

Anand Rathi Share & Stock Brokers Ltd.

Company Overview:

Anand Rathi Share & Stock Brokers Ltd. (ARSSBL) is a full-service brokerage house with over 30 years of experience. The company provides broking services, margin trading facilities, and distribution of financial products to a diverse client base. It caters to retail, HNI, UHNI, and institutional investors across multiple asset classes, including equities, derivatives, commodities, and currencies. As of March 2025, ARSSBL operated through a network of 90 branches across 54 cities in India, supported by 1,125 authorised persons across 290 cities. The company also offers robust digital platforms through its proprietary website and mobile applications—‘Trade Mobi’, ‘AR Invest’, ‘MF Client’, and ‘Trade Xpress’—enabling a seamless trading and investment experience.

Key Highlights:

1. Diversified revenue streams through full-service offerings: ARSSBL has a wide range of revenue streams with broking contributing 60% of revenue, non-broking services contributing 23% of revenue and other income from operations contributing 17% of revenue. The contribution from non-broking revenues helps reduce dependence on market volatility and provides revenue diversification. The company has been actively increasing its income from the distribution of financial products, particularly mutual funds, to capture industry-wide growth driven by rising retail investor participation.

2. Pan India presence: ARSSBL serves clients through (a) a physical network of 90 branches in 54 cities, (b) a strong base of 1,125 authorised persons across 290 cities, and (c) digital platforms catering to retail, HNI, UHNI, and institutional clients. Its digital-first approach enables efficient customer acquisition and service delivery in locations without physical presence.

3. Robust ARPC driven by healthy client vintage: The company enjoys one of the highest ARPC (Average Revenue per Client) levels in the broking industry, underpinned by strong client vintage and a personalised client engagement model. As of March 2025, ARSSBL had an active client base of 2,21,510, of which ~59% had a vintage of over 3 years and ~45% had a vintage of more than 5 years—demonstrating deep and long-standing client relationships.

4. MTF business aiding ARPC growth: The MTF business has been a key contributor to ARPC expansion. Clients availing MTF services generate significantly higher revenues compared to non-MTF clients, strengthening ARSSBL’s overall profitability profile. (see page no. 03). MTF book has grown from Rs 377 cr in FY23 to Rs 686 cr in FY25, a CAGR of 35% over FY23-25.

Valuation: At the lower and upper price bands, Anand Rathi Share & Stock Brokers Ltd. is valued at an FY25 P/E of 23.8x/25.1x on a post-issue capital basis. Backed by the strong Anand Rathi Group brand, ARSSBL stands out with one of the highest ARPCs in the industry. Supported by rising retail investor participation, its diversified business model, and robust client franchise, the company is well-positioned for sustained growth. Historically, ARSSBL recorded a CAGR of 34%/65%/66% in Revenue/EBITDA/PAT, respectively during the FY23-FY25 period, showcasing the company’s robust financial performance. Considering the growth potential of the capital markets over the period FY25-28P at a CAGR of 16-18%, we recommend that investors to SUBSCRIBE to the issue for the long term at the cut-off price.

Issue Details	
Date of Opening	23 th September 2025
Date of Closing	25 th September 2025
Price Band (Rs)	393 – 414
Issue size (Rs cr)	745
Fresh Issue (Rs cr)	745
Issue Size (No. of shares)	1,79,95,169 @ upper band
Face Value (Rs)	5
Post Issue Market Cap (Rs cr)	2,502 – 2,596
BRLMs	Nuvama Wealth Management Ltd., DAM Capital Advisors Ltd., Anand Rathi Advisors Ltd.
Registrar	MUFG Intime India Pvt Ltd.
Bid Lot	36 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%
Employee Discount	Rs 25 per share

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Funding long-term working capital requirements	550
General corporate purposes*	-
Total net proceeds from fresh issue*	-

**To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	4,38,45,408	98.1
Public & Others	8,69,150	1.9
Total	4,47,14,558	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	4,38,45,408	69.9
Public & Others	1,88,64,319	30.1
Total	6,27,09,727	100.0

Source: RHP, SSL Research

Key Financial Metrics

Particulars	FY23	FY24	FY25
Total Income (Rs cr)	468	682	846
EBITDA (Rs cr)	115	231	311
EBITDA Margin (%)	24.6	33.8	36.8
PAT (Rs cr)	38	77	104
PAT Margins (%)	8.1	11.3	12.3
EPS (Rs)	9.4	17.4	23.4
PE (x)*	44.2	23.8	17.7
P/BV (x)*	6.3	4.7	3.6
RoA (%)	2.3	3.7	3.5
RoE (%)	14.2	23.5	23.1

Source: RHP, SSL Research

*Pre-issue based on upper price band

Risk Factors

- **Regulatory risk:** The broking industry is highly regulated by the SEBI, and any adverse regulations or any failure to comply with a regulation may have an adverse impact on the business. Furthermore, any changes to weekly index expiry framework might adversely impact the business.
- **Legal risk:** Anand Rathi Commodities Limited (ARCL), one of the Group Companies, and a few of its directors have been charge sheeted under various provisions of law. Any adverse outcome in the aforesaid proceedings would have a material adverse effect on the reputation of the company and the Anand Rathi group.
- **Market volatility:** Broking Segment and MTF business contribute a substantial share of the company's revenue. Any slowdown in market participation owing to volatility may hinder the business operations. MTF segment is most prone to market volatility.
- **High attrition rate:** The company relies on authorised partners to service clients. While the company enter into a prescribed contract with each of the authorised persons associated, there can be no assurance that the company will be able to retain the services of such authorised persons. This may impact business operations and expansion strategies.

Growth Strategy

- Improve average revenue per client (ARPC) by increasing client wallet share through cross-selling varied investment solutions.
- Increase geographical footprint as well as number of active clients in tier II-III cities and towns.
- Invest in technology to drive business growth.
- Attract and retain relationship managers to ensure continued growth.

Active Clients Vintage

Average tenor of relationship with Active Clients	No. of Active Clients as at					
	FY23	% of Active Clients	FY24	% of Active Clients	FY25	% of Active Clients
Up to 1 year	23,782	15.4	32,538	18.5	44,850	20.2
1 year to 3 years	33,899	21.9	35,255	20.1	46,158	20.8
3 years to 5 years	18,174	11.8	20,337	11.6	31,080	14.0
More than 5 years	78,615	50.9	87,569	49.8	99,422	44.9
Total	1,54,470	100.0	1,75,699	100.0	2,21,510	100.0

Source: RHP, SSL Research

Active Clients Demographic Profile (FY25)

Age Category	No of Active Clients	% Active Clients	Total Assets under Custody (Rs cr)	% Age wise AUC
Individuals				
<30 years	25,519	11.5	899	1.5
30-44 years	73,015	33.0	4,712	7.7
45-59 years	66,010	29.8	14,144	23.3
>60 years	47,834	21.6	17,942	29.5
Other than individuals	9,132	4.1	23,127	38.0
Total	2,21,510	100.0	60,824	100.0

Source: RHP, SSL Research

Margin Trading Facility (MTF) Client-wise Split

Particulars	Total MTF Book (Rs cr.)	Active Clients using MTF		Active Clients not using MTF	
		No of Active Clients^	ARPC (Rs)	No of Active Clients^	ARPC (Rs)
FY23	377	6,424	1,60,918	1,48,046	21,539
FY24	617	9,480	1,94,783	1,66,219	24,394
FY25	686	13,225	1,97,490	2,08,285	21,206

Source: RHP, SSL Research

^ Number of active clients means clients who have generated revenue during the relevant Financial Year. *ARPC is Average Revenue Per Client

Segment-wise Revenue Split

Particulars	FY23		FY24		FY25	
	Rs cr	as % of revenue	Rs cr	as % of revenue	Rs cr	as % of revenue
Broking Segment*	317	67.8	458	67.1	510	60.3
Non-Broking Segment	105	22.4	132	19.4	193	22.8
Other income from operations**	46	9.7	92	13.4	143	16.9
Total	468	100.0	682	100.0	846	100.0

Source: RHP, SSL Research

*Includes interest on delayed payments by clients.

**Comprises primarily interest on fixed deposits, interest on government securities, interest on bonds, interest on financial assets etc.

Operational Metrics

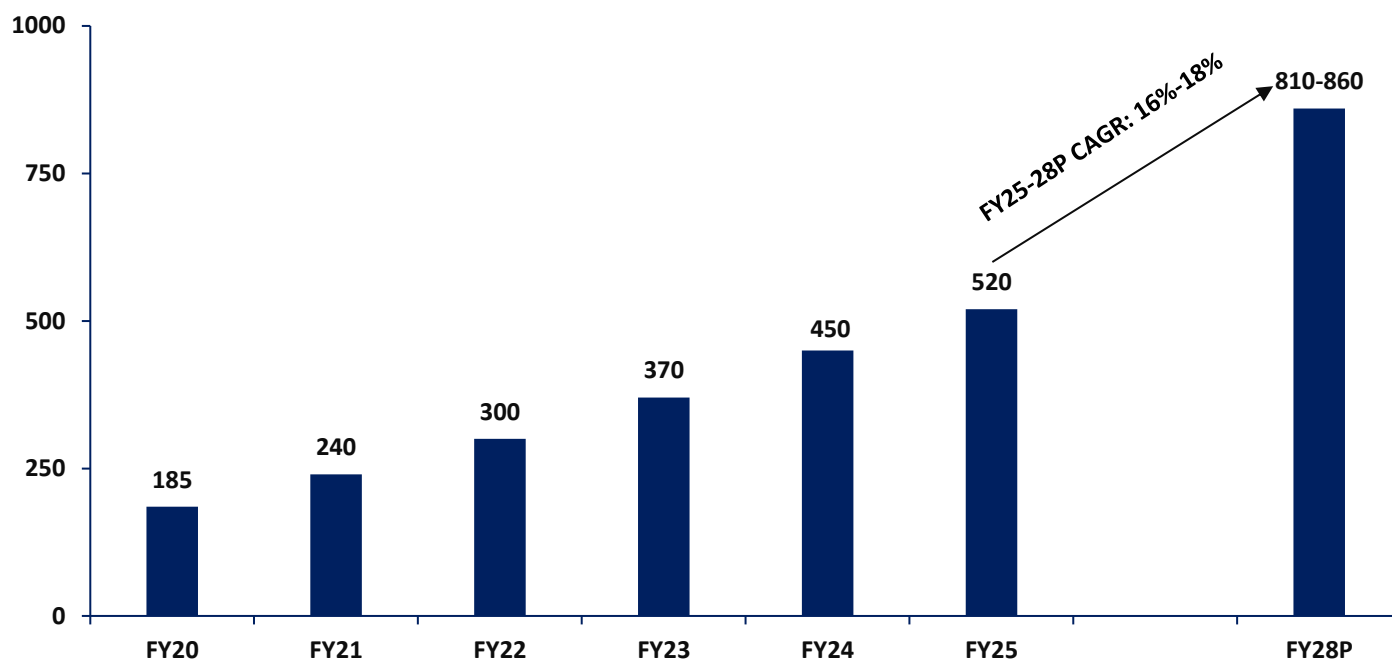
Particulars	FY23	FY24	FY25
Number of own branches	79	92	90
Revenue from own branches (in Rs cr)	284	402	488
Number of Authorised Persons (B2B channel)	1,587	1,062*	1,125
Number of cities covered	372	307*	300

Source: RHP, SSL Research

*Dip in FY24 due to operational rationalisation

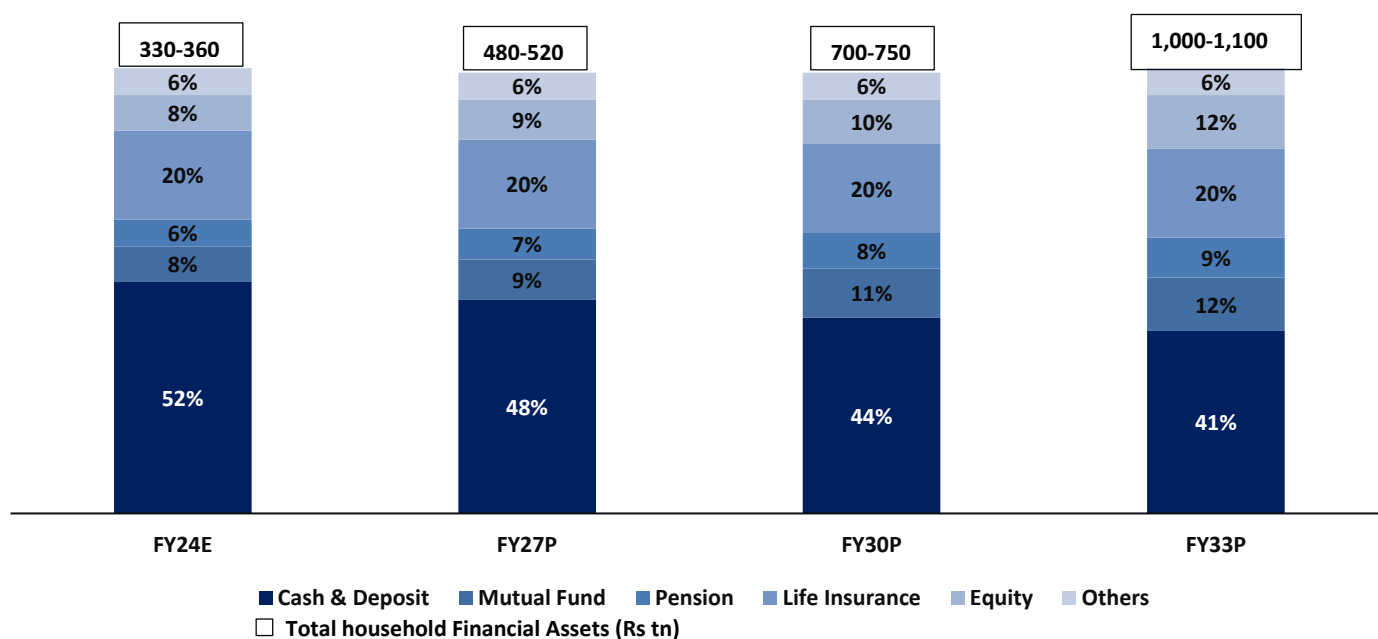
Industry Overview

Size of Broking Industry in India, FY20-28P (in Rs bn)



Source: RHP, SSL Research

Split of Household Financial Savings by asset class



Source: RHP, SSL Research

Financial Snapshot

P&L (in Rs cr)	FY23	FY24	FY25
Revenue from Operations			
Interest Income	131	215	321
Other Income	336	467	524
Net gain on fair value changes	1	-	-
Total Income	468	682	846
Employee Expense	169	215	273
Fees and commission expense	95	126	128
Other Expenses	89	109	133
Impairment on financial instruments	-	1	1
EBITDA	115	231	311
Finance Costs	49	97	147
Depreciation and Amortisation Expenses	15	20	25
Operating Profit After Provision	50	114	139
Other Income	1	1	1
Profit Before Tax	51	115	140
Provision for Tax	13	38	37
Current Tax	14	29	36
Provision related to earlier year	-	-	-
Deferred Tax	(0)	9	-
Profit After Tax	38	77	104

Balance Sheet (in Rs cr)	FY23	FY24	FY25
Shareholders' Fund	265	393	504
Share capital	20	22	22
Reserves and Surplus	245	370	482
Financial Liabilities	1,364	2,192	2,861
Debt Securities	124	246	137
Borrowings (other than debt securities)	299	633	769
Deposits	9	9	9
Other Liability and Provision	931	1,305	1,947
Total Equity and Liabilities	1,629	2,585	3,365
Assets			
Financial Assets			
Cash and Balances	29	35	38
Balances with Banks	894	1,534	2,196
Investments	9	3	6
Loans	377	617	686
Trade Receivables	204	247	253
Other Financial Assets	40	66	87
Fixed Assets	57	74	84
Other Non-Financial Assets	6	8	15
Current Tax Assets (incl deferred tax assets)	14	-	-
Total Assets	1,629	2,585	3,365

Margin Analysis	FY23	FY24	FY25
Operational			
EBITDA Margin (%)	24.6	33.8	36.8
PAT Margins (%)	8.1	11.3	12.3
Profitability			
RoA (%)	2.3	3.7	3.5
RoE (%)	14.2	23.5	23.1
Valuations			
EPS (Rs)	9.4	17.4	23.4
BVPS (Rs)	65.8	88.5	113.6
PE(x)	44.2	23.8	17.7
P/BV (x)	6.3	4.7	3.6
Leverage			
Debt to Equity (x)	1.6	2.2	1.8

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison (FY25)

Particulars (Rs cr.)	Anand Rathi Shares & Stock Brokers Ltd	Motilal Oswal Financial Services Ltd.	IIFL Capital Services Ltd.	Angel One Ltd.
CMP (Rs.)	414	922	289	2,265
Revenue	846	8,340	2,520	5,239
EBITDA	311	4,546	1,115	1,983
PAT	104	2,508	713	1,172
Mkt Cap	2,596	55,361	8,974	20,536
EBITDA Margin (%)	36.8	54.5	44.2	37.9
PAT Margin (%)	12.3	30.1	28.3	22.4
RoA (%)	3.5	7.4	9.0	6.9
RoE (%)	23.1	22.6	28.4	20.9
P/E (x)	17.7	22.1	12.6	17.4
Operational Metrics				
Active Clients (on NSE)	1,46,000	10,15,000	4,42,000	75,78,000
MTF Book (Rs cr.)	686	4,081	931	3,699
Assets under Distribution (Rs cr.)	6,460	31,551	20,658	NA

For Anand Rathi Share & Stock Brokers Ltd., the Market cap and P/E(x) are calculated on post-issue equity share capital based on the upper price band.

CMP as on 18th September, 2025.

Source: RHP, SSL Research

SBICAP Securities Ltd.

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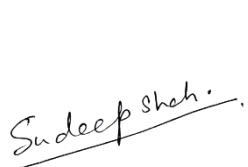
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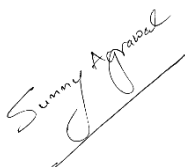
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