

A play on structural wealth management business

About the Company: Anand Rathi Wealth Limited (ARWL) is one of the leading non-bank wealth solutions firms in India and has been ranked amongst the top-3 non-bank mutual fund distributors in India by gross commission earned in FY19, FY20 and FY21. It was incorporated on March 22, 1995.

- Anand Rathi acts as a mutual fund distributor, registered with AMFI. It distributes mutual fund schemes managed by AMCs and earns distribution commissions on a trail basis from AMCs.
- They are currently present across 11 cities in India like Mumbai, Bengaluru, Delhi, Hyderabad, Kolkata, Chennai, Pune, Chandigarh, Jodhpur, Noida, etc and compete with Bank and Non-bank wealth management distributors.

Key Highlights:

- As of August 31, 2021, Private Wealth (PW) vertical caters to 6,564 active client families, serviced by a team of 233 RMs. vertical focuses on the HNI segment with AUM potential of ₹5 - ₹ 50 crores, who are seeking quality and value addition rather than low cost solutions
- The AUM of ₹30209 crore comprises mutual fund schemes and other financial products such as bonds, MLDs and other securities held by clients. PW AUM has grown at a CAGR of 22.47% from ₹18037 crore as of 31st March, 2019 to ₹29472 crore on March 31, 2021.
- ARWL is currently distributing products as per customer needs and not manufacturing own products in this arm, enabling it to offer right product but margins remain low.
- It generated revenue of ₹ 279.2 crore and PAT of ₹45.1 crore in FY21 with profit margin of 16.2% and for 5 months ended August 31, 2021 profit margin has increased to 30.3%.

What should investors do? ARWL is a play on wealth management business where Ultra HNI segment is witnessing significant growth. Given the fundamentals and growth potential, valuation of (ARWL) looks reasonable, as at upper end of price band, the company is valued at ~7.5% AUM and ~18.7x EPS (annualised FY22E). The closest listed peer IIFL Wealth has over ₹2.2 lakh crore in AUM and trading at 25x FY22E (consensus) offers healthy growth potential too.

- We remain positive in the space and assign **SUBSCRIBE** rating to the IPO.

Key risk & concerns

- Changes in regulatory environment may impact business and margins
- Increasing competition in wealth management space
- Pandemics, like Covid-19, could impact materially

ANANDRATHI Private Wealth. uncomplicated

Particulars

Issue Details

Issue Opens	2nd December 2021
Issue Closes	6th December 2021
Issue Size	₹ 660 crore
Fresh Issue	-
Offer for Sale	₹660 crore
Price Band	₹ 530-550
No. of shares on offer (in crore)	1.20
QIB (%)	50
Retail (%)	35
NIB (%)	15
Minimum lot size (no of shares)	27
2.5 lakh shares are reserved for employees	

Note: OFS, No of shares on offer based on upper price band

Shareholding Pattern (%)

	Pre-Issue	Post-Issue
Promoter	74.7	50.6
Public	25.3	49.4
Total	100.0	100.0

Objects of issue

Objects of the Issue

The objects of the offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges

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Key Financial Summary

	FY19	FY20	FY21	Aug-21	CAGR (FY19-21)
Total Revenue	284.2	336.4	279.2	168.9	-0.9%
PAT	58.4	61.6	45.1	51.1	-12.1%
EPS	14.4	15.0	10.9	29.4*	-13.2%
ROE %	47.7	33.1	18.7	42.7*	
AUM	18393	18355	26670	30209	20.4%
P/E	38.2	36.8	50.7	18.7	
P/AUM	0.12	0.12	0.09	0.08	

Company Background

Anand Rathi Wealth Limited (ARWL) was incorporated on March 22, 1995, as an AMFI registered mutual fund distributor and later evolved into providing, well researched solutions to their clients by facilitating investments in financial instruments through an objective driven process. They are one of the leading non-bank wealth solutions firms in India and have been ranked amongst one of the three largest non-bank mutual fund distributors in India by gross commission earned in FY19, FY20 and FY21.

Anand Rathi has witnessed AUM growth of 20.4%, from AUM of ₹18393 crore in FY19 to AUM of ₹26670 crore in FY21 and AUM of ₹30209 crore in 5 months ended August 31, 2021. It generated revenue of ₹ 279.2 crore and PAT of ₹45.1 crore in FY21 with profit margin of 16.2% and for 5 months ended August 31, 2021 profit margin increased to 30.3%.

Anand Rathi provides services primarily through their flagship Private Wealth ("PW") vertical where they manage ₹29472 crore in AUM as on August 31, 2021. The Company: (a) acts as a mutual fund distributor, registered with the Association of Mutual Funds in India. It distributes mutual fund schemes managed by AMCs and earns distribution commissions on a trail basis; (b) purchases non-convertible market linked debentures ("MLDs") and offers them to its clients and earns income from these sales.

As of August 31, 2021, PW vertical caters to 6,564 active client families, serviced by a team of 233 RMs. As on August 31, 2021, 54.69% of the clients have been associated with them for over 3 years, representing 73.55% of their total PW AUM, which shows the strength in vintage of both clients and their AUM. They are currently present across 11 cities in India, namely, Mumbai, Bengaluru, Delhi, Gurugram, Hyderabad, Kolkata, Chennai, Pune, Chandigarh, Jodhpur and Noida and have a representative office in Dubai.

Their client families have consistently grown with new family additions of 965, 863, 988 and 455 in FY19, FY20, FY21 and for the period ended August 31, 2021 respectively. Correspondingly, their PW AUM has grown at a CAGR of 22.47% from ₹18037 crores as of 31st March, 2019 to ₹29472 crores on August 31, 2021.

As part of the holistic approach to clients, they also facilitate estate planning, succession planning and create wills as part of their core objectives, without charging any cost to their clients. They have a dedicated in-house team of 4 specialists who are qualified lawyers and servicing clients across all locations to advise and create wills or designing and creation of private family trust. They have digitised their operational process, including opening of account, client approvals and investment transactions and on-boarding process. This has led to cost efficiencies and making execution less cumbersome, more transparent and contributed to business growth.

Exhibit 1: Anand Rathi's break-up of AUM: PWM and DWM

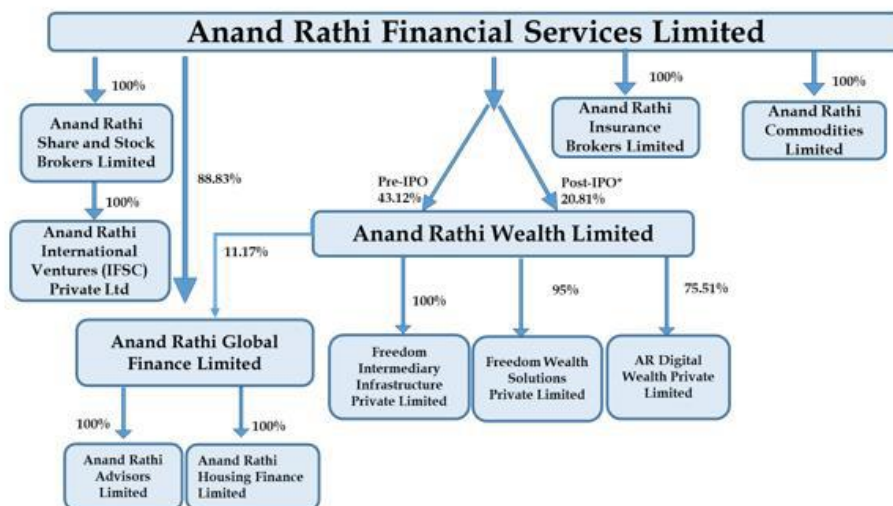
PWM & DWM AuM (₹in crore)	FY19				FY20				FY21				April 1, 2021 to August 31, 2021			
	PWM AUM	DWM AUM	PWM & DWM AuM	%	PWM AUM	DWM AUM	PWM & DWM AuM	%	PWM AUM	DWM AUM	PWM & DWM AuM	%	PWM AUM	DWM AUM	PWM & DWM AuM	%
Equity Mutual Fund	7838	260	8098	44.0%	5817	245	6062	33.0%	9495	430	9925	37.2%	12312	547	12858	42.6%
Debt Mutual Fund	4675	88	4764	25.9%	4907	99	5006	27.3%	4531	103	4634	17.4%	4411	105	4516	15.0%
Total MF – A	12513	3	12862	69.9%	10724	344	11068	60.3%	14026	533	14559	54.6%	16723	652	17374	57.5%
Change Y-o-Y (%) MF			NA				-14.0%				31.5%				19.3%	
Structured Products/ MLDs	3959	8	3966	21.6%	5752	46	5797	31.6%	9328	79	9408	35.3%	9293	85	9379	31.1%
Total – B	16472	356	16828	91.5%	16476	390	16865	91.9%	23354	612	23967	89.9%	26016	737	26754	88.6%
Direct Equity and Others	1565		1565	8.5%	1490		1490	8.1%	2703		2703	10.1%	3456		3456	11.4%
Total - (A+B)	18037	356	18393	100.0%	17966	390	18355	100.0%	26057	612	26670	100.0%	29472	737	30209	100.0%

Source: RHP, ICICI Direct Research

(PWM – Private Wealth Management, DWM – Digital Wealth Management)

In addition to PW vertical, they have two other new age technology led business verticals, i.e., Digital Wealth (“DW”) and Omni Financial Advisors (“OFA”). Their DW vertical is a fin-tech extension of their proposition and addresses the large mass affluent segment (i.e. group of individuals with financial assets between ₹10 lakh to ₹5 crore) of the market with a wealth solution delivered through a ‘phygital channel’ i.e. a combination of human interface empowered with technology. Starting September, 2016, their DW vertical has seen encouraging results in its attempt to build a ‘Partner’ led distribution model. As of August 31, 2021, the AUM for DW vertical was ₹738 crore with 3,491 clients and 195 client engagement partners. Their OFA vertical is another strategic extension for capturing the wealth management landscape wherein they provide a technology platform for Independent Financial Advisors (“IFAs”) to service their clients and grow their business. Within a short period of over five years since its launch in September, 2016, it has become India’s leading technology platforms for IFAs in terms of subscribers with over 5,062 subscribers as of August 31, 2021. These IFAs handle around ~16.3 lakh clients.

Exhibit 2: Anand Rathi Group corporate structure



*Calculated by taking up to 9,285,000 Equity shares in offer for sale as mentioned in DRHP

Note: ARIPTL, one of our group companies does not appear in the above chart, as 67.04% shareholding is held by our Individual Promoters and remaining by other promoter group.

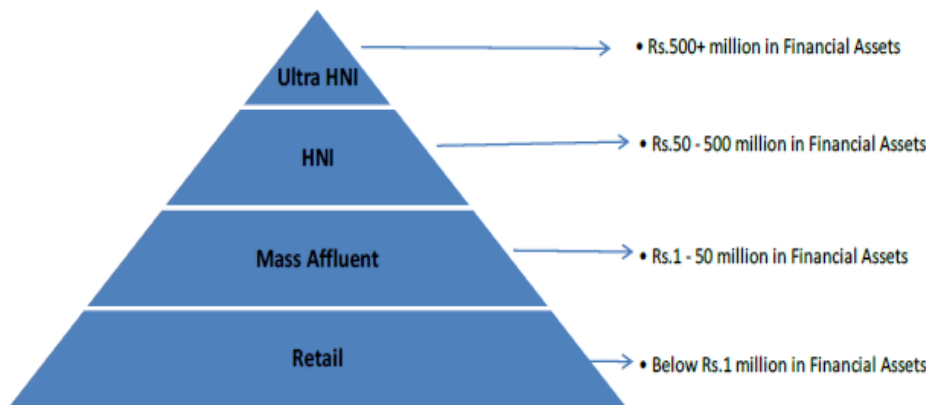
Source: RHP, ICICI Direct Research

Industry Overview

The Indian Wealth Management market is on a sustained path of growth, given India’s long-term economic prospects, positive demographics, rising income levels and current low penetration. Top 8% of total population in India represents 45% of total wealth and of the above only 20% take advice from wealth managers (Data as on 2018). The wealth management market (assets under advisory) in India is ~₹21.77 lakh crore in July 2021, which is only ~9% of country's GDP, as compared to 60% to 75% of GDP in established markets.

The increase in penetration of wealth management companies into Tier II and III cities will also help to drive the growth given more than 44% of the UHNIs live in non-metro where currently wealth is majorly managed by IFAs and chartered accountants. The investable wealth across HNI and mass affluent segment is rising due to fast growing economy, creating a need for wealth services. Assets managed by Indian mutual fund industry has increased from ₹27.74 lakh crore in September 2020 to ₹37.41 lakh crore in September 2021, representing a 34.8% YoY growth. Growing popularity of mutual funds has seen increasing participation from retail investors in B30 cities.

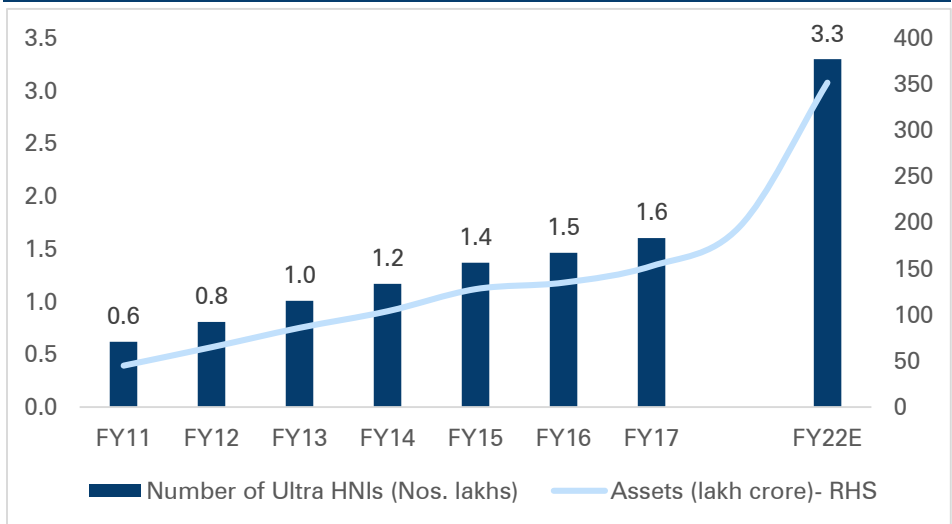
Exhibit 3: Wealth Pyramid



Source: RHP, ICICI Direct Research

The mutual fund industry has witnessed a healthy growth, supported by various regulatory measures as well as investor education initiatives, where AUM of the Indian MF industry has grown from ~₹11 lakh crore in 2015 to ₹36.73 lakh crore as on 30th September, 2021. Digital presence by mutual fund houses and wealth management players is enhancing distribution reach through efficient distribution.

Exhibit 4: Increasing number of Ultra-HNI



Source: RHP, ICICI Direct Research

India is expected to see healthy rise in Ultra-HNIs and millionaires which in turn would increase requirements for wealth management solutions thus benefitting overall industry.

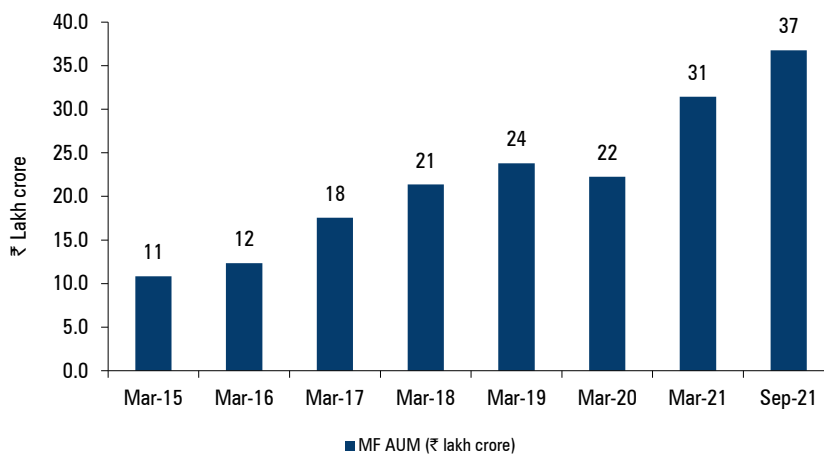
Exhibit 5: India to witness healthy rise in millionaires

Country	Millionaires ('000)			
	2020'	2025'	% chg	CAGR %
United States	21951	28055	28	5.0
China	5279	10172	93	14.0
Japan	3662	5411	48	8.1
United Kingdom	2491	3711	49	8.3
Germany	2953	4240	44	7.5
India	698	1269	82	12.7
World	56084	84014	49	8.4

Source: RHP, ICICI Direct Research

Surging AUM in MF industry aids business

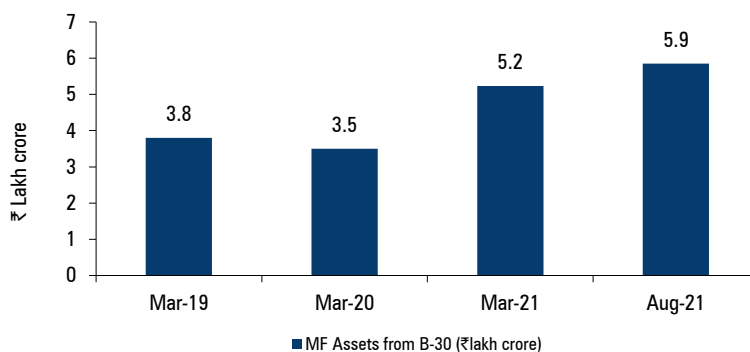
Exhibit 6: Healthy AUM growth in MF industry to aid wealth management business



Source: RHP, ICICI Direct Research

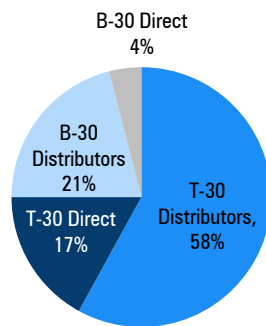
The mutual fund sector is witnessing rising activity from B30 locations, especially in the equity segment due to improved distribution and regulatory changes in fee structure. As of March 2021, Mumbai and New Delhi attributed to 43% of the average AUM compared to 56% in March 2015. Assets from B30 increased from ₹4.45 lakh crore in August 2020 to ₹5.86 lakh crore in August 2021, representing an increase of 32%.

Exhibit 7: Rising contribution from B-30 cities.



Source: RHP, ICICI Direct Research

Exhibit 8: Investor composition – channel wise



Source: RHP, ICICI Direct Research

Distribution channel remains dominant

Distributors have been a key player for strong participation from retail investors that has led to overall growth in the industry. Retailers /HNIs have preferred to invest through distributors. As of August 2021, about 83% of the retail investors chose to invest through distributor, while 76% of HNI assets were invested through distributor. In the equity schemes, 78% of the assets were through distributors who have played an important role.

Exhibit 9: Top non-bank wealth managers in India

Rank	Wealth Manager	Type	AUM (\$ Bn)
1	IIFL Wealth & Asset Management	Non-Bank	27.5
2	Edelweiss Wealth Management	Non-Bank	19.9
3	Julius Baer	Non-Bank	17.5
4	ASK Asset & Wealth Management	Non-Bank	9.2
5	JM Financial Wealth Management	Non-Bank	7.8
6	Client Associates	Non-Bank	4.5
7	Karvy Private Wealth	Non-Bank	4.2
8	Ambit Global Private	Non-Bank	4.2
9	Waterfield Advisors	Non-Bank	3.6
10	Centrum Wealth Management	Non-Bank	3.5
11	Anand Rathi Wealth Limited	Non-Bank	3.4
12	Avendus Wealth Management	Non-Bank	3.3

Source: RHP, ICICI Direct Research

The global wealth management industry is being revolutionized by the rapid pace of digital innovation. After the global financial crisis, while traditional asset managers focused on meeting the enhanced regulatory requirements and resolving other crisis-driven complexities, several new age digital players focused on developing simpler and cheaper methods of delivering financial advice in an innovative way.

Exhibit 10: Digital wealth management to evolve

	Robo-advisors		Traditional wealth management firms
	Fully automated digital wealth managers	Advisor-assisted digital wealth managers	
Business model	Software-based delivery of customized and automated investment advice	Phone-based financial advisor accessible through digital channels for personal advice	Face-to-face advice mainly through the branch network for comprehensive wealth management
Client type	Millennial, tech-savvy and price sensitive customers who want to match market returns and pay low fees	Mass market and mass affluent clients who value human guidance and technology	Affluent, HNI and ultra-NHI clients who value guidance from a trusted financial advisor
Value proposition	A convenient, easy-to-use and low-cost online platform offered directly to consumers	A digital platform combined with advisor relationship; affordable pricing for a fully diversified portfolio	A dedicated FA with full range of investment choices and comprehensive wealth planning
Fee structure	A 0.25%–0.50% fee on assets managed; minimums may apply	A 0.30%–0.90% fee on assets managed; monthly fees per planning program; minimums may apply	A 0.75%–1.5%+ fee on assets managed; varies by investment type; minimums may apply

Source: RHP, ICICI Direct Research

Robo-advisors operate on a very low-cost model compared to traditional wealth management firms. In India, most professional financial planners charge ₹15,000 to ₹40,000 a year to manage a client’s portfolio, while wealth management firms, which mainly cater to wealthy clients, charge 0.75% to 1.5% of AUM per year. Robo-advisors are mostly free of cost and earn either from trail commissions from fund houses or charge a very low advisory fee.

Exhibit 11: Summary of profitability for wealth management players

Company	Type of Financials	Financial Year	Revenue (in ₹crore)	PAT (in ₹crore)	EBITDA (in ₹crore)	PAT Margin
IIFL Wealth & Asset Management	Consolidated	FY21	915.0	369.0	348.0	40%
		FY20	920.0	206.0	356.0	22%
		FY19	1059.2	374.1	965.8	35%
		FY18	1074.9	385.3	510.9	36%
Anand Rathi Wealth Limited	Consolidated	FY21	279.2	45.3	83.8	16%
		FY20	336.4	61.6	111.3	18%
		FY19	284.2	58.4	105.5	21%
Edelweiss Advisory	Wealth Management division of Advisory Group	FY21	1043.0	245.0	NA	23%
		FY20	861.0	162.0	NA	18%
		FY19	725.0	162.0	NA	22%
		FY18	557.7	108.7	NA	19%
Julius Baer Wealth Advisors India Pvt. Ltd	Standalone	FY20	106.3	-13.8	6.2	NM
		FY19	115.1	-6.2	8.4	NM
		FY18	124.3	2.6	20.7	2%
Sanctum Wealth Management Pvt. Ltd.	Standalone	FY20	20.3	-35.1	-34.4	NM
		FY19	21.0	-35.9	-34.2	NM
		FY18	22.0	-28.4	-27.3	NM
Ask Investment Managers Pvt. Ltd.	Consolidated	FY19	490.8	125.1	195.0	25%
		FY18	464.9	121.1	193.4	26%
		FY17	332.8	75.2	NA	23%
Centrum Wealth Management Ltd.	Standalone	FY20	76.4	-36.9	-24.4	NM
		FY19	123.8	0.1	9.4	NM
		FY18	97.5	10.7	24.7	11%
Aventus Wealth Management Pvt. Ltd.	Standalone	FY20	57.1	-34.4	-32.3	-60%
		FY19	68.6	-18.3	-17.6	-27%
		FY18	46.0	-10.5	-10.1	NM
Motilal Oswal Wealth Management Pvt. Ltd	Standalone	FY21	127.1	27.5	38.3	22%
		FY20	100.7	6.1	9.8	6%
		FY19	110.4	15.3	22.6	14%
		FY18	103.6	26.6	37.4	26%
Ambit Wealth Advisors Pvt. Ltd.	Standalone	FY20	0.3	-6.8	-5.9	NM
		FY19	0.7	-2.4	NM	NM
		FY18	0.8	0.4	NM	52%

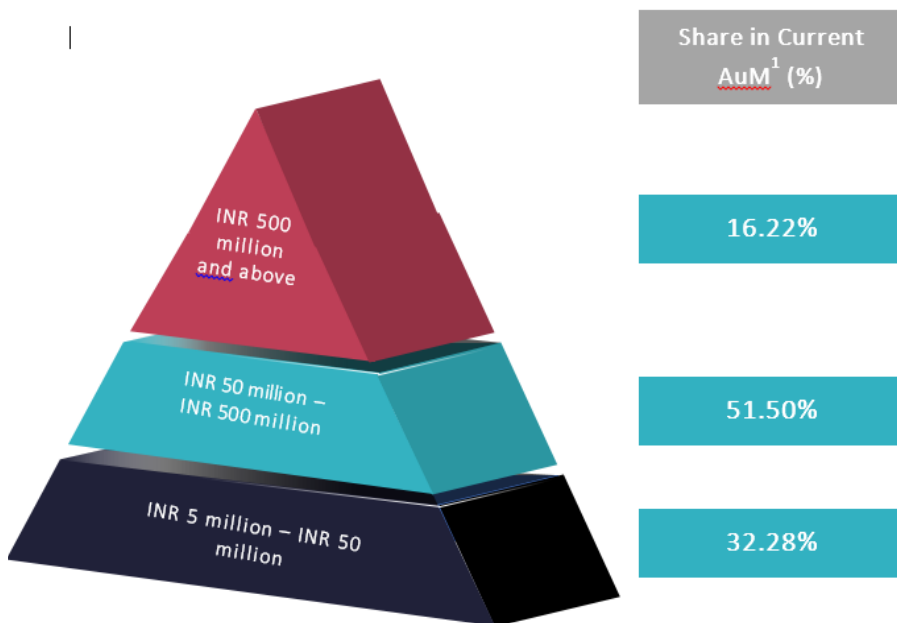
Source: RHP, ICICI Direct Research

Investment Rationale

Focus on the underserved and less price sensitive HNI segment

Anand Rathi’s PW vertical focuses on the HNI segment with AUM potential of ₹5 - ₹ 50 crores, who are seeking quality and value addition rather than low cost solutions. While the targeted AUM potential is above ₹5 crore, they typically on-board clients with a relationship value of a minimum of ₹50 lakh. Through their uncomplicated, standardized and well researched approach, the client relationship value increases over a period of time.

Exhibit 12: Split of AUM and client counts across different categories



Source: RHP, ICICI Direct Research

The number of active client families with respect to the PW vertical stood at 6,564 as on August 31, 2021, wherein 54.69% of clients have been associated for a period of over three financial years.

Exhibit 13: Number of clients added during the last three fiscals

	FY19	FY20	FY21	April 1, 2021 to August 31, 2021
No. of Clients added	965	863	988	455

Source: RHP, ICICI Direct Research

ARWL’s clients in the UHNIs category represents families having an AUM of greater than ₹50 crore and these UHNIs were mostly HNIs when they were on-boarded and have subsequently elevated as UHNIs over a period of time.

Leading non-bank MF distributor with presence in MLD

Mutual Fund: ARWL is amongst one of the three leading Mutual Fund Distributor (“MFD”) in India. They distribute mutual fund schemes managed by leading Asset Management Companies (‘AMCs’) in India and receive commissions linked to the outstanding market value of financial assets procured by them. They are the third largest mutual fund distributor on the basis of the gross commission non-bank MFDs in FY19, FY20 and FY21. MF AUM stood at ₹ 17375 crore as of August 2021.

Non-Convertible Market Linked Debentures (MLDs): Apart from distribution of mutual funds, ARWL sell non-convertible market linked debentures to their clients. MLDs form an important part of their model portfolio acting as a hedge to market variability providing more predictable returns based on the market performance movement with medium to lower return risk as compared to equity investment over the maturity period. A large portion of the MLDs gross

mobilization comes from repeat purchasers, i.e. clients who have invested in Anand Rathi Global Finance Limited MLDs before. Over the last three fiscals and five months ended August 31, 2021, 78% of MLDs sales (₹6916 crore out of ₹8867 crore) has come from repeat purchasers.

Exhibit 14: MLD mobilization depicting substantial repeat purchase

Particulars (₹ crore)	FY19	%	FY20	%	FY21	%	April 1, 2021 to August 31, 2021	%	Total	%
No of Products	331		530		634		177		1672	
Gross Mobilisation	1866	100.0%	2973	100.0%	2871	100.0%	1157	100.0%	8867	100.0%
Repeat Purchase by existing clients	1636	87.7%	2446	82.3%	1931	67.3%	904	78.1%	6916	78.0%

Source: RHP, ICICI Direct Research

Uncomplicated, holistic & standardized solutions offered to client

ARWL follows a process driven approach in providing wealth solutions and aims to achieve consistent client outcomes through a standardized investment strategy which augments the RM’s ability to deliver their service proposition. Their model portfolio consists of an optimal combination of mutual funds & structured products making it relatively simpler for clients to understand.

Exhibit 15: The end-to-end, process driven, standardized and well researched solution approach:



Source: RHP, ICICI Direct Research

The model portfolios are created using their in-house research and analytical tools in allocating assets and selecting securities that are aligned to each client’s liquidity and risk profile. The portfolio is periodically monitored and if required, strategic calls are organized with clients to modify strategy and help them reach their financial goals.

Value added services - safety net & estate planning services

The company believes in a holistic approach, and as part of managing wealth for their clients, their proposition also includes estate planning, succession planning and creating wills as part of core objectives, without any cost to clients. ARWL has a team of 5 qualified lawyers, who are providing services to clients with succession and estate planning services across all locations.

Key risks and concerns

Changes in regulatory environment may impact business

The company is subject to a variety of financial services regulation in the jurisdictions where they operate, including, the SEBI Act, the SEBI (Intermediaries) Regulations, 2008, the SEBI (Investment Advisers) Regulations, 2013 or directions issued by AMFI. The laws and regulations governing advisory and distribution services relating to financial products have become increasingly complex and cover a wide variety of issues, including registration, disclosures, conflicts and insider trading. Any significant regulatory changes in industry, which is likely to be more stringent can adversely affect performance.

Competition from existing and new market participants

The company has to face competition from the wealth management arms of several market participants, including established Indian and foreign banks, as well as private banks and dedicated wealth management companies. They also compete with a large number of independent financial advisors as a consequence of the fragmented wealth management market in India. As a result, there could be difficulty in attracting and retaining clients.

Continuing effect of the COVID-19 pandemic

The COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in an extended period of business disruption and a decrease in economic activity in several countries, including in India. There remains significant uncertainty regarding the duration and long term impact of COVID 19 pandemic, as well as possible future responses by the Government, which makes it impossible to predict certain impact on business and its operations.

Increase in direct investment in MFs by clients

The company derives revenue from commission and trail income i.e. in the nature of a recurring periodic payment as long as the AUM is reflected in ARN code that is earned by distribution of mutual funds through business verticals and from fees received from funds. With growing technology and increase in the ease of investments in such funds, the existing, as well as potential clients may not see significance in choosing to make their investments through the company, and may choose to invest in such funds directly, thereby reducing or eliminating involvement in the process of investments

Slowdown in economy or performance in securities market

The growth in wealth business has been directly related to the growth in the Indian economy, specifically the growing GDP and growing household savings. Such economic growth is affected by various factors including domestic consumption and savings. Any slowdown or reversal in the growth of the Indian economy could result in a reduction in wealth in the Indian economy that can be diverted to savings and investment, a reduced interest in investment in the securities market and reduced foreign investment. Any such reductions could result in a reduction in company's AUM and the commissions can also be thus get impacted.

Financial Summary

Exhibit 16: Profit & Loss Statement				(₹ crore)
	FY19	FY20	FY21	Apr-Aug 21
Revenue From Operations	276.6	331.8	265.3	166.9
Other income	7.6	4.6	13.9	2.0
Total income	284.2	336.4	279.2	168.9
Employee benefits expense	132.2	166.6	150.8	74.4
Other expenses	46.5	58.5	44.7	18.8
Total expenses	178.7	225.1	195.5	93.2
EBITDA	105.5	111.3	83.8	75.7
Finance Cost	6.1	3.3	2.9	0.9
Depreciation and amortisation expense	16.3	21.0	17.3	6.5
PBT	83.1	87.0	63.6	68.3
Tax	24.7	25.3	18.5	17.3
Profit for the Year	58.4	61.6	45.1	51.1

Source: RHP, ICICI Direct Research

Exhibit 17: Balance Sheet				(₹ crore)
PARTICULARS (in ₹Cr.)	FY19	FY20	FY21	As at August 31, 2021
Cash, Cash equivalents and Bank	11.5	28.3	65.4	57.4
Investments	75.1	103.2	104.5	104.6
Loans	0.2	64.9	0.0	26.8
Trade Receivables	11.0	9.1	10.9	12.9
Fixed assets, CWIP and intangible	81.2	139.6	123.5	118.6
Other current assets	14.6	46.5	15.2	47.7
Other non-current assets	37.2	17.5	19.9	34.3
Total Assets	230.8	409.1	339.4	402.3
Share Capital	13.5	13.5	13.8	20.8
Other equity	123.0	183.6	239.1	277.6
Total Equity	136.5	197.1	252.9	298.4
Borrowings	0.6	41.7	33.4	31.2
Lease Liabilities	32.0	26.6	14.1	10.3
Trade Payables	0.2	1.7	0.2	0.0
Provisions	34.2	41.9	20.9	23.7
Other liabilities	27.3	100.1	17.9	38.6
Total Equity and Liabilities	230.8	409.1	339.4	402.3

Source: RHP, ICICI Direct Research

Exhibit 18: Key Ratios

	FY19	FY20	FY21	As at August 31,2021
Accounting Ratios				
RONW (%)	47.8	33.1	18.7	17.8
NAV	30.7	45.8	58.5	68.9
Business Parameters				
No. of Clients added	965.0	863.0	988.0	455.0
EBITDA (in Cr.)	106.3	111.1	83.8	75.7
EBITDA Margin (%)	37.4	33.0	30.0	44.8
Financials Ratios				
Current Ratio	1.6	0.9	1.7	2.0
Debt Equity Ratio	0.0	0.2	0.1	0.1
Debt Service Coverage Ratio	8.1	7.6	2.8	7.7
Profit ratio	21.0%	19.0%	17.0%	31.0%
Return on Capital Employed	78.0%	48.0%	28.0%	24.0%

Source: RHP, ICICI Direct Research

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Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective



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