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22nd September, 2025

Date – September 22, 2025 | Anand Rathi Share & Stock Brokers Ltd. | Subscribe

IPO Details	
Price Band (INR)	INR 393 – INR 394
Face Value (INR)	5
Issue Open/Closing Date	Sept 23, 2025 to Sept 25, 2025
Fresh Issue (in INR crores)	745
OFS (in INR crores)	-
Total Issue (in INR crores)	745
Implied Market Cap (in INR crores; at higher band)	2,596.18
Object of the Issue	• Funding long-term working capital requirements of the company

Strengths
Broad product mix and established distribution
Strong cash / liquid balances
Growing net worth and profitability
Scale in borrowings and lending book

Risk
Client / regulatory custody and liquidity risk
Credit / counterparty risk on margin / loan book
Interest / funding cost sensitivity
Competition & client acquisition costs

Particular (in INR crores)	FY23	FY24	FY25
Revenue	847.0	683.3	468.7
EBITDA	311.3	230.6	115.1
EBITDA Margin	36.8%	33.8%	24.6%
PAT	103.6	77.3	37.8
PAT Margin	12.2%	11.5%	8.1%
EPS (in INR)	18.2	9.4	15.1
ROE (in %)	23.1%	23.5%	15.3%
ROCE (in %)	21.3%	42.6%	42.7%
Fixed Asset T/O	9.5	15.9	12.5

Source: Wealthyvia Research

About the Company:

- Anand Rathi Share & Stock Brokers Ltd. (ARSSBL) is part of the Anand Rathi group and operates as a diversified financial services company with a primary focus on broking, margin funding and distribution services. The company provides a broad suite of offerings, including equity and commodity broking for retail and institutional clients, margin trading facility and lending solutions, and distribution of third-party financial products such as mutual funds and insurance.
- ARSSBL has developed a large and growing client base, supported by an extensive branch and sub-broker network, strong digital platforms, and the brand equity of the Anand Rathi group. Its business model is asset-light, with high revenue scalability relative to fixed asset requirements, while profitability is supported by both transaction-based income and recurring trail income streams. The company also benefits from substantial liquidity in the form of client deposits and bank fixed deposits, which strengthen its balance sheet and support lending operations, positioning it as a stable and growth-oriented player in India's financial intermediation space

Industry Outlook:

The Indian capital markets industry is undergoing a structural transformation driven by deeper retail participation, rapid digital adoption, and financialisation of household savings. Discount brokers and fintech platforms are reshaping client expectations with low-cost, technology-driven services, creating margin pressure for traditional brokers while also expanding the overall market. Rising demand for margin trading and leverage products reflects the growing sophistication of retail investors, though regulatory oversight remains tight to safeguard systemic stability. Mutual fund penetration and distribution of third-party financial products continue to gain traction, providing recurring income opportunities. Overall, the industry is shifting towards a high-volume, low-cost, technology-intensive model, where scale, cross-selling capabilities, and digital efficiency will determine market leadership.

Rising retail participation in capital markets:

The structural shift of Indian household savings from physical assets (gold, real estate) to financial assets is accelerating, driven by higher financial literacy, digital onboarding, and robust equity market returns. With record demat account openings and rising volumes in cash, derivatives, and mutual funds, brokers like ARSSBL stand to benefit from both higher trading activity and long-term client stickiness. A larger and more engaged retail investor base creates recurring income opportunities through brokerage, margin funding, and distribution fees.

Expansion of distribution income:

ARSSBL distributes a wide range of third-party financial products, including mutual funds, insurance, and fixed-income products. As retail investors move towards financial planning and long-term wealth creation, assets under management (AUM) are expected to rise significantly. Trail income from mutual funds and renewals in insurance offers a stable and recurring revenue stream, reducing dependence on cyclical broking income. Cross-sell within the existing client base provides low-cost growth opportunities, while rising SIP inflows across the industry add further scalability.

Cross-selling across the Anand Rathi Group:

The company belongs to a diversified financial services group, with an established presence in wealth management, insurance distribution, and commodities. This group synergy creates a natural advantage in cross-selling multiple financial solutions to existing clients, thereby increasing wallet share per client. For example, a broking customer can be offered wealth advisory or insurance solutions, enhancing client stickiness and lifetime value. Such cross-leverage of the client base strengthens customer relationships and creates higher entry barriers for competitors.

Digital adoption and platform enhancement:

Technology-driven platforms are reshaping the broking industry, with mobile trading, AI-based advisory, and digital onboarding becoming mainstream. ARSSBL's focus on strengthening its digital ecosystem can drive efficient client acquisition at scale, improve customer engagement, and lower cost-to-income ratios. Enhancements in trading platforms, analytics tools, and mobile-first solutions will be critical to compete with fintech-led discount brokers, while simultaneously providing a premium experience to wealth and retail clients. Strong digital adoption also facilitates better cross-selling of financial products.

Macro-economic and policy support:

Robust GDP growth, rising disposable incomes, and favourable demographics provide a strong backdrop for capital market expansion in India. Policy reforms such as increased regulatory focus on investor protection, digitisation of KYC, and government encouragement of household participation in financial assets create a supportive environment. Rising market capitalisation and broader participation across Tier-II and Tier-III cities ensure a wider growth runway for ARSSBL, which already has an established distribution network.

Our view:

ARSSBL's scalable model, strong liquidity, and retail participation tailwinds provide solid growth visibility, while cyclical broking dependence and competition pose risks. Overall, the IPO merits a **subscribe with caution** for medium-to-long-term investors.

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