

Abans Holdings

NBFC | India

IPO | 11 December 2022

Diversified NBFC with Global Presence

About the Company

Abans Holdings (Abans) represents the financial services arm of the Abans Group, which provides NBFC services, trading in equities, commodities, depository services, asset management services, investment advisory services, and wealth management services to corporate, institutional and HNIs. Abans group is a globally diversified organization engaged in Financial Services, Agricultural Trading, Software Development and Real Estate. Currently the company is operating across six countries including Hongkong, UK, UAE, China, Mauritius and India. The company continue to expand into complementary businesses related to equities, commodities, and other financial needs. The company is coming out with an IPO comprising Fresh Issue of 38mn shares and OFS of 90mn shares, aggregating to Rs3.5bn. The Fresh Issue Proceeds of this offer is for fund-based capital requirements.

Business Category

The company has grown from being a commodity trading company into a diversified multi-asset and multi-national financial services company having varied financial services businesses which organized as **1) Finance Business:** The company is RBI Registered NBFC and finance business is primarily focused on lending to private traders and other small and medium businesses involved in the commodities trading market. **2) 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. **3) Capital and Other Business:** Capital business of the company includes internal treasury operations which manages its excess capital funds and the company does by investing in their capital in low / medium risk strategies, maintaining positions in physical as well as exchange traded commodities and other instruments.

Warehousing business

Abans continue to expand into complementary businesses to consolidate existing business. Based on its experience of commodities trading, over the exchanges as well as physical trading, Abans ventured into the business of developing and renting warehouses for traders, where they currently have approximately 0.43 lakhs sq. ft. of warehouse space already developed. They are 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. Its subsidiary Corporate Avenue Services Ltd, 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.

Financials in Brief

Total lending assets declined to Rs1.5bn in FY22 from Rs3.9bn in FY21 and Rs4.6bn in FY20. Interest income from Finance Business also declined to 26% in FY22 from 38% in FY21 and 36% in FY20. During FY20-FY22 the company revenue and EBITDA has declined by 52% and 3% respectively, while PAT increased by CAGR of 26%. The company witnessed a strong increase in EBITDA margins from 3.3% and 5.7% in FY20 and FY21 respectively, to 13.2% in FY22. During YTD FY23 (till Aug22), the company recorded a Revenue, EBITDA and PAT of Rs2.8bn, Rs288mn and Rs297mn respectively. ROE witnessed a steady increase from 6.6% in FY20 to 8.4% in FY22, while the company's Debt/Equity declined from 0.5x in FY20 to 0.1x in FY22.

Our View

There is huge competition in broking industry with top key companies have majority of market share, while Abans is relatively unknown brand in the market. Based on FY22 earnings, the company is valued at 20.2x P/E, 1.7x P/BV and 1.9x EV/Sales. The focus of the company is on nurturing long-term relationships with their trading counter parts as well as HNI and institutional clients and providing service to them. **The expansion into warehousing business, strong sector potential is key positive, while valuation seems pricey based on current financial position.**

IPO Details

Price Band (Rs)	Rs256-Rs270
Face Value (Rs)	2
Issue Open/Closing Date	12-Dec-15th Dec
Fresh Issues (mn)	3.8
OFS (mn)	9.0
Total Issue (mn)	12.8
Minimum Bid Qty. (Nos)	55
Issue Size (Rs bn)*	3.46
QIB / HNI / Retail	50%/15%/35%
Implied Market Cap (Rs bn)*	12.5

*At a higher band

Object of the Issue

- ▶ Financing the augmentation of its capital base to meet future capital requirements

Key Risk

- ▶ Volatility in revenue due to physical trading of commodities
- ▶ Significant portion of revenue is from treasury operations
- ▶ Entire loan book is unsecured in nature as at end Aug'22.
- ▶ Forex exposure
- ▶ Negative cash flow

Shareholding (%)	Pre-Issue	Post-Issue
Promoters	97.4	72.1
Others	2.6	27.9

Key Financials

(Rs mn)	FY20	FY21	FY22
Revenue	27,652	13,255	6,386
EBITDA	902	757	844
EBITDA Margin (%)	3.3	5.7	13.2
PAT	392	458	620
PAT Margin (%)	1.4	3.5	9.7
EPS (Rs)	8.5	9.9	13.4
P/E (x)	31.9	27.3	20.2
EV/EBITDA (x)	16.5	17.3	14.2
EV/Sales (x)	0.5	1.0	1.9
Net Worth	5,900	6,601	7,356
RoE (%)	6.6	6.9	8.4
Gross Debt	3,188	2,674	859
Net Block	145	139	133
Net Asset Turnover (x)	191.1	95.7	47.9

Source: RHP

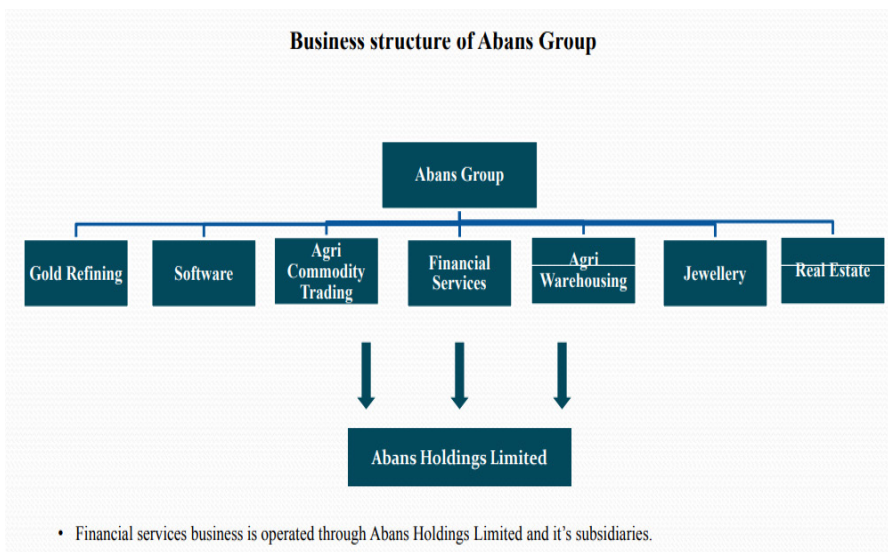
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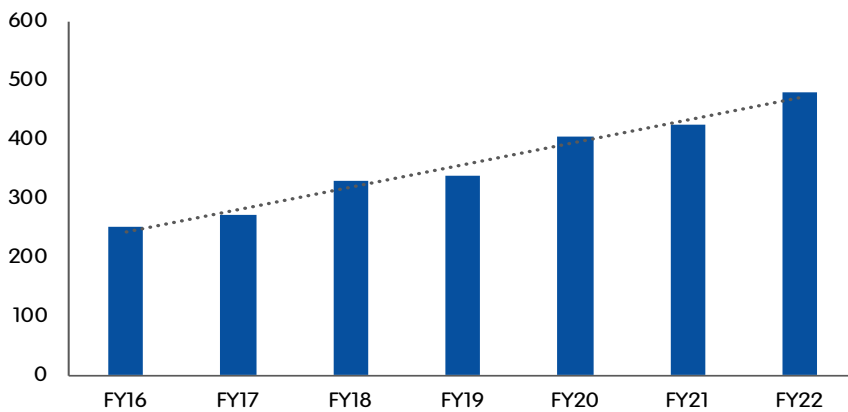
Email : arafat.saiyed@relianceada.com

Exhibit 1: Business Structure of Abans Group



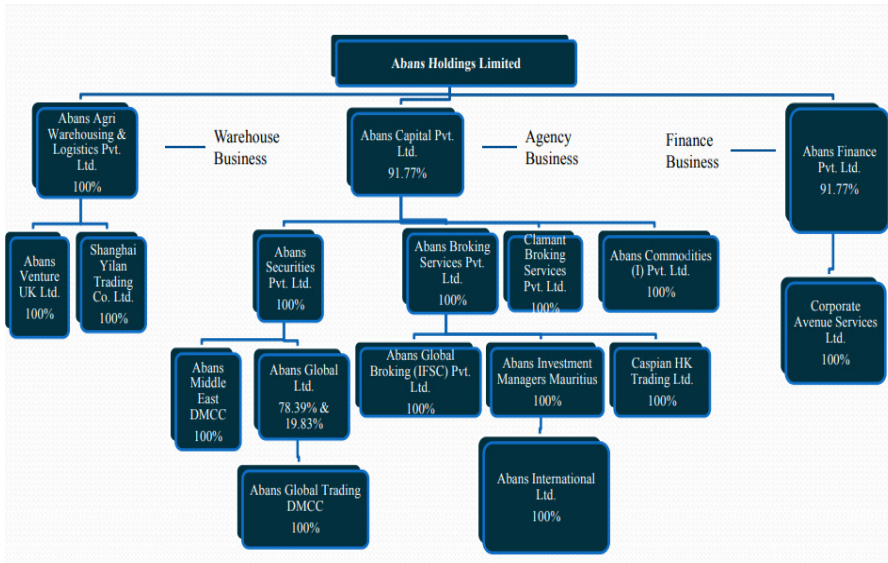
Source: RHP

Exhibit 2: Mutual Funds Assets under Mangement (AUM) (US\$ bn)



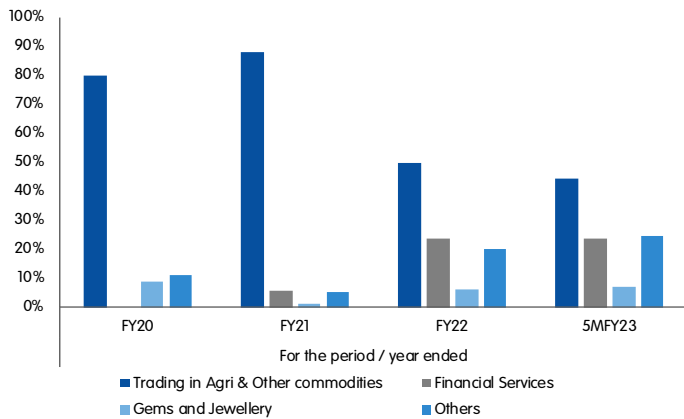
Source: RHP

Exhibit 3: Abans Holding Ltd Group Chart



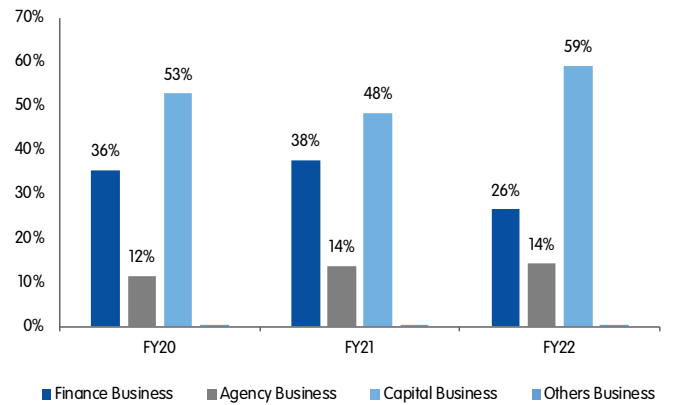
Source: RHP

Exhibit 4: Sectoral Break-up of Loans Granted by NBFC



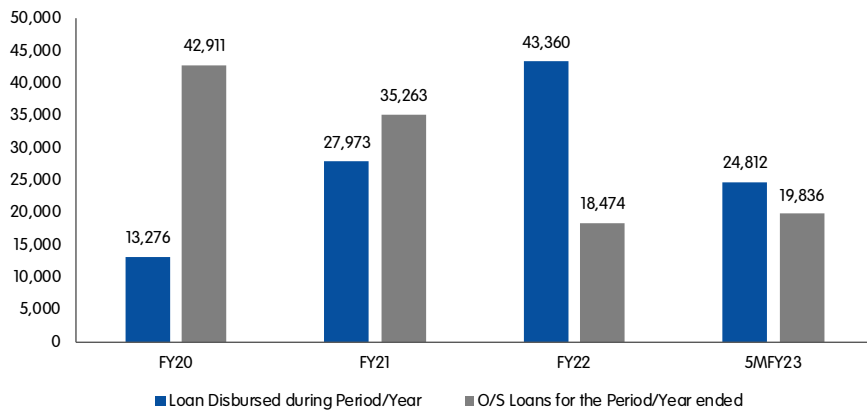
Source: RHP

Exhibit 5: Segment Wise Revenue



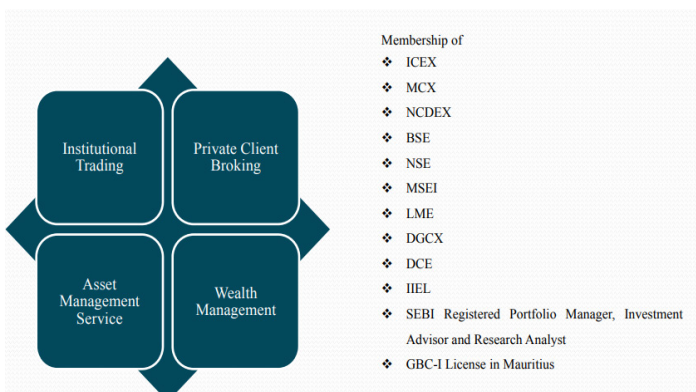
Source: RHP

Exhibit 6: Loan Disbursed and outstanding by NBFC Co. (Rs in Lakhs)



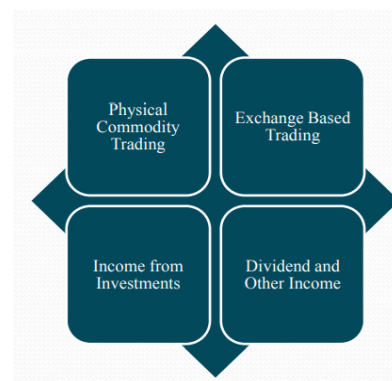
Source: RHP

Exhibit 7: Agency Business



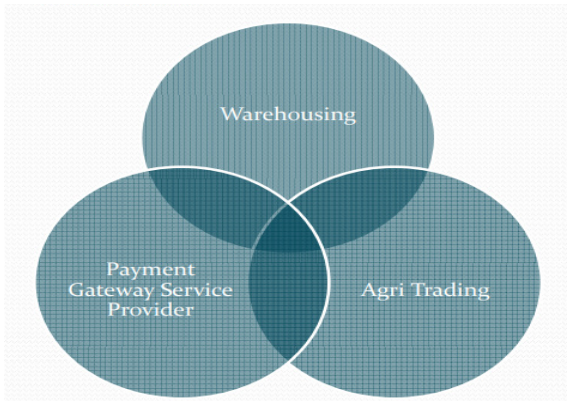
Source: RHP

Exhibit 8: Capital Business



Source: RHP

Exhibit 9: Other Business



Source: RHP

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