

Business Overview

Company Profile:

- incorporated on September 24, 2009; Abans Holdings Limited (“AHL”) is part of Abans Group, which is globally diversified organisation engaged in Financial Services, Gold Refining, Jewellery, Commodities Trading, Agricultural Trading and Warehousing, Software Development and Real Estate. The group is founded by young entrepreneur - Abhishek Bansal
- AHL represents the financial services arm of the Abans Group. It operates a diversified global financial services business, headquartered in India, providing 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 corporate, institutional and high net worth clients.

Classification of Business:

The company is having varied financial services businesses which are mainly organized as under:

a. Finance Business – The company operates as RBI Registered NBFC (Non-Deposit taking). Its Finance business is primarily focused on lending to private traders and other small and medium businesses involved in the commodities trading market.

b. Agency Business – The company is 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, it has direct/indirect memberships in various international exchanges like DGCX (Dubai), LME (London), INE and DCE (China). It is also a SEBI Registered Portfolio Management company as well as a SEBI Registered Category-I FPI. They offer various institutional and non-institutional trading services, wealth management and private client brokerage services, mainly in equity, commodities and foreign exchange.

c. Capital and other Business - The Capital Business includes the company’s internal treasury operations which manage their excess capital funds. It does so by investing the capital in low / medium risk strategies, maintaining positions in physical as well as exchange traded commodities and other instruments. It structures the treasury investments to maintain sufficient liquidity in the portfolio to support the capital needs of the other businesses. Further, the company also provides Warehousing Services to commodity market participants.

Issue Details:

Up to 38,00,000 Equity Shares aggregating up to ₹ [●] Lakh and Up to 90,00,000 Equity Shares aggregating up to ₹ [●] Lakh

Issue size: ₹ 328 - 346 Cr

No. of shares: 5,01,45,950

Face value: ₹ 2/-

Price band: ₹ 256 - 270

Bid Lot: 55 shares and in multiples thereon

Post Issue Implied Market Cap:

₹ 1,284 – 1,354 Cr

BRLMs: Aryaman Financial Services Limited

Registrar: Bigshare Services Private Limited

Indicative Timetable

Activity	On or about
Issue Opens	12-12-2022
Issue Closes	15-12-2022
Finalization of Basis of Allotment	20-12-2022
Refunds/ Unblocking ASBA Fund	21-12-2022
Credit of equity shares to DP A/c	22-12-2022
Trading commences	23-12-2022

Listing: BSE & NSE

Issue Break Up

Retail	QIB	NII
60%	10%	30%

Shareholding *

	Pre Issue	Post Issue
Promoter & Promoter Group	97.42%	72.09%
Public	2.58%	27.91%
Total	100.00%	100.00%

*Calculated using data in RHP on pages - 1, 82

Competitive Strengths

An integrated financial services platform: The company offers its clients an integrated financial services platform, offering various financial services and products, including financing, institutional trading, private client brokerage, asset management and investment advisory services. Further, these services are provided not only in the Indian markets but across various markets and exchanges globally. Further the company has in-house NBFC business which provides lending support to the clients.

Strong human capital and organizational culture: The company's Promoter & Managing Director is aided by a team of well qualified and experienced senior management who are further supported by professionals with a variety of backgrounds in commodities sales and trading, asset management and investment advisory services, funding and financing and other disciplines related to the businesses. The management team's experience and their understanding of the diverse financial market in the domestic and global scenarios will enable the company to continue to take advantage of both current and future market opportunities.

Global exposure providing innovative financial products: The company is a global financial services provider offering opportunities in multi-asset global institutional trading in equities, commodities and foreign exchange, private client broking, asset management and investment advisory services and wealth management services to corporate, institutional and high net worth individual clients. The international exposure helps the customers diversify a portfolio, which in turn provides a balance between geographies.

Strong relationships with clients and market participants: The company has been in the business of commodities, equities and forex trading, domestic and global and the dedicated focus on client coverage and ability to provide ongoing and innovative solutions in terms of diversity of investment avenues and global execution, has enabled it to establish long-term relationships with institutional and high net worth individual clients. These deep relationships provide the company with an advantage in attracting better brokerage fees and trade commissions.

Standardized operating procedures and efficient use of technology: The company has implemented standardized operating procedures that have enabled development of a scalable and replicable business model across the globe and across various financing product portfolios. Further, its IT infrastructure and effective use of technology has enabled development of an effective risk control framework for global business transactions and also improve employee productivity and operating efficiencies.

For further details, refer to 'Competitive Strengths' page 119 of RHP

Business Strategies

Using technology to create greater scalability

The company has, and continue to strive to, effectively use technology to meet the changing needs of its clients, trading staff and other employees. The increase in the use of technology is strategic and integral to the company's business, as it helps in standardizing the business processes, improve client and trading experience and reduce costs. The company has, through one of its group company, set up and has invested in high-performance technology system which includes a cutting edge digital client on-boarding system, trading platform, risk management system, broking back office and Demat management system, with adequate controls for data protection. It aims to leverage the technology currently used and progress further towards a model that meets the clients' requirements by facilitating easy on-boarding, ease in transacting and access to other relevant data through digital platforms. Through these initiatives, the company expects the client's user experience to improve, which should enable to build client loyalty.

Continue to expand the lines of business into complementary businesses

In addition to consolidating existing lines of business, the company intends to continue expanding into complementary businesses related to the equities, commodities, and other financial needs. Based on the experience of commodities trading, over the exchanges as well as physical trading, it ventured into the business of developing and renting warehouses for traders. Further, to complement the global trading business, it is also in the process of developing 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. The company's subsidiary Corporate Avenue Services Limited, incorporated in the United Kingdom, has applied for a payment processing license from the FCA, UK and has already received approval to act as an Authorised Payment Institution.

Augment the fund based capacities in order to scale up business operations

Through its subsidiary AFPL, the company is a RBI registered NBFC with a primary focus on providing Indian Rupee denominated secured and unsecured structured term financing solutions to individuals and corporates primarily in the category of small and medium enterprise (SME) borrowers in India. The company generally sources its capital for the NBFC business, by issuing secured & unsecured debentures as well as by availing credit facilities from banks in India. It intends to raise funds from the Fresh Issue Proceeds of the offer and augment fund based capital requirements. Funding the augmentation of capital requirement from the proceeds of the Fresh Issue will also enable the company to save a considerable interest cost due to lower borrowings.

For further details, refer to 'Business Strategies' page 121 onwards of RHP

Profile of Directors

Mr. Abhishek Bansal, aged 35 years is the founding Promoter of the company Group and is designated as Chairman and Managing Director on the Board in the Company. He was appointed on the Board of the Company upon incorporation i.e. w.e.f September 24, 2009. He is the founder of the Abans Group Under his stewardship, the Group has evolved multi-fold from being just a trading house to a quintessential diversified business group, providing expertise in Broking Services, Non-Banking Financial Dealings, Financial Services, Agri-Commodity Services, Warehousing, Realty & Infrastructure, Gold Dore Refinery & Manufacturing and Trading in Metal Products, Pharmaceuticals, Software Development & Wealth Management. He is currently responsibility for overall management and affairs of the Company and entire group including devising investment strategies, developing industry networks for further business development and overall development of the business of the Company.

Mr. Nirbhay Vassa, aged 35 years is the Whole Time Director of the Company. He was appointed on the Board in the Company w.e.f August 02, 2021. He is associated with the group since 2019 and subsequently became the Director of the Company. Further, he was given an additional position of CFO in the Company w.e.f. August 03, 2021. In past he has been associated with Natklean Services Private Limited, Embassy Group, Deloitte Haskins & Sells and Tesco PLC. He is currently responsible for overseeing deployment of strategic business plans to accomplish accounting, compliance and revenue targets, improve cash flow, retired debt ahead of schedule and built cash reserves while controlling costs, work closely with audit team to prepare accounts and documentation as well as conduct audits according to all regulatory requirements.

Mr. Shivshankar Singh, aged 54 years is the Non-Executive Director of the Company. He was appointed on the Board in the company w.e.f January 15, 2021. He has completed his Diploma in Industrial Electronics from Board of Technical Examinations, Maharashtra State in the year 1989. He is associated with this group since 2016 and subsequently became the Director of the Company. He has around three decades of rich & extensive experience in infrastructure management, ISMS development & implementation, facilities management, techno - commercial evaluations, new technology initiatives, DR/BCP management, SLA management, server/storage consolidation and team management. In past he has been associated with Capstrat Consultancy Services, ICEX Ltd, BSE Ltd. and ONGC.

Mr. Rahul Dayama, aged 38 years is an Independent Director of the Company. He was appointed on the Board in the Company w.e.f. April 28, 2021. He has more than a decade of experience in the field of Internal Auditing, Internal Financial Controls, Taxation, Finance & Accounting, Tax Audit and Statutory Auditing. He had earlier worked with Haribhakti & Co. and at present working as Independent Practicing CA. He has conducted Risk based internal, process & information technology audits for banking, financial, manufacturing, service, health care and other industries.

Mrs. Rachita Mehta, aged 38 years is an Independent Director of the Company. She was appointed on the Board in Company w.e.f. July 12, 2021. She has more than a decade of extensive professional experience working in the family business milieu and in conjunction with the Indian Defence with the group project portfolio of \$20 Million.

Ms. Ashima Chhatwal, aged 29 years is an Independent Director of the Company. She was appointed on the Board in the Company w.e.f. July 12, 2021. She has more than 4 years of experience in the field of internal audit, legal matter, corporate commercial transactions, corporate governance practices, policy making, special projects, secretarial laws, due diligence and other compliances. She has worked with Bharti Airtel Limited (as a Management Trainee), HCL Technologies Limited, AZB & Partners and Navalji Cotspin Limited. At present she is working with Legal Firm as Senior Consultant.

Given above is the abstract of data on directors seen on page 161 of the RHP

Object of the Offer

Offer for Sale: Since the Offer is an offer for sale, the Company will not receive any proceeds from the Offer.

Fresh Issue: The Net Proceeds are proposed to be utilized in accordance with the details provided in the following table:

Particulars	Amount (Rs. In Lakhs)*
Further Investment in the NBFC Subsidiary (Abans Finance Pvt. Ltd.) for financing the augmentation of its capital base to meet its future capital requirements	8,000.00
General corporate purposes ⁽¹⁾	[●]
Total Net Proceeds	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.

Comparison with peers

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to their business:

Company	FV/Share (₹)	EPS (Basic)	RONW (%)	NAV (₹ per share)	P/E (times)
Abans Holdings Limited	2.00	13.37	9.01	136.17	[●]
Listed Peers					
Edelweiss Financial Services Ltd.	1.00	2.11	2.89	73.13	27.44
Geojit Financial Services Ltd.	1.00	6.31	21.61	29.20	7.28
Choice International Ltd.	10.00	13.84	13.07	105.86	19.44

Above data is obtained from page 97 of RHP

Notes:

- The peer group figures based on audited consolidated financials as on and for the year ended March 31, 2022.
- P/E figures for the peer is computed based on closing market price as on November 18, 2022, of relevant peer companies as available at BSE, (available at www.bseindia.com) divided by Basic EPS for FY 2022 reported in the filings made with stock exchanges.
- Return on net worth (%) = Net profit after tax * 100 / Net worth at the end of the year
- Net Asset value per share = Net worth at the end of the year / No. of shares outstanding at the end of year

Financials (Consolidated Restated):

(Rs. in Lakhs unless stated otherwise)

Particulars	As at August 31, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Equity Share Capital	926.92	926.92	926.92	308.97
Other Equity	66,890.01	62,183.60	55,267.78	49,645.80
Net Worth	67,816.93	63,110.52	56,194.70	49,954.77
Total Borrowings	7,692.12	8,590.43	26,738.56	31,879.45
Revenue from Operations	28,489.84	63,862.78	132,551.13	276,520.63
EBITDA	3,216.92	9,248.53	8,152.60	9,689.56
EBITDA Margin	11.29	14.48	6.15	3.50
Return on Capital Employed (ROCE) (%)	8.45	11.13	8.64	10.35
Profit/(Loss) Before Tax	2,983.17	6,625.51	4,910.85	4,232.86
Profit/(Loss) After Tax	2,974.45	6,197.15	4,579.57	3,921.64
PAT Margin	10.44	9.70	3.45	1.42
Basic EPS	6.42	13.37	9.88	8.46

Above data obtained from pages 20, 66, 95 & 96 of RHP

Notes:

(a) Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

(b) EBITDA is calculated as restated profit for the year / period plus tax expense plus depreciation and amortization plus finance costs plus exceptional items.

(c) EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(d) Restated profit for the year / period margin is calculated as restated profit for the year / period divided by revenue from operations.

(e) RoCE is calculated as Earnings before interest and taxes (EBIT) divided by Capital Employed.

Key Risk Factors

- The Company and its Promoter/Director, Subsidiaries and Group Companies are parties to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on the business, results of operations and financial condition.
- The Company is primarily a holding Company and it operates all the business through 17 subsidiaries and the performance of the Subsidiaries may adversely affect the results of operations.
- Any downward revision in company's credit ratings could adversely affect its ability to service debts as well as raise funds in the future hence affecting the results of operations and financial conditions.
- The company has reported negative net cash flows in the past and may do so in the future.
- Unexpected market movements and disruptions could affect company's capital business making its revenues and profits highly volatile, which may make it difficult for to achieve steady earnings growth on a quarterly basis and hence may adversely impact business operations, stock prices and financial position.
- One of company subsidiaries namely, Abans Commodities (I) Private Limited is involved in a proceeding before SEBI regarding allegations of participation/facilitation by it of pair-contracts as a trading member/clearing member. Any adverse outcome in the matter would have an adverse effect on the operations of Abans Commodities (I) Private Limited and the reputation of the Abans Group, which in turn could have an adverse impact on the company's business, financial condition and results of operations.
- The company has made substantial political contributions including contributions to electoral bonds in the last five years and the same has resulted in reduction in its net profits reported on a consolidated basis.
- A majority of company's advances by its NBFC are unsecured and are not supported by any collateral that could help ensure repayment of the loan. If it is unable to recover such advances in a timely manner or at all, the financial condition, results of operations and cash flows may be adversely affected.
- The company relies on the Indian exchanges and certain international exchanges for a significant portion of its business.
- In addition to normal remuneration, other benefits and reimbursement of expenses of some of the Directors (including the Promoter) and Key Management Personnel are interested in the company to the extent of shareholding and dividend entitlement in the company. Further, the company has in the past entered into Related Party Transactions and may continue to do so in future also, which may adversely affect competitive edge and better bargaining power if entered with non-related parties resulting into relatively more favorable terms and conditions and better margins.
- Some of the company's promoter group companies as well as some of the common directorship companies are in the process of strike-off with RoC. Any adverse developments in these companies could affect its common directors to that extent.
- One of the subsidiaries namely, Abans Finance Private Limited ("AFPL") has initiated certain criminal proceedings against the borrowers. Any adverse outcome in such proceedings would have an adverse effect on cash flows, business, financial condition and results of its operations.
- Any increase in or realisation of the contingent liabilities and commitments could have a material adverse effect on the company's business, financial condition, cash flows, results of operations and prospects.
- The company is dependent on a few set of market participants or counter parties w.r.t the physical commodities trading activities which supports its online exchange based trading operations as part of the capital business as well

as for the other business like finance business & agency business. Any adverse developments or inability to enter into or maintain such relationships could have an adverse effect on the business, results of operations and financial condition.

- The company has incurred indebtedness, and may incur substantial additional indebtedness, which could adversely affect the financial condition, and/or its ability to obtain financing in the future, react to changes in business and/or satisfy obligations.
- The company is vulnerable to the volatility in interest rates and it may face interest rate and maturity mismatches between the assets and liabilities in the future which may cause liquidity issues.
- The company has availed ₹ 955.00 lakhs as unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect the cash flow and financial condition.
- The company has invested in certain Unquoted Compulsorily convertible debentures and Unquoted Market Linked Debentures both of which are valued on its balance sheet at amortised value but the company may not be able to realise equivalent value of such instruments on sale/divestment as there is no listed exchange for such instrument.
- The company's exposure to legal and regulatory liability is significant and may subject them to significant penalties.
- Certain of the company's Subsidiaries, step-subsiidiaries and group companies have incurred losses during the last three fiscal years, which may adversely affect the consolidated results of operations.
- The company benefits from its relationship with the Promoter and the business and growth prospects may decline if it cannot benefit from this relationship in the future.
- Some of the group companies operate in a similar line of business as the company including the subsidiaries. There are no non - compete agreements between any companies of the Group. This could lead to potential conflicts of interests in the future and may adversely affect business operations and consolidated financial condition of the company.
- Some of the company's borrowings carry restrictive covenants or conditions and could affect its ability to manage the business operations. Further, it has availed of certain loans from Banks and other lenders, pursuant to the Financing Arrangements that have been entered into with them. Pursuant to the terms of such arrangements, the company requires consents from the respective lenders for a number of corporate actions, including for undertaking the Offer, some of which have not been obtained as on date of the Red Herring Prospectus. Any failure to obtain such consents may result in a default under the terms of the Financing Arrangements.

Please read carefully the Risk Factors given in detail in section III (page 24 onwards) of RHP

Disclaimer

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of JM Financial Services Ltd. ("JMFS"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued Abans Holdings Limited, dated December 03, 2022 to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. We can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. JMFS shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and we are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors given in section III, page 24 onwards before making any investment in the Equity Shares of the Company.

In rendering this information, JMFS assumed and relied upon, without independent verification, the accuracy and completeness of the details/data provided by the Company by way of RHP. JMFS does not warrant the accuracy, reasonableness and/or completeness of any information mentioned in this document. Also, JMFS takes no responsibility of updating any data/information in this document from time to time. JMFS, its affiliates/associates and any of its directors, officers, employees and any other persons associated with it shall not be liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document in any manner whatsoever.

This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JMFS and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come, are required to take note of such restrictions and comply with the same.

Registration details:

JM Financial Services Ltd.

Stock Broker – Registration No. - INZ000195834

Corporate Identity Number: U67120MH1998PLC115415

Registered office Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.

Tel: (91 22) 6630 3030 |Fax: (91 22) 6630 3223

Corporate office Address: 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.

Tel: (91 22) 6704 3000/3024 3000 |Fax: (91 22) 6704 3139.