

One Stop Investment Avenue



**GEPL**  
CAPITAL

# IPO Note

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## ABANS HOLDINGS LIMITED

December 12, 2022





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**Details of the Issue**

Price Band	₹ 256 - ₹ 270
Issue Size	₹ 345.60 Cr
Face Value	₹ 2
Bid Lot	55
Listing on	BSE, NSE
Post Issue Mcap	₹ 1,284 Cr - ₹ 1,345 Cr
Investment Range	₹ 14,080 - ₹ 14,850

**Important Indicative Dates (2022)**

Opening	12 - Dec
Closing	15 - Dec
Basis of Allotment	20 - Dec
Refund Initiation	21 - Dec
Credit to Demat	22 - Dec
Listing Date	23 - Dec

**Lead Manager**

Aryaman Financial Services Ltd
Bigshare Services Pvt Ltd

**No of shares**

Fresh Issue of Shares	3.8 Mn
Offer for Sales	9.0 Mn
Total No of Shares	12.80 Mn

**Offer Details**

Offer Size	₹ 345.60 Cr
Fresh Issue	₹ 102.60 Cr
OFS	₹ 243 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	34.56	1.28	1.35	10
NIB	103.68	3.84	4.50	30
Retail	207.36	7.68	8.10	60
Empl.	-	-	-	-
Total	345.60	12.80	13.50	100%

Type (In MN)	Pre-Issue		Post-Issue	
	No. Shares	% of Total	No. of Shares	% of Total
Promoter	46.62	96.45	35.69	71.19
Public	0.47	0.97	0.45	0.90
Promoter Group	1.38	2.58	13.63	27.19
Total	48.34	100	50.14	100

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**Company Profile**

Company was Incorporated in 2009, Abans Holdings Limited is engaged in Financial Services, Gold Refining, Jewellery, Commodities Trading, Agricultural Trading and Warehousing, Software Development and Real Estate. The company represents the financial services arm of the Abans Group. Abans Holdings Limited provides NBFC services, global institutional trading in equities, commodities and foreign exchange, private client stock broking, depository services, asset management services, investment advisory services and wealth management services to corporates, institutional and high net worth clients.

**Business Highlights & Services**

Since the inception Company have grown from being a commodities trading company into a diversified multi-asset and multi-national financial services company having varied financial services businesses which are mainly organized as under :

**Finance Business:** Company operate a RBI Registered NBFC (Non Deposit taking). Company Finance business is primarily focused on lending to private traders and other small and medium businesses involved in the commodities trading market. NBFC business is primarily focused on providing Indian Rupee denominated secured and unsecured structured term financing solutions to private traders and other small and medium businesses in the category of small and medium enterprise (SME) borrowers in India by way of structured financing and trade financing. Company provide lending solutions against tangible collateral as well as security in other forms, such as charge on operating cash flows. However, based on the client requirement and company internal risk-assessment, company also provide unsecured loans. Abans current portfolio of borrowers include corporate, individuals and SMEs engaged in various business like gems & jewellery, commodities trading, technology solution and agriculture & agri-product trading.

**Agency Business:** ABANS is a SEBI registered Stock and Commodity Exchange Brokers with memberships across all the major stock exchanges in India, including BSE, NSE, MSEI, MCX, NCDEX and ICEX. Further being FCA registered financial services firm in London, we have direct/indirect memberships in various international exchanges like DGCX (Dubai), LME (London), INE and DCE (China). Company is also a SEBI Registered Portfolio Management company as well as a SEBI Registered Category-I FPI. Company offer various institutional and noninstitutionalized trading services, wealth management and private client brokerage services, mainly in equity, commodities and foreign exchange.

- ◆ **Institutional Trading:** The institutional trading business comprises institutional sales and sales-trading. AHL mainly provide commodities and commodities-based derivatives sales and trading services to a diversified base of institutional investors, including FIIs and domestic institutional investors.
- ◆ **Private Client Broking:** The private client broking services are targeted at high-net-worth individuals who actively invest and trade in equity, commodity and foreign exchange markets and seek priority service with customised research and advisory support.
- ◆ **Wealth Management:** The wealth management business provides high net-worth individuals with financial planning and asset deployment services (part of their private client broking or other businesses) across asset classes through instruments like Mutual Fund, PMS, Debt instruments, Equities etc .The wealth management business is structured on the basis of 4 main tenets, viz, goal based financial



planning, data backed recommendations, simplified approach and transparency in implementation.

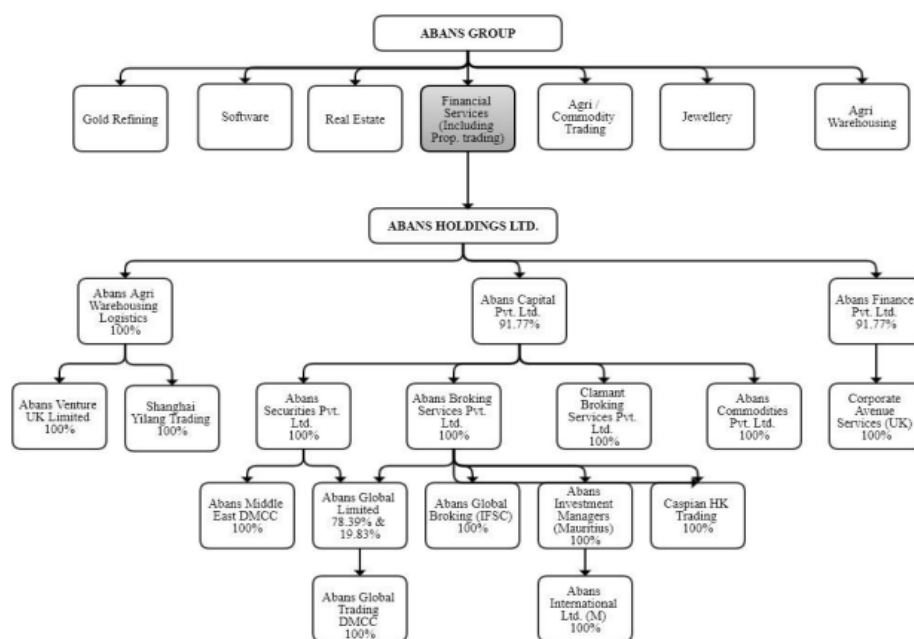
- ◆ **Asset Management Services:** The AMC is operated through Abans International Ltd. They currently manage a closed Arbitrage Fund with main activities including investing in arbitrage opportunities between and amongst spot and futures prices of exchange traded securities and the arbitrage opportunities available within options, futures, forwards and other derivatives whether on securities, commodities and foreign exchange as per prescribed limits both in India and outside India .

**Capital and other Business:** Abans Capital Business includes internal treasury operations which manage company's excess capital funds. AHL do investing their capital in low / medium risk strategies, maintaining positions in physical as well as exchange traded commodities and other instruments. Company structure their treasury investments to maintain sufficient liquidity in their portfolio to support the capital needs of their other businesses. Further company provide Warehousing Services to commodity market participants.

- ◆ **Treasury:** The internal treasury operation manages their excess capital funds. They follow a multistrategy investment approach and aim to achieve superior risk-adjusted returns. Having memberships at various commodity, gold and energy exchanges across the globe allows them to spread and diversify their portfolio based on current market situations.

## Business Structure

AHL is primarily a holding company and they operate all their businesses through their seventeen (17) subsidiaries (including three (3) direct subsidiaries and fourteen (14) indirect / step-down subsidiaries). The below chart illustrates their corporate business structure which enable them to organize their various businesses



## Competition

All aspects of their business are intensely competitive. Their competitors are other non-banking financial companies, brokerage firms, AMCs and financial advisory firms. AHL compete with various brokerage companies, AMCs and financial advisory companies on a national scale as well as internationally. There are many companies / firms competing with their either on the basis of regional presence, product or business vertical presence. Many of their competitors have substantially greater capital and resources than AHL do and also offer a broader range of financial products and services. The principal factors affecting competition in their business include client relationships, reputation, risk management, employee conduct & experience, market focus and the relative quality and price of their services and products.



### Industries Overview

India's financial services sector consists of capital markets, insurance sector and non-banking financial companies (NBFCs). India's gross national savings (GDS) as a percentage of Gross Domestic Product (GDP) stood at 30.50% in 2019. In 2019, US\$ 2.5 billion was raised across 17 initial public offerings (IPOs). The number of ultra-high networth individuals (UHNWIs), with wealth of US\$ 30 million or more, is expected to rise 63% between 2020 and 2025 to 11,198; India has the second-fastest growth in the world.

### Industries Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Abans Holdings Ltd	2	646	13.37	136.17	NA	9.01%
<b>Peer Group</b>						
Edelweiss Financial Services Ltd	1	6,911	2.11	73.13	27.44	2.89%
Geojit Financial Services Ltd	1	481.00	6.31	29.2	7.28	21.61%
Choice International Ltd	10	286.00	13.84	105	19.44	13.07%

### Utilization of IPO Proceeds

The company propose to utilize the Net proceeds of fresh issue towards funding of the objective:

1. General Corporate Purpose.
2. Further Investment in their NBFC Subsidiary (Abans Finance Pvt. Ltd.) for financing the augmentation of its capital base to meet its future capital requirements of ₹ 80 Cr.

### Company's Promoter

Abhishek Bansal is the founding Promoter, Chairman and Managing Director of the company. He is on the Board of the company since incorporation. He is the founder of the Abans Group. He is currently responsible for overall management and affairs of the company and entire group.

### Board of Directors

It boards of directors include Mr. Abhishek Bansal who is the MD and Chairman of the company. Mr. Nirbhay Vassa is the Whole-time Director of the company. Mr. Shivshankar Singh is the Non-Executive Director of the company. Mr. Rahul Dayama, Mrs. Rachita Mehta, Ms. Ashima Chhatwal, are the Independent director of the company.

### Companies Competitive Strength :

- An integrated financial services platform
- Strong human capital and organizational culture
- Global exposure providing innovative financial products
- Strong relationships with clients and market participants
- Standardized operating procedures and efficient use of technology



### Key Strategies Implemented by Company

- Using technology to create greater scalability
- Continue to expand their lines of business into complementary businesses
- Augment fund based capacities in order to scale up business operations

Particulars (Rs Cr)	2022	2021	2020
Equity Share Capital	9.27	9.27	3.09
Reserves	621.84	552.92	496.57
Net worth as stated	631.11	561.95	499.55
Revenue from Operation	638.63	1,325.51	2,765.21
Revenue Growth (%)	(51.82)%	(52.06)%	-
EBITDA as Stated	92.49	81.53	96.90
EBITDA margin (%)	14.48%	6.15%	3.50%
Profit Before Tax	66.26	49.11	42.33
Net Profit for the period	61.97	45.80	39.22
Net Profit (%) as Stated	9.70%	3.45%	1.42%
EPS (₹ )	13.37	9.88	8.46
RoNW (%)	9.01%	7.46%	6.97%
Net Asset Value (₹ )	136.17	121.25	107.79
ROCE(%)	11.13%	8.64%	10.35%
ROAE(%)	8.88%	7.33%	7.80%

### Valuations and Recommendation:

- Company's earnings stood at 44.61 Cr in FY2022. Company is expected to have post Market cap of 1,345 Cr, and based on annualized earnings of 8MFY2023, its earnings multiple (P/E) arrives at 30.15(x).
- The valuations are at premium to listed peers and company's revenue also decline on YoY basis hence, We recommend "Avoid" rating to the issue.



## Notes

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