# Anand Rathi Share and Stock Brokers (ANAKER)

Price Band: ₹ 393-414

UNRATED

September 23, 2025

## High Growth Profile, Cautioned on Regulatory Risk

**About the Company:** Founded in 1994, Anand Rathi Share and Stock Brokers Ltd (ARSSB) is a full-service brokerage house, providing broking services, margin trading facility (MTF) and distribution of financial products to a diverse set of clients across retail, HNI's, UHNI's and institutions. Its product offerings span across a wide array of asset classes including equity, derivatives, commodities, and currency markets. The company has multi-channel presence through network of 90 branches spread across 54 cities in India, then there are 1,125 APs, 1284 RMs spread across 333 cities in India as well as through online and digital platforms.

### Key Highlights:

- **Diversified revenue streams alongwith pan India presence:** The company derives 60% of its revenue from broking & related services, 23% from non-broking (14% from interest on MTF book and 9% from distribution) while the balance other income from operations. Alongwith multi-channel distribution network as described above, the company has pan India client base with Tier 1 cities constituting 27.1% of its active client base, Tier 2: 18.4% while Tier 3 and other cities constitute 54.4%.
- **ARPC amongst the highest in industry and is poised to improve further:** The average revenue per client (ARPC) for ARSSB stood at ₹ 29,347 in FY25 which is amongst the highest in industry owing to combination of factors including i) client vintage; (ii) average age profile of clients i.e. relatively higher proportion of age above 30 years; and (iii) personalised client management approach. The current capital raise is to mainly fund the working capital requirement to scale its MTF book which is underutilised at ₹ 685.5 cr with only 6% using the facility of its active broking client base of 2.2 lakhs. The ARPC for active clients using ARPC stood at ₹ 1,97,490 vs ₹ 21,206 for the ones not using the same. Thus, this capital raise shall support in increasing ARPC further for ARSSB. Further, 75% of its clients have less than ₹1 cr outstanding MTF book, indicating risk management from the company's end.
- **Relatively stable business and client profile:** About 84.4% of the active client base is aged above 30 years while ~58% of active clients are with vintage of 3+ years and ~45% are with vintage of 5+ years. Similarly, on the business front, 54.3% of brokerage income is from equity cash segment which is on relatively higher side vs industry while the balance is mainly related to F&O.

### Our View & Rating

ARSSB has recorded revenue / EBITDA / PAT CAGR of 34% / 65% / 66% over FY23-25. At upper price band, the stock is priced at FY25 PE of 25.1x on post-issue capital basis. The business is sensitive to the regulatory risk and equity market volatility. **We assign UNRATED rating to** ARSSB **IPO.**

### Key risk & concerns

- Regulatory risk – Any policy changes, trade regulations, etc. For instance, any changes to weekly index expiry framework could impact business.
- Broking and MTF segments form significant part of total revenue. The number of orders and trading volume could get affected by variety of external factors.

### Key Financial Summary

| ₹ crore | FY23 | FY24 | FY25 | 2-year CAGR (FY23-25) % |
|---|---|---|---|---|
| Net sales | 468 | 683 | 847 | 34.6 |
| EBITDA | 115 | 231 | 311 | 64.5 |
| EBITDA Margin (%) | 24.6 | 33.7 | 36.8 | |
| Net profit | 37.7 | 77.3 | 103.6 | 65.8 |
| P/E (x) * | 68.9 | 33.6 | 25.1 | |
| RoNW (%) (reported) | 15.3 | 23.5 | 23.1 | |
| RoCE (%) (reported) | 16.7 | 21.5 | 21.3 | |

ANAND RATHI INVESTMENT SERVICES

### IPO Details

| Issue Details | |
|---|---|
| Issue opens | 23th Sept, 2025 |
| Issue closes | 25th Sept, 2025 |
| Issue size | ₹745 crore |
| QIB (Institutional) Share | 50% |
| Non Institutional Share | 15% |
| Retail share | 35% |
| Issue Type | fresh issues of 1.79 crore shares at upper price band |
| Price band (₹/share) | ₹393-414 |
| Market Lot | 36 shares |
| Face value | ₹5 |
| Bid lot | 36 shares |
| Listing Market Cap @ Upper Price Brand | ₹2597 crore |

### Shareholding pattern

| | Pre-Issue (%) | Post-Issue (%) |
|---|---|---|
| Promoters | 98.1 | 69.9 |
| Public | 1.9 | 30.1 |
| **Total** | **100.0** | **100.0** |

### Objects of the issue

- Funding long term working capital requirements
- General corporate purpose

### Research Analyst

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IPO Review

ICICI Securities – Retail Equity Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective (>two years)




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Source: RHP, ICICI Direct Research; * PE calculated pre-issue based on upper price band of ₹414

# ANALYST CERTIFICATION

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