

Company Overview

Anand Rathi Share and Stock Brokers Limited is an established full-service brokerage house in India with a track record of over 30 years. The company provides broking services, margin trading facilities, and the distribution of financial products under the brand "Anand Rathi" to a diversified client base comprising retail investors, high-net-worth individuals, ultra-high-net-worth individuals, and institutions. Its investment offerings extend across multiple asset classes, including equities, derivatives, commodities, and currencies. As of March 31, 2025, 186,859 active clients of the company, representing 84.4% of the total active clients, were aged above 30 years, highlighting its strong presence among mature investor segments. As of March 31, 2025, the company offered its broking and other financial services through (i) a network of 90 branches spread across 54 cities in India; (ii) a network of 1,125 Authorised Persons (being agents appointed after approval from the relevant stock exchanges) across 290 cities in India; and (iii) its online and digital platforms. This multi-channel presence, comprising a pan-India branch network, Authorised Persons, and digital platforms, enables Anand Rathi to service clients across Tier 1, Tier 2, Tier 3, and other cities. The company categorises its offerings as Broking Services, Margin Trading Facility (MTF), and Distribution of Investment Products. In FY25, Broking and related services remained the largest contributor to revenue at Rs. 5,103 million, up from Rs. 4,578 million in FY24 and Rs. 3,173 million in FY23. Revenue from Interest on MTF grew to Rs. 1,143 million in FY25 from Rs. 759 million in FY24 and Rs. 542 million in FY23, reflecting increasing client adoption. Distribution of investment products contributed Rs. 783 million in FY25, up from Rs. 564 million in FY24 and Rs. 508 million in FY23. Other income from operations also expanded significantly to Rs. 1,428 million in FY25 from Rs. 917 million in FY24 and Rs. 456 million in FY23, highlighting diversified revenue streams across the business. The company operates internationally through its subsidiary, Anand Rathi International Ventures (IFSC) Private Limited, which is a trading member of India International Exchange (IFSC), NSE IFSC, and India International Bullion Exchange. This entity enables the company to cater to non-resident Indians and family offices, offering access to international equities and products, thereby extending its reach beyond domestic markets.

Objects of the issue

The company proposes to utilise net proceeds from the issue towards the following objects:

- ⇒ Funding long-term working capital requirements of the company; and
- ⇒ General corporate purposes.

Investment Rationale

Industry leading ARPC and expanding MTF book strengthen growth outlook

The company has demonstrated strong client stickiness and revenue visibility, underpinned by the vintage and demographic profile of its active clients as well as healthy monetisation through its MTF. As of March 31, 2025, ~59% of active clients had a relationship vintage of more than three years, highlighting a stable and mature client base that contributes significantly to recurring revenues, while clients above 30 years of age accounted for ~84% of the total base and ~60.5% of AUC, reflecting the higher investible corpus and product adoption of this cohort. This structural mix has supported industry-leading ARPC, which stood at Rs. 29,347/Rs. 30,922/Rs. 26,012 across FY25/FY24/FY23, aided by a combination of client longevity, affluent profile, and diversified investment offerings. Notably, as of March 31, 2025, the firm managed a total AUC of Rs. 3,67,982 million, with ~61% belonging to clients aged above 30 years, underscoring the long-term growth potential of its advisory-led approach. The MTF business further strengthens monetisation, with ARPC from MTF clients (Rs. 197,490 in FY25) being ~9x higher than non-MTF clients (Rs. 21,206), and the MTF book itself expanding at a robust CAGR of ~35% over FY2023-25 period to reach Rs. 6,855 million by FY25, while maintaining zero NPAs. The spread of the MTF book, with ~41% of exposure concentrated in ticket sizes above Rs. 5 million, indicates a premium client segment leveraging the facility for higher-yielding strategies, thereby enhancing return ratios without compromising on asset quality. Together, the entrenched client vintage, beneficial age profile, consistent AUC growth, and differentiated monetisation through MTF create a highly sustainable revenue model with both stability and scalability,

Issue Details

Offer Period	23rd September, 2025 - 25th September, 2025
Price Band	Rs. 393 to Rs. 414
Bid Lot	36
Listing	BSE & NSE
Issue Size (no. of shares in mn)	17.9
Issue Size (Rs. in bn)	7.5
Face Value (Rs.)	5

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	Nuvama Wealth Management Limited, DAM Capital Advisors Limited, Anand Rathi Advisors Limited
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Registrar	MUFG Intime India Private Limited
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	98.1%	69.9%
Public	1.9%	30.1%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

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Anand Rathi Share and Stock Brokers Ltd.

positioning the company strongly for future growth.

Diversified revenue, expanding client base, and strong non-broking business supports growth outlook

The company has built a well-diversified revenue profile and robust client acquisition engine, leveraging both its physical network and digital platforms to deliver consistent growth. In FY25, revenue from operations stood at Rs. 8,457 million, led by the Broking Segment at Rs. 5,103 million (60.3%), the Non-Broking Segment at Rs. 1,926 million (22.8%) and other income from operations at Rs. 1,428 million. The Non-Broking Segment, comprising mutual fund distribution, portfolio management, and MTF, expanded at a strong CAGR of 35.4% between FY23-25, outpacing the Broking Segment's CAGR of 26.8% during the same period, underscoring rising traction in high-value ancillary services. Within Broking, brokerage income increased to Rs. 4,294 million in FY25 (vs. Rs. 3,956 million in FY24), with 36.7% sourced from digital platforms and 63.3% from dealers and Authorised Persons, reflecting a balanced omni-channel mix. Active clients rose sharply to 2,21,510 in FY25 (vs. 1,75,699 in FY24 and 1,54,470 in FY23), with a wide geographic distribution across Tier 1 cities (27.1%), Tier 2 cities (18.4%), and Tier 3/other cities (54.5%), highlighting deep nationwide penetration. Furthermore, the share of equity cash brokerage in total brokerage income improved from 39.7% in FY23 to 54.3% in FY25, indicating stronger client engagement in cash equity markets. Supported by its omni-channel presence of 90 branches, 1,125 Authorised Persons, and strong digital adoption, the company has scaled client onboarding and servicing efficiently, while building a resilient, multi-segment revenue base that provides a solid platform for sustainable long-term growth.

Valuation

Anand Rathi is a 30+ year-old full-service Indian brokerage with a comprehensive suite of offerings, catering to retail investors, high-net-worth individuals, ultra-high-net-worth individuals, and institutional clients across India and internationally, via an established channel. The focus on cross-selling a diversified suite of investment solutions, particularly scaling the high-ARPC MTF business, should drive higher client stickiness and wallet share, positioning the company to benefit from the Rs. 879 billion and fast-growing MTF market (87% CAGR over FY20-Q1FY26 period). Concurrently, the rapid growth in distribution AUM (Rs. 31,572 million in FY23 to Rs. 64,598 million in FY25, CAGR 43.0%) highlights the strong traction in ancillary services, which carry higher scalability and profitability. The strategy to deepen penetration in Tier 2 and Tier 3 cities through omni-channel expansion, while targeting affluent and digitally savvy segments, expands the addressable client base meaningfully beyond Tier 1 cities. Moreover, continued investments in technology, including AI-led personalisation, risk management, and sales enablement, are likely to enhance operational efficiency and client engagement, creating operating leverage. Finally, the deliberate strengthening of the relationship manager network supports a relationship-driven broking model, crucial for sustaining high ARPC and premium positioning in a competitive industry. Financially, the company delivered a strong performance, growing revenue, EBITDA, and PAT at a CAGR of 34%, 64%, and 66%, respectively during FY2023-25 period, while expanding its EBITDA margin from 24.6% in FY23 to 36.8% in FY25, driven by cost optimisation and operational efficiency. On the return front, the company reported robust RoACE and RoAE of 21.3% and 23.1%, respectively, in FY25, reflecting healthy and sustainable profitability. **On the upper price band, the company is currently valued at a P/E of 18.4x based on FY25 earnings, largely in line with listed peers. Driven by superior client monetisation, diversified revenues, robust margins, and scalable technology-led platforms, we believe that the company is well-positioned to capitalise on industry tailwinds and deliver sustainable growth. Thus, we recommend a "SUBSCRIBE" rating for this issue from a medium to long-term perspective.**

Anand Rathi Share and Stock Brokers Ltd.

Key Risks:

- ⇒ The company operates in an intensely competitive financial services industry, facing competition from leading full-service domestic and international brokers, discount brokers, individual brokers, investment advisors, and banks.
- ⇒ Anand Rathi operates in a highly regulated environment, with its domestic and international operations subject to multiple regulatory bodies, including SEBI, NSE, BSE, MCX, IFSCA, and others. Regulatory changes, overlapping rules across jurisdictions, and evolving interpretations may limit business activities, impose conditions, or increase compliance costs. Such regulatory risks could adversely impact the company's operations, profitability, and strategic flexibility.
- ⇒ The company has received a notice from SEBI seeking a compliance report with respect to the 'fit and proper' person criteria under the SEBI (Intermediaries) Regulations, 2008. Any adverse order arising from these proceedings could materially and adversely affect the company's business, results of operations, and financial condition..

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Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue from Operations			
Interest Income	1,312	2,151	3,212
Fees and Commission Income	3,361	4,667	5,242
Net gain on fair value changes	6	0	3
Total revenue from operations	4,678	6,818	8,457
Expenses			
a) Fees and commission expense	945	1,260	1,280
b) Employee Benefits Expense	1,691	2,148	2,725
c) Impairment on financial instruments	0	11	12
d) Other Expenses	891	1,093	1,327
Total operating expenses	3,528	4,512	5,344
EBITDA	1,151	2,306	3,113
Depreciation & amortization	155	201	255
EBIT	996	2,105	2,858
Finance Costs	495	965	1,467
Other Income	9	15	13
PBT	510	1,154	1,404
Current Tax	136	295	363
Deferred tax	-3	87	4
Total tax	132	381	368
Net Profit	377	773	1,036
Diluted EPS	9.4	18.2	22.5

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	151	1,869	6,918
Cash flow from/(used in) investing activities	-1,367	-5,993	-5,774
Net cash flows (used in) / from financing activities	1,081	4,186	-1,123
Net increase/(decrease) in cash and cash equivalents	-134	62	21
Cash and cash equivalents at the beginning of the period	423	292	355
Cash and cash equivalents at the end of the period	289	354	376

Source: RHP, BP Equities Research

Anand Rathi Share and Stock Brokers Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
Assets			
Financial Assets			
(a) Cash and cash equivalents	292	355	377
(b) Bank balances other than (a) above	8,943	15,340	21,962
(c) Trade receivables	2,038	2,470	2,532
(d) Loans	3,766	6,173	6,855
(e) Investments	91	25	65
(f) Other financial assets	399	664	868
Total Financial Assets	15,530	25,027	32,658
Non-Financial Assets			
(a) Current tax assets (Net)	59	0	0
(b) Deferred tax assets (Net)	76	0	0
(c) Investment Property	77	76	0
(d) Property, plant and equipment	207	280	384
(e) Intangible assets under development	2	0	0
(f) Other intangible assets	110	102	114
(g) Right of use Assets	169	286	344
(h) Other non-financial assets	57	80	150
Total Non-Financial Assets	758	824	992
Total Assets	16,288	25,851	33,650
Equity and Liabilities			
Equity Share Capital	202	222	222
Other Equity	2,451	3,705	4,816
Total Equity	2,652	3,927	5,038
Liabilities			
Financial Liabilities			
(a) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	0	1	1
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,787	12,216	18,559
(b) Debt securities	1,235	2,458	1,367
(c) Borrowings (other than debt securities)	2,995	6,334	7,689
(d) Deposits	93	86	86
(e) Other financial liabilities	169	290	347
Total Financial Liabilities	13,279	21,385	28,048
Non-Financial Liabilities			
(a) Current tax liabilities (net)	0	19	8
(b) Provisions	216	335	401
(c) Deferred tax liabilities (net)	0	10	14
(d) Other non-financial liabilities	140	175	140
Total Non-Financial Liabilities	356	539	564
Total Liabilities	13,635	21,924	28,612
Total Equity and Liabilities	16,288	25,851	33,650

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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