line and bottomline growth.
- ◆ Management has strong experience which can help to tap opportunities in tier-2 cities and below that offer significant and long-term opportunity.

- ◆ Focus on MTF segment may help to increase interest income also distribution of product and services would help to add revenues. Majority of proceeds are expected to utilise for MTF.
- ◆ As the participation of number of people in the stock market in Indian is low as compared to US and European market hence it offers long term opportunities for the industry/company to increase client base

### Competitive Strengths:

- ◆ **Established brand and experienced management:** The company is backed by experienced promoters and a strong management team. Besides, it is a full-service brokerage house with diversified revenue streams.
- ◆ The company has strong track record of financial performance and consistent growth.
- ◆ **The highest ARPC amongst peer set:** The firm's focus on higher age and vintage clients has translated into superior Average Revenue per Client (ARPC), which stood at Rs. 29,347 in FY25—as per the RHP, the highest among peers. Notably, 58.91% of clients have been with the company for more than three years, and 44.88% for over five years, underscoring client stickiness.
- ◆ The company's **margin trading facility (MTF) reported robust growth in the last two to three years.** MTF income has grown nearly 2.5x in two years.

### Valuation and View

ARSSBL's revenue and PAT grew at a strong CAGR at 34.5% and 65.8% over FY23-FY25 due to low base. The company reported strong RoE at 23% in FY25 in line with the peers. While revenue growth has been strong and in line with peers, it is noted that the valuation is marginally at a premium. At the upper price band of Rs. 414, it trades on 18.4x its FY25 net earnings.

## Peer Comparison

Consolidated Operating Revenue (Rs. Crore)	Anand Rathi	MOSL	Geojit Financials	Angel One
FY23	467.8	4177.1	439.2	3002.0
FY24	681.8	7104.0	614.0	4272.0
FY25	845.7	8339.0	748.0	5238.0
CAGR (FY23-FY25)	34.5%	41.3%	30.5%	32.1%
<b>Consolidated EBITDA Margin</b>				
FY23	24.6%	45.0%	33.6%	43.0%
FY24	33.8%	57.4%	37.1%	40.0%
FY25	36.8%	55.0%	38.0%	37.8%
<b>Consolidated PAT Margin</b>				
FY23	8.1%	22.0%	22.6%	29.0%
FY24	11.3%	34.1%	23.9%	26.0%
FY25	12.2%	29.8%	23.0%	22.3%
<b>Consolidated EPS</b>				
FY23	9.4	15.7	3.5	107.0
FY24	18.2	41.0	5.2	134.0
FY25	22.5	41.7	6.0	129.8
CAGR (FY23-FY25)	54.9%	62.8%	31.3%	10.1%
<b>Consolidated RoE</b>				
FY23	15.32%	15.00%	13.00%	41.00%
FY24	23.50%	33.00%	16.00%	37.00%
FY25	23.12%	25.00%	16.01%	27.07%
<b>Consolidated RoCE</b>				
FY23	16.72%	11.00%	15.00%	44.00%
FY24	21.48%	20.53%	17.00%	30.00%
FY25	21.32%	18.38%	19.40%	22.00%
<b>Active Clients</b>				
FY23	1,54,470	8,10,000	2,40,000	42,80,000
FY24	1,75,699	8,90,000	2,50,000	63,00,000
FY25	2,21,510	10,20,000	2,50,000	75,80,000
CAGR	19.7%	12.2%	2.1%	33.1%
<b>ARPC</b>				
FY23	26,012	20,897	8,869	4,859
FY24	30,922	25,393	11,486	4,628
FY25	29,347	24,469	11,999	4,360
CAGR	6.2%	8.2%	16.3%	-5.3%
<b>MTF</b>				
FY23	376	1,329	247	1,005
FY24	617	3,494	468	1,484
FY25	685	4,081	NA	3,699
CAGR	35.0%	75.2%	NA	91.8%

Source: Company RHP

## Financials

### Income Statement (Consolidated)

Particulars	FY23	FY24	(Rs. crore) FY25
Interest Income	131.2	215.1	321.2
Fees and income	336.1	466.7	524.2
Other income	1.4	1.5	1.6
Total Income	468.7	683.3	847.0
Operating Expenses	352.8	450.1	533.2
Interest expenses	49.5	96.5	146.7
<b>EBIT</b>	<b>100.5</b>	<b>211.9</b>	<b>287.1</b>
<b>PBT</b>	<b>51.0</b>	<b>115.4</b>	<b>140.4</b>
Tax	13.2	38.1	36.8
<b>PAT</b>	<b>37.7</b>	<b>77.3</b>	<b>103.6</b>
EPS	9.4	18.2	22.5

Source: Company RHP

### Balance Sheet as of March, 31 (Consolidated)

Particulars	Mar-23	Mar-24	(Rs. crore) Mar-25
<b>Financial Assets</b>			
Cash and cash equivalents	923.5	1,569.4	2,233.8
Receivable	203.8	247.0	253.2
Loans	376.6	617.3	685.5
Others	49.0	68.9	93.3
	1,553.0	2,502.7	3,265.8
<b>Non-Financial Assets</b>			
PPE	20.7	28.0	38.4
Others	55.0	54.4	60.8
	75.8	82.4	99.2
<b>Total Assets</b>	<b>1,628.8</b>	<b>2,585.1</b>	<b>3,365.0</b>
<b>Equities &amp; Liabilities</b>			
<b>Equity</b>			
Equity share capital	20.2	22.2	22.2
Other equity	245.1	370.5	481.6
<b>Total Equity</b>	<b>265.2</b>	<b>392.7</b>	<b>503.8</b>
Other Liabilities			
Trade payables	878.7	1,221.6	1,856.0
Debt Securities	123.5	245.8	136.7
Borrowings (Other than Debt Securities)	299.5	633.4	768.9
Others	61.8	91.6	99.7
	1,363.5	2,192.4	2,861.2
<b>Total Liabilities</b>	<b>1,628.8</b>	<b>2,585.1</b>	<b>3,365.0</b>

Source: Company RHP

### Key Ratio Analysis (Consolidated)

Ratio	FY23	FY24	FY25
EBITDA Margin	24.7%	34.1%	37.0%
PAT Margin	8.1%	11.3%	12.2%
RoE	14.2%	23.5%	23.1%
ROCE	16.72%	21.48%	21.32%

Source: Company RHP

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