

Details of the Issue	
Price Band	₹ 595 - ₹630
Issue Size	₹ 538.61 Cr
Face Value	₹ 5
Bid Lot	23
Listing on	BSE, NSE
Post Issue Implied Mcap -Upper Price	Rs. 2,609 Cr
Investment Range	Rs.13,685 - 14,490

Important Indicative Dates (2022)	
Opening	10-May
Closing	12-May
Basis of Allotment	18-May
Refund Initiation	19-May
Credit to Demat	20-May
Listing Date	23-May

Lead Managers	
Axis Capital	
ICICI Securities	
Equirus Capital	

No of shares	
Fresh Issue of Shares	—
Offer for Sales	8549340
Total No of Shares	8549340

Offer Details	
Offer Size	Rs.538.61 Cr.
Fresh Issue	Rs. 0 Cr (0%)
OFS	Rs 538.61 Cr (0%)

Type	No. of shares (k)	In Rs Cr		% of Issue
		Lower	Upper	
QIB	4217	250.7	265.7	50%
NIB	1265	75.2	79.2	15%
Retail	2952	175.5	186	35%
Empl.	113	6.5	6.5	-
Total	8549	508	538	100%

Type	Pre-Issue		Post-Issue	
	No. Shares (k)	% of Total	No. of Shares	% of Total
Promoter	17952	43.6%	17952	43.6%
P. group	5559	13.4%	5559	13.4%
Public	17895	43.2%	17895	43.2%
Total	41406	100%	41406	100%

Source: RHP, GEPL Research

Company Background

Prudent Corporate Advisory Services Limited (“Prudent Corporate”) was incorporated on June 4, 2003. The company is an independent retail wealth management services group and is amongst the top mutual fund distributors in terms of average assets under management (“AAUM”) and commission received. They have become an important interface between asset management companies (“AMCs”) and mutual fund distributors or independent financial advisors (“MFDs”).

Company's Highlights

Company grew faster among national distributors (amongst the top 10 mutual fund distributors) in terms of commission and AAUM with a CAGR of 34.4% and 32.5% respectively for the five-year period ending Fiscal 2021 (Source: CRISIL Report). Company is an independent platform with no single AMC contributing more than 15% of their AUM as of December 31, 2021.

Utilization of IPO/FPO Proceeds:

The issue is complete Offer for sale of INR 538.61 Cr.

- The Company will not receive any proceeds from the IPO as it is an OFS. The selling shareholders are Wagner- Selling upto 8,281,340 shares AND Mr. Shirish Patel- Selling upto 268,000 Shares

Distribution Networks:

It has 23,262 MFDs on their business-to-business-to-consumer (“B2B2C”) platform and are spread across branches in 110 locations in 20 states in India. As of December 31, 2021, They are associated as distributors with 42 AMCs. Its AUM from the B-30 markets was ₹ 25,250.34 million representing 15.15% of total AUM as of March 31, 2018.

Promoters:

• Sanjay Shah is the Chairman and Managing Director of the company. He has been associated with the company since its incorporation. Shirish Patel is the Whole-time Director and the Chief Executive Officer of the company. Mr Chirag Shah, Dhiraj Poddar, Deepkakk Sood, Karan Kailash datta, Shilpi Thakkar and Aniket Talati also forms BOD.

Key Managerial Persons:

- Chirag Kothari is the Chief Financial Officer of the company. He has 15 years of experience in the finance sector.
- Mr. Dhavalkumar Ghetia is the Company Secretary and Compliance Officer of the company. He has approximately 5 years of experience in the field of corporate law and secretarial matters.

Company's Strength

- Company operates in an underpenetrated Indian asset management industry, that has grown at a CAGR of more than 20%.
- They have a granular retail AUM with a mix skewed towards high-yield equity AUM
- It has a track record of innovation and use of technology to improve investor and partner experience.
- Company have demonstrated a consistent track record of profitable growth due to a highly scalable, asset-light and cash generative business model.
- It has a pan-India diversified distribution network with ability to expand into underpenetrated B-30 markets.

Strategies for Growth

Focusing on increasing geographic reach and strengthening relationships with MFDs

Company intends to continue to increase footprint across India by focusing on growing presence in B-30 cities and rural markets. mix of physical and digital model allows them to selectively target markets for expansion, especially in Tier 2 or Tier 3 cities, which are comparatively underpenetrated, thereby representing significant growth potential.

Innovating technology platforms to provide superior experience

As their existing IT infrastructure which includes various digital platforms and servers are managed and maintained in-house, Company is capable of handling any substantial increase in user traffic, transactions and storage capacity by upgrading hardware and software on an ongoing basis.

They intend to add new offerings to existing portfolio

With an increasing financialization of investments and a greater understanding of financial investments among Indians, Also Company believes that there is significant potential to launch newer products and enter into newer segments. In particular, certain asset classes are underpenetrated among customer base and will leverage analytics capabilities to recommend customized products for investor base.

Financial Snapshot

Particulars	As of 31 Dec -21	2021	2020	2019
Equity Share Capital	20.70	1.03	1.03	1.03
Reserves	194.1	156.6	111.5	82.06
Net worth as stated	214.80	157.65	112.52	83.10
Revenue from Operations	321.2	286.5	234.8	221.9
EBITDA as stated	81.50	61.9	46.6	38.2
EBITDA (%) as stated	25.4%	21.6%	19.9%	17.2%
Profit Before Tax	77.7	60.5	37.4	28.7
Net Profit for the period	57.6	45.3	27.8	21.02
Net Profit (%) as stated	17.9%	15.8%	11.9%	9.4%
EPS (₹)	13.9	10.9	6.7	5.08
RoNW (%)	26.8%	28.7%	24.7%	25.3%
Net Asset Value (₹)	51.9	38.1	27.2	20.1

View and Recommendation

- Company's annualized Post tax earnings arrives at -Rs 76.8 Cr. which makes an Earnings multiple of 34(x) (on basis of Post Issue Implied Mcap). Which is in line with the listed peer company's valuation. Listed players are Trading in the range of 24x to 74.7x .
- Company operates in High growth Industry. The industry is also highly competitive and the IPO is fully priced based on its super earnings.
- We assign **SUBSCRIBE** rating to the Issue.

NOTES :

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