

# ABANS HOLDINGS LIMITED

---

IPO NOTE



# OVERVIEW

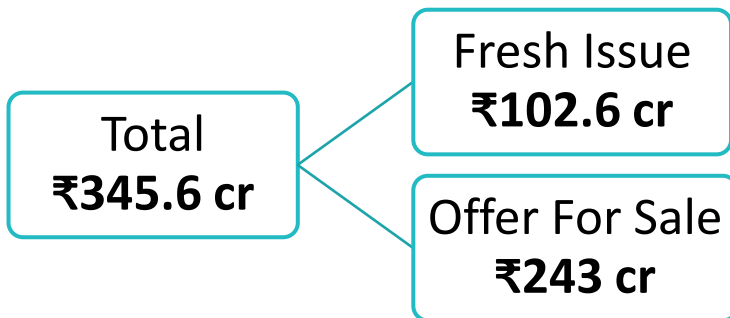
**Abans Holding Limited**, headquartered in India is a financial services arm of the Abans Group. **Abans group** is a globally diversified organization engaged in Financial Services, Gold Refining, Jewellery, Commodities Trading, Agricultural Trading and Warehousing, Software Development, and Real Estate. The company's business is mainly organized under four segments, namely finance, agency, capital and others. It operates via seventeen subsidiaries out of which three are direct and remaining are step down subsidiaries.

## FINANCIAL HIGHLIGHTS

Particulars	FY20	FY21	FY22
Revenue from Operations	2,765	1,326	639
EBITDA	97	82	92
Net Profit	39	46	62

₹ crore

## ISSUE SIZE

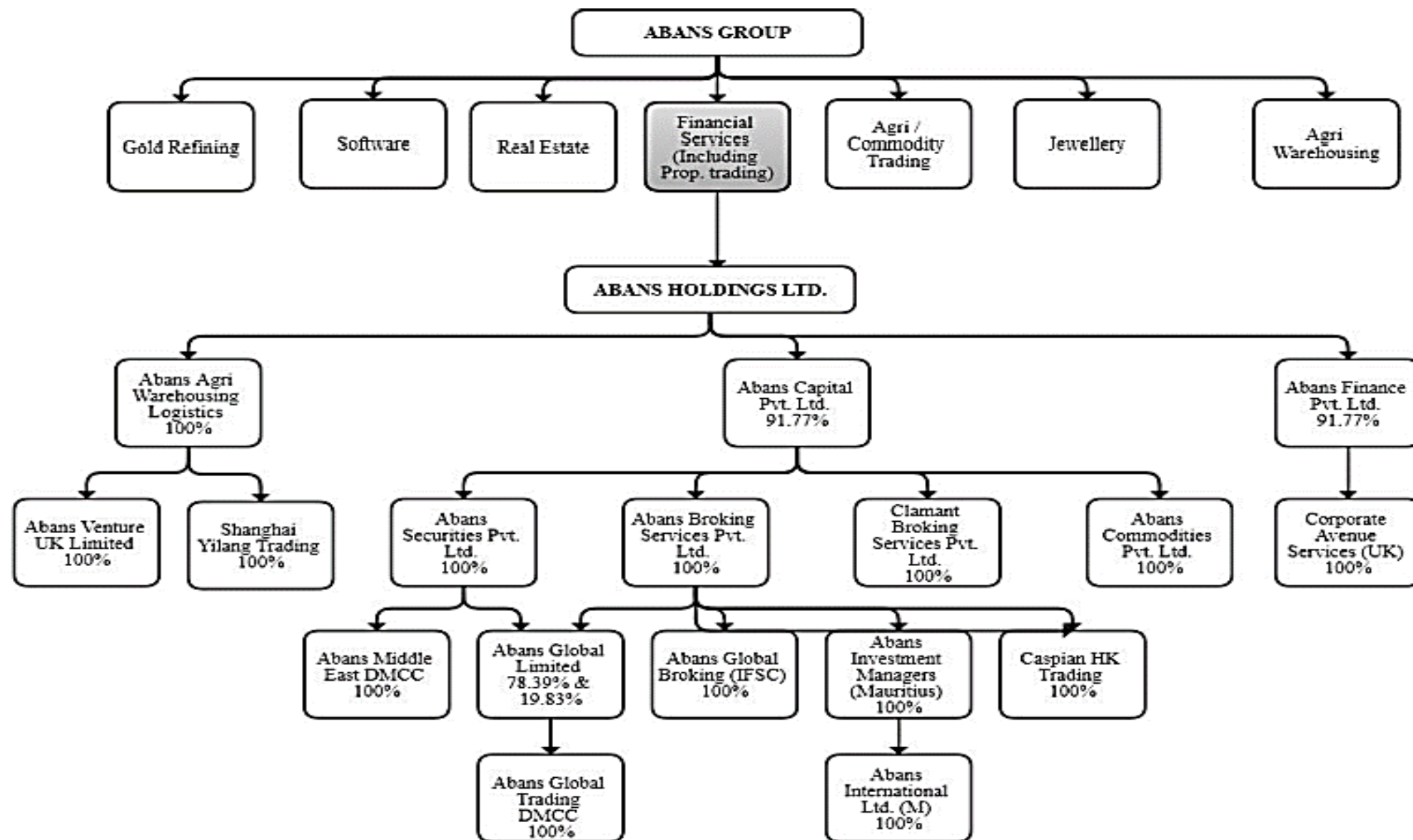


## ISSUE DETAILS

Issue Date	12 <sup>th</sup> Dec'22 – 15 <sup>th</sup> Dec'22
Price Band	₹256-₹270
Bid Lot	55 Shares
Issue Size	₹345.6 cr
No. of Shares (Post Issue)	5.0 cr
Post-Issue Implied Market Cap*	₹1,354 cr
P/E Ratio (FY22)*	21.9x

\* At upper price band

# ABOUT THE COMPANY



# ABOUT THE COMPANY

## Business Verticals-

Segments	Description
<b>Finance</b>	<p>This business is primarily carried out by its subsidiary, Abans Finance Pvt. Ltd which is a RBI registered NBFC (Non-Deposit taking), focused on providing fixed rate Indian Rupee denominated secured and unsecured financing solutions by way of structured financing and trade financing. This business is primarily focused on lending to private traders and other small and medium businesses involved in the commodities trading market. As on 31<sup>st</sup> August 2022, the outstanding loan portfolio stood at ₹198 cr with zero NPA.</p>
<b>Agency</b>	<p>It consists of financial intermediary business wherein they earn stock broking income, consultancy and advisory income, wealth &amp; asset management commissions, and commissions from the transactional advisory services. The operating sub segments are below-</p> <p><b>Institutional Trading-</b></p> <ul style="list-style-type: none"> <li>❖ They provide commodities &amp; commodities-based derivatives sales and trading services to a diversified base of institutional investors, including FIIs and domestic institutional investors through various subsidiaries.</li> </ul> <p><b>Private Client Broking-</b></p> <ul style="list-style-type: none"> <li>❖ These services are targeted at high-net-worth individuals who actively invest &amp; trade in equity, commodity and foreign exchange markets &amp; seek priority service with customized research &amp; advisory support. They offer retail equity trading services to domestic clients.</li> <li>❖ Their approach is to provide advisory based brokerage services with an emphasis on research, and to offer clients value-added services usually reserved for institutions.</li> </ul>

# ABOUT THE COMPANY

## Wealth Management-

- ❖ This business provides high net-worth individuals with financial planning and asset deployment services across asset classes through instruments like Mutual Fund, PMS, Debt instruments, Equities etc.
- ❖ It is structured based on four main tenets, viz, goal based financial planning, data backed recommendations, simplified approach and transparency in implementation.
- ❖ They earn management fees on proprietary products offered by them to its HNI clients and also earn commission income on third party product distribution which is linked to the AUM.

## Asset Management Services-

- ❖ It is established in Mauritius. They currently manage a close arbitrage fund with main activities include investing in arbitrage opportunities available between options, spot & futures of ETF, securities, commodities in both India and outside India.
- ❖ They also invest in debt and money market instruments.
- ❖ They earn income consisting of ongoing fees and a percentage of fund profits for performing their advisory or management role in these funds.

This vertical comprises mainly their internal treasury operations including physical commodities trading combined with exchange-based trading in foreign exchange, equities & commodities and also includes investments and dividend incomes.

## Treasury Operations

- ❖ The treasury operations manages companies excess capital fund.
- ❖ Physical trading mainly involves delivery based trading and forward contracts in metal and agri-commodities. It is used as hedge against exposure in the ETF.
- ❖ They have entered into various agreements with large warehouse owners for using the space as per the requirements. It provides them with a flexibility to use and pay only when required.

Capital

# ABOUT THE COMPANY

## Others

The company also operate certain non-trading but related businesses that are at a starting points for a diversified financial business group. They are engaged in the business of warehousing, agri-trading and a payment gateway services through its subsidiaries.

### **Warehousing & Agri-Trading-**

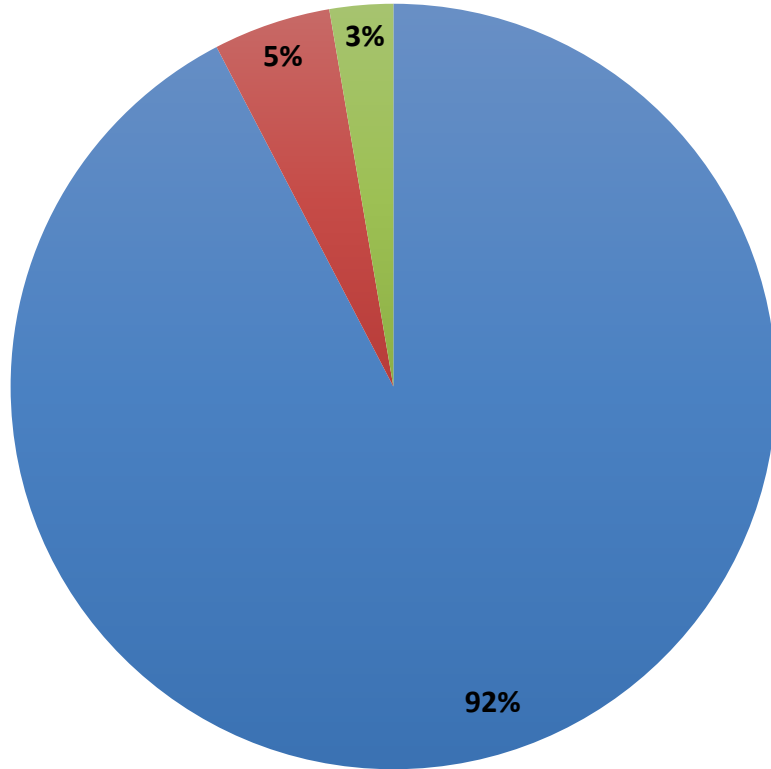
- ❖ They operate ~43,000 sq.ft of warehousing space in India. These warehouse provide them with the storage support for their traded commodities.
- ❖ They would sell off the above space in order to focus on its agency business.

### **Payment Processing Service**

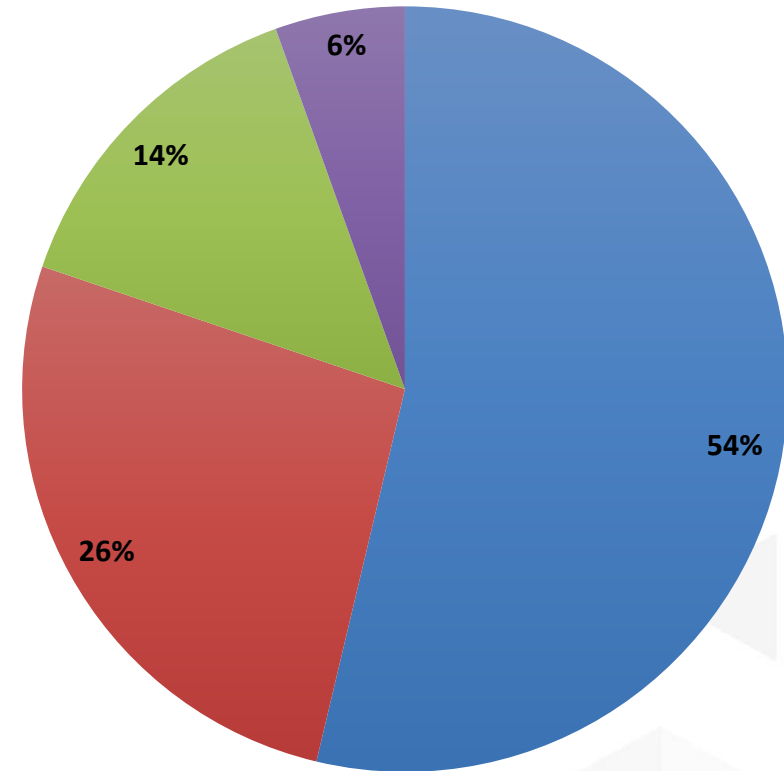
- ❖ It operates via subsidiary in UK.
- ❖ They intend to compete with banks by focusing on providing a low commission and the best conversion rates.
- ❖ They intend to develop a treasury payment service for institutional clients by providing a range of services including the basic money transfer across exchange rates to enabling global trade counter-party payments.

# ABOUT THE COMPANY

Revenue Mix



Gross Operating Income



■ Capital Business    ■ Finance Business    ■ Agency Business

■ Internal Treasury Operations  
 ■ Interest Income  
 ■ Income from Fees, Brokerage and other Financial Services  
 ■ Warehouse, & Other Operating Income

## COMPETITIVE LANDSCAPE

 Edelweiss

## EDELWEISS FINANCIAL SERVICES LIMITED

- Market Cap: ₹6,375.4 cr
- Revenue: ₹6,911.4 cr
- EBITDA Margin: 41.6%
- PAT margin: 1.67%
- ROE: 1.8%
- ROCE: 9.7%
- P/E: 30.8x

 GEOJIT  
PEOPLE YOU PROSPER WITH

## GEOJIT FINANCIAL SERVICES LIMITED

- Market Cap: ₹1,123.7 cr
- Revenue: ₹500.3 cr
- EBITDA Margin: 46.2%
- PAT margin: 30.1%
- ROE: 23.5%
- ROCE: 30.7%
- P/E: 9.5x

 Choice  
Nurturing Financial Excellence

## CHOICE INTERNATIONAL LIMITED

- Market Cap: ₹2,532.6 cr
- Revenue: ₹271.8 cr
- EBITDA Margin: 28.8%
- PAT margin: 19.7%
- ROE: 18.6%
- ROCE: 18.5%
- P/E: 56.5x

 ABANS

## ABANS HOLDING LIMITED

- Market Cap: ₹ 1,353.9 cr
- Revenue: ₹638.6 cr
- EBITDA Margin: 14.5%
- PAT margin: 10.4%
- ROE: 9.13%
- ROCE: 8.5%
- P/E: 21.9x



# OBJECTS OF THE OFFER

The company proposes to utilize the **net proceeds** towards funding the following objects:

- Further investment in its NBFC subsidiary (Abans Finance Pvt Ltd) where the company currently holds 91.77% stake. The investment would be carried out by subscribing to their equity shares. The proceeds would be deployed in the next six months to grow their loan portfolio by reaching large number of clients.

## PROPOSED UTILISATION OF NET PROCEEDS

Particulars	Amount (₹ crore)
Investment in its NBFC subsidiary for financing the augmentation of its capital base	80
General corporate purposes	●
<b>Total</b>	●

# RISK FACTORS

---

- The business is highly **concentrated** towards one business vertical which is their capital division.
- The company faces a **key person risk** as the promoter of the company plays a crucial role in devising investment strategies.
- The **revenue** in the past years has been on a declining trend whereas the profit is on a rising trend. The financials might remain volatile in the future.
- Majority of the advances in the NBFC division are **unsecured**, primarily focused on lending to private traders and other small and medium businesses involved in the commodities trading market.

# PROMOTER BACKGROUND AND SHAREHOLDING

The promoters of the company are as below-

- Abhishek Bansal (76.45%)
- Shriyam Bansal (0.97%)

**Abhishek Bansal** is the chairman and MD of the company. He is currently responsible for overall management & affairs of the company including devising investment strategies, developing industry networks for further business development and overall development of the business of the company.

Shareholding	Pre IPO	Post IPO
Promoter & Group	97.42%	72.09%
Public	2.58%	27.91%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Allocation of offer	Share in Issue (₹ crore)	% of Issue
QIB	34.56	10%
NIB	103.68	30%
Retail	207.36	60%
<b>Total</b>	<b>345.60</b>	<b>100%</b>

Major Shareholders	Shareholding % Pre Issue	Shareholding % Post Issue	% of OFS Issue
Abhishek Bansal	96.5%	71.2%	100%

# STATEMENT OF PROFIT AND LOSS

Particulars	Data for the period (₹ crore)			Data for five months period
	2020	2021	2022	31 <sup>st</sup> Aug 22
<b>Revenue From Operations</b>	2,765	1,326	639	285
Other Income	7	6	8	3
<b>Total Income (I)</b>	<b>2,772</b>	<b>1,331</b>	<b>646</b>	<b>288</b>
Cost of materials & changes in Inventories	2,630	1,171	519	242
Employee Benefits Expense	23	15	13	6
Finance Costs	53	31	26	2
Depreciation, Amortization & Impairment Expense	1	1	1	0
Other Expenses	22	64	22	8
<b>Total Expenses (II)</b>	<b>2,730</b>	<b>1,282</b>	<b>580</b>	<b>258</b>
<b>Profit Before Tax (III) = (I-II)</b>	<b>42</b>	<b>49</b>	<b>66</b>	<b>30</b>
Total Tax Expense (IV)	3	3	4	-
<b>Net Profit for the Period (III-IV)</b>	<b>39</b>	<b>46</b>	<b>62</b>	<b>30</b>

# STATEMENT OF ASSETS AND LIABILITIES

Particulars	Data as on 31 <sup>st</sup> March (₹ crore)			Data as on
	2020	2021	2022	31 <sup>st</sup> Aug 22
Property, plant and equipment	15	14	13	13
Investments	47	58	88	84
Other Non-Current Assets	8	8	10	13
Inventories	29	23	60	57
Trade Receivables	434	343	298	226
Bank Balance and Cash & Cash Equivalents	84	209	142	162
Short Term Loans & Advances	532	505	526	588
Other Current Assets	64	22	31	88
<b>Total Assets</b>	<b>1,213</b>	<b>1,182</b>	<b>1,169</b>	<b>1,231</b>
Total Equity	590	660	736	787
Borrowings (Current & Non-Current)	319	267	86	77
Other Non-Current Liabilities	17	6	5	3
Other Financial Liabilities	62	187	232	288
Other Current Liabilities	225	61	110	76
<b>Total Liabilities and Equity</b>	<b>1,213</b>	<b>1,182</b>	<b>1,169</b>	<b>1,231</b>

# STATEMENT OF CASH FLOW

Particulars	Data for the year ended 31 <sup>st</sup> March (₹ crore)			Data for the five months ended
	2020	2021	2022	31 <sup>st</sup> Aug 2022
Net cash generated from / (used in) operating activities (A)	18	62	-12	28
Net cash generated from / (used in) investing activities (B)	-14	-3	-38	-2
Net cash generated from / (used in) financing activities (C)	22	66	-20	-6
Net increase / (decrease) in cash and cash equivalents (A+B+C)	26	125	(70)	20

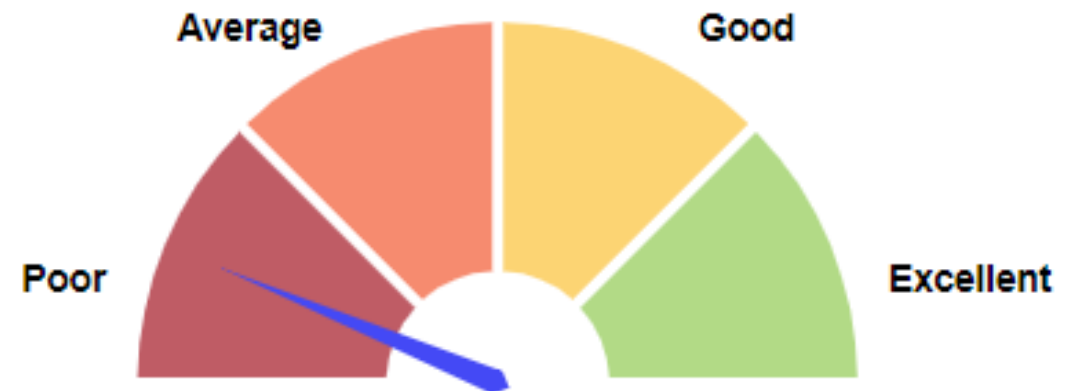
## KEY METRICS

Particulars	Data for the year ended 31 <sup>st</sup> March			Data for five months ended
	2020	2021	2022	31 <sup>st</sup> Aug 2022
Revenue from Operations (₹ crore)	2,765	1,326	639	285
Gross Operating Income (₹ crore)	136	155	120	43
EBITDA (₹ crore)	97	82	92	32
EBITDA Margin (%)	3.5	6.2	14.5	11.3
PAT (₹ crore)	39	46	62	30
PAT Margin (%)	1.4	3.5	9.7	10.4
Return on Average Equity (%)	7.8	7.3	8.9	9.1
Return on Average Capital Employed (%)	10.4	8.6	11.1	8.5
Debt-Equity Ratio (times)	0.5	0.4	0.1	0.1

# SWOT ANALYSIS

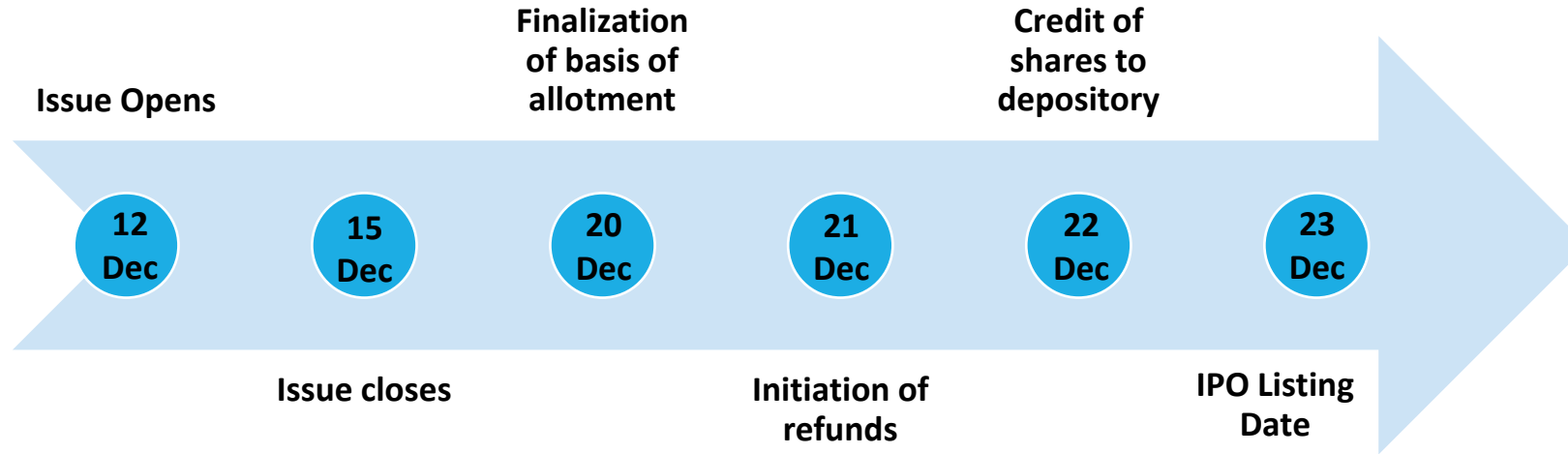


- It operates via four business verticals however major revenue comes from capital business. This vertical comprises mainly their internal treasury operations including physical commodities trading combined with exchange-based trading in foreign exchange, equities & commodities and also includes investments and dividend incomes.
- Majority of the advances in the NBFC division are **unsecured**, primarily focused on lending to private traders and other small and medium businesses involved in the commodities trading market.





# TIMELINES



**Disclaimer:**

*This document is published for learning purposes only and nothing contained herein shall be construed as a recommendation on any stock or sector.*

# DISCLOSURES

---

Neither Kredent Infoedge P Ltd. nor any of its associates have any financial interest in the subject company.

Neither Kredent Infoedge P Ltd. nor any of its associates have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.

Neither Kredent Infoedge P Ltd. nor any of its associates has, any other material conflict of interest at the time of publication of the research report or at the time of public appearance.

Neither Kredent Infoedge P Ltd. nor any of its associates have received any compensation from the subject company in the past twelve months.

Neither Kredent Infoedge P Ltd. nor any of its associates have managed or co-managed public offering of securities for the subject company in the past twelve months.

Neither Kredent Infoedge P Ltd. nor any of its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

Neither Kredent Infoedge P Ltd. nor any of its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

Neither Kredent Infoedge P Ltd. nor any of its associates was a client during twelve months preceding the date of distribution of the research report.

Neither Kredent Infoedge P Ltd. nor any of its associates has served as an officer, director or employee of the subject company.

Neither Kredent Infoedge P Ltd. nor any of its associates has been engaged in Market making for the subject company.

Kredent Infoedge P Ltd shall provide all other disclosures in research report and public appearance as specified by the Board under any other regulations.