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CM RATING 40 /100

Anand Rathi Share and Stock Brokers

Full-service brokerage house

Focusing on diversifying revenues with strong digital capabilities and high client stickiness

Anand Rathi Share and Stock Brokers is an established full-service brokerage house in India with over 30 years of experience. The company is a part of the Anand Rathi group which carries out a diverse range of financial services business through its group companies. The company offerings and services are categorized in 3 categories: broking services, margin trading facility and distribution of financial products.

The company caters to a diverse set of clients across retail, high net worth individuals, ultra-high net worth individuals and institutions. The investment offerings of the company span across a wide array of asset classes like equity, derivatives, commodities, and currency markets. The client base is spread across various age demographics with 2.21 lakh active clients at end March 2025.

The company offers services through (i) network of 90 branches spread across 54 cities in India; (ii) network of 1,125 authorized persons spread across 290 cities in India; and (iii) online and digital platforms. The multi-channel presence enables to service clients across Tier 1, Tier 2, Tier 3 and other cities.

Broking Services - The company is full-service brokerage house providing trading services in equity, derivatives, commodities, and currency markets. Securities lending and borrowing services, IPO and algo trading services are also provided. The broking services are complemented by research recommendations across various asset classes, which assists the investment decisions of clients. The broking services contributed 60% of revenues in FY2025, while its share has declined from 68% in FY2023 with faster growth in non-broking business and reducing dependence on broking business.

Margin Trading Facility - Margin trading facility enable clients to leverage their eligible collaterals to fund trading requirements in the equity cash delivery segment. The clients utilizing MTF have grown at a CAGR of 43.48% from 6424 in FY2023 to 13225 in FY2025. Interest income on MTF has grown 2.1x at 45.19% CAGR from Rs 54.22 crore in FY23 to Rs 114.28 crore in FY25, which accounted for 13.5% of revenues.

Distribution of investment products – The company provides distribution of third-party financial products such as schemes of mutual funds, alternative investment funds, structured products, corporate fixed deposits, non-convertible debentures and bonds, and distribution of portfolio management services through its relationship management team and digital platforms. The distribution business contributed 9.3% of revenues in FY2025.

The other income, accounting for 16.9% of revenues, comprised primarily interest of fixed deposits, interest on government securities, interest on bonds, and interest on financial assets.

The company has the highest average revenue per client (ARPC) amongst peer set, driven by (i) client vintage, (ii) average age profile of clients and (iii) personalized client management approach combined with a wide array of investment solutions offered to clients.

The company has, over the years, enhanced client engagement and experience through digitization of processes and augmentation of technological platforms. The clients are provided with digital and online platforms through proprietary web sites and mobile applications 'Trade Mobi', 'AR Invest', 'MF Client', and 'Trade Xpress', which enable seamless trading and investment experience for clients.

Anand Rathi International Ventures (IFSC) is a subsidiary of the company and trading member of India International Exchange (IFSC), NSE IFSC, and India International Bullion Exchange IFSC in the Gujarat International Finance Tec-City Centre (GIFT-IFSC). The subsidiary offers services to clients including non-resident Indians and family offices looking to invest in international stocks and products.

The company has 2082 permanent employees, on a consolidated basis at end March 2025.

The Offer and the Objects

The initial public offer (IPO) consists of fresh issue to raise Rs 745 crore through issuance of 1.90 crore equity shares at the lower band of Rs 393 per share (face value Rs 5 per share) and 1.80 crore equity shares at the upper band of Rs 414 per share.

The issue is to be made through the book-building process and will open on 23 September 2025 and will close on 25 September 2025. The issue includes reservation of Rs 10 crore worth equity shares for employees with discount of Rs 25 per share.

The company proposes to use Rs 550 crore from the net proceeds in FY2026 towards long term working capital requirements. The balance would be used for general corporate purposes and business requirements of the company as approved by the board.

Strengths

The company is a full-service brokerage house with diversified revenue streams and legacy of more than 3 decades. It has focused on diversifying offerings by increasing income from distribution of financial products.

The Anand Rathi group has presence in broking, wealth management, distribution, lending, insurance broking, asset management, investment banking, amongst other financial services which assists in business synergies across the group.

The company has posted the highest ARPC amongst peer set during FY2025 driven by significant client vintage and stickiness.

Assets under custody have grown at CAGR of 67.05% from Rs 29157.26 crore at end March 2023 to Rs 81368.48 crore at end March 2025.

Within the broking segment, most of the active clients traded in the equity cash segment.

The margin trading facility (MTF) business, an integral component of comprehensive investment solutions, recorded a strong CAGR of 34.91% from Rs 376.64 crore in FY2023 to Rs 685.51 crore in FY2025 with zero non-performing assets.

In the non-broking segment, assets under management (comprising mutual funds, portfolio management services and alternative investment funds) recorded a CGAR of 43.04% from Rs 3157.2 crore in FY2023 to Rs 6459.83 crore in FY2025.

Pan India presence combined with robust digital capabilities for client acquisition and servicing. Online and digital platforms enable to acquire and serve clients across geographies.

Weaknesses

The company has received a notice from SEBI seeking a compliance report in respect of the 'fit and proper' person criteria in terms of the SEBI (Intermediaries) Regulations, 2008. The matter is pending in the court.

Anand Rathi Commodities (ARCL), one of the group companies, and few of its directors have been charge-sheeted in the NSEL default case.

ARCL, and one of the promoters, Pradeep Navaratan Gupta, among others have been accused and summoned for predicate offences under the Prevention of Money Laundering Act, 2002, for, among others, assisting NSEL in the offence of money laundering. The matter is pending for further proceedings.

The application of ARCL for registration as commodity derivatives broker has been rejected by SEBI and it has been barred from making a fresh application seeking registration for six months from 29 November 2022 or till acquittal of ARCL by the courts pursuant to the chargesheet filed by the EOW, whichever is earlier.

A Special MPID Court, Mumbai (MPID Court) has ordered issuance of summons against the corporate promoter and 2 of the directors in connection with the NSEL litigation.

The regulatory and statutory framework for broking sector is subject to amendments, revisions, and replacements, including pursuant to action by government or regulatory authorities, which may affect trading volumes and increase operational costs.

The broking segment relies on the Indian exchanges, including NSE, NSE IFSC, BSE, MCX, MSEI, IIBX, ICEX and NCDEX, and the clearing corporations to execute and settle all clients' transactions.

The business operations are subject to high working capital requirements due to (a) MTF, (b) trade receivables, and (c) other balances with banks, which are critical for revenue generation.

The operations rely heavily on the effectiveness of information technology systems and their ability to accurately and comprehensively record and process a large number of transactions on a daily basis and in a timely manner to provide a seamless transactional experience for clients.

Broking Segment is competitive with a sizeable number of large and small operators. As of 12 December 2024, there are almost 4,895 SEBI registered brokers under the equity segment.

The shift to online stock trading has given rise to discount brokers in India, which are gaining popularity due to their low, fixed brokerage fees. There is steep competition from discount brokers as well.

Technology is an essential aspect of business operations, and the superior or more user-friendly effective technology is going to be a key aspect of future growth and competition.

The corporate promoter has pledged 29.51% of total equity share capital and if the pledge is invoked its shareholding and control over company could be reduced to that extent.

The Indian equity markets are affected by a variety of factors and adverse geopolitical conditions. Accordingly, a downturn in the Indian securities markets, persistent or short term, could adversely impact trading and investment patterns, result in decline in trading volumes and size, and, consequently, adversely impact business.

Valuation

The company recorded a strong 25.9% CAGR growth in revenue to Rs 845.70 crore in FY2025 from Rs 423.37 crore in FY2022. Non-broking revenue recorded a 3-year CAGR of 38.8% to Rs 192.59 crore, while revenue from the broking segment improved 18.6% to Rs 510.27 crore in FY2025. Profit after tax improved at a 3-year CAGR of 26.88% from Rs 50.80 crore in FY2022 to Rs 103.61 crore in FY2025. RoE has been healthy at 23.12% for FY25.

The EPS on post-issue equity for FY2025 works out to Rs 16.5. At the price band of Rs 393 to Rs 414, P/E works out to 24.2 to 25.1 times EPS for FY2025.

The post issue book value of the company stood at Rs 199.1 at end March 2025. The scrip is offered at price to book value multiple of 2.1 times.

At the higher price band of Rs 414, the company is demanding m-cap of Rs 2597 crore.

Among the listed peer, Geojit Financial Services is trading at PE of 12.9 times EPS for FY25 and IIFL Capital Services is trading at 12.5 times. Angel One, with a much diversified and large revenue base, is trading at 17.5 times.

Anand Rathi Share and Stock Brokers: Issue highlights	
For Fresh Issue Offer size (in share crore)	
- On lower price band	1.90
- On upper price band	1.80
Offer size (in Rs crore)	745.00
Price band (Rs)	393-414
Minimum Bid Lot (in no. of shares)	36
Post issue capital (Rs crore)	
- On lower price band	31.84
- On upper price band	31.36
Post-issue promoter & Group shareholding (%)	69.90
Issue open date	23-09-2025
Issue closed date	25-09-2025
Listing	BSE, NSE
Rating	40/100

Anand Rathi Share and Stock Brokers: Financials				
	2203 (12)	2303 (12)	2403 (12)	2503 (12)
Income from Operations	423.37	467.83	681.79	845.70
OPM (%)	28.77	24.60	33.98	36.95
OP	121.82	115.07	231.66	312.46
Other Income	0.42	0.88	1.47	1.31
PBDIT	122.24	115.94	233.13	313.76
Interest (Net)	37.30	49.46	96.54	146.71
PBDT	84.94	66.48	136.59	167.05
Provisions	8.22	0.00	1.08	1.19
Depreciation / Amortization	13.13	15.49	20.11	25.48
PBT before EO	63.59	50.99	115.40	140.38
EO	0.00	0.00	0.00	0.00
PBT after EO	63.59	50.99	115.40	140.38
Tax Expenses	12.79	13.25	38.11	36.77
PAT	50.80	37.75	77.29	103.61
EPS (Rs) *	8.1	6.0	12.3	16.5
*EPS annualised on post issue equity capital of Rs 31.36 crore of face value of Rs 10 each				
Figures in Rs crore				
Source: Anand Rathi Share and Stock Brokers Issue Prospectus				