

ANAND RATHI

Private Wealth. uncomplicated

ANAND RATHI WEALTH LIMITED

(FORMERLY "ANAND RATHI WEALTH SERVICES LIMITED")

"AMFI-Registered Mutual Fund Distributor"

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 in the name of 'Hikari Finvest Private Limited' on March 22, 1995. It was thereafter renamed as 'AR Venture Funds Management Private Limited', and a fresh certificate of incorporation consequent upon a change of name was issued by the RoC on April 6, 2005, which was later converted from a private limited company to a public limited company under the Companies Act, 1956, with the name 'AR Venture Funds Management Limited', and a fresh certificate of incorporation consequent upon a change of name was issued by the RoC on March 8, 2007. Subsequently, 'AR Venture Funds Management Limited' was converted to a private limited company with the name 'AR Venture Funds Management Private Limited', and a fresh certificate of incorporation consequent upon a change of name was issued by the RoC on July 7, 2015. Thereafter, 'AR Venture Funds Management Private Limited' was again converted to a public limited company with name 'AR Venture Funds Management Limited', and a fresh certificate of incorporation consequent upon a change of name was issued by the RoC on April 3, 2017. Subsequently 'AR Venture Funds Management Limited' was renamed as 'Anand Rathi Wealth Services Limited' and received a fresh certificate of incorporation from the RoC on July 6, 2017. Thereafter, Anand Rathi Wealth Services Limited was renamed as 'Anand Rathi Wealth Limited' and received a fresh certificate of incorporation from the RoC on January 7, 2021. For further details, in relation to change in name and Registered Office of our Company, see "History and Certain Corporate Matters" on page 182 of the Red Herring Prospectus dated November 26, 2021 ("RHP").

Registered Office: Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (E), Mumbai 400 063, Maharashtra, India. **Corporate Office:** 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India
Contact Person: Mr. Ashish Chauhan, Company Secretary and Compliance Officer **Telephone:** +91 (22) 6281 7000; **Email:** csanvsl@rathi.com; **Website:** www.rathi.com/wealth; **Corporate Identity Number:** U67120MH1995PLC086696

PROMOTERS OF OUR COMPANY: MR. ANAND RATHI, MR. PRADEEP GUPTA AND ANAND RATHI FINANCIAL SERVICES LIMITED

INITIAL PUBLIC OFFERING OF UP TO 12,000,000 EQUITY SHARES OF FACE VALUE ₹ 5 EACH ("EQUITY SHARES") OF ANAND RATHI WEALTH LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•]* PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [•]* PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING UP TO ₹ [•]* MILLION, COMPRISING AN OFFER FOR SALE OF: (A) UP TO 9,285,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY ANAND RATHI FINANCIAL SERVICES LIMITED, UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MR. ANAND RATHI AND UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MR. PRADEEP GUPTA (TOGETHER, THE "PROMOTER SELLING SHAREHOLDERS") AND (B) UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MR. AMIT RATHI, UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MS. PRITI GUPTA, UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MS. SUPRIYA RATHI, UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY RAWAL FAMILY TRUST, ACTING THROUGH MR. RAKESH RAWAL, UP TO 90,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MR. JUGAL MANTRI AND UP TO 375,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION BY MR. FEROZE AZEEZ (TOGETHER, THE "OTHER SELLING SHAREHOLDERS") (AS DEFINED HEREINAFTER, AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS") (THE "OFFER"). THE OFFER SHALL CONSTITUTE [•]*% OF THE FULLY DILUTED POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE OFFER INCLUDES A RESERVATION OF UP TO 250,000 EQUITY SHARES AGGREGATING UP TO ₹ [•]* MILLION (CONSTITUTING UP TO [•]*% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WOULD CONSTITUTE [•]*% AND [•]*%, RESPECTIVELY, OF OUR COMPANY POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

*Our Company in consultation with the Book Running Lead Managers, may offer a discount of ₹ 25 per Equity Share to Eligible Employees bidding in the Employee Reservation Portion.

QIB Category: Not more than 50% of the Net Offer | Retail Category: Not less than 35% of the Net Offer
Non-Institutional Category: Not less than 15% of the Net Offer

Employee Reservation Portion: Up to 250,000 Equity Shares aggregating up to ₹ [•] million

PRICE BAND: ₹ 530 TO ₹ 550 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH
THE FLOOR PRICE IS 106 TIMES THE FACE VALUE OF THE EQUITY SHARES AND
THE CAP PRICE IS 110 TIMES THE FACE VALUE OF THE EQUITY SHARES
BIDS CAN BE MADE FOR A MINIMUM OF 27 EQUITY SHARES
AND IN MULTIPLES OF 27 EQUITY SHARES THEREAFTER

Risks to Investors:

- The Price/Earnings ratio based on diluted EPS for Fiscal 2021 for our Company at the upper end of the Price Band is 50.69 as compared to the average industry peer group Price/ Earnings ratio of 35.77.
- Average Cost of acquisition of Equity Shares for the Selling Shareholders namely Mr. Anand Rathi, Mr. Pradeep Gupta, Anand Rathi Financial Services Limited, Mr. Amit Rathi, Ms. Priti Gupta, Ms. Supriya Rathi, Rawal Family Trust, acting through Mr. Rakesh Rawal, Mr. Jugal Mantri and Mr. Feroze Azeez is ₹ 3.33, ₹ 3.33, NIL, ₹ 3.33, ₹ 3.33, ₹ 3.33, ₹ 3.33 and ₹ 233.14, respectively and the Offer Price at the upper end of the Price Band is ₹ 550 per Equity Share.
- Details of Acquisition of all[#] Equity Shares transacted in last three years and one year:

Period	Weighted Average Cost of Acquisition (in ₹)	Upper end of the Price band (₹ 550 per Equity Share) is ‘X’ times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price -Highest Price (in ₹)
Last 1 year	10.23	53.77	Nil*-600
Last 3 years	25.10	21.91	Nil*-600

* This includes the cost of acquisition of Equity Shares transacted by the Promoters, Promoter Group and Selling Shareholders. It excludes the current public shareholders comprising of 25.26% of the paid-up capital of the Company, which include 151 employees and 561 other public shareholders. The other public shareholders include former employees, allottees in private placement and third parties who have acquired the shares in secondary transactions. These Equity Shares held by public shareholders were originally allotted by the Company vide (a) ESOP allotments over the years and (b) Rights Issues and the Private Placements during Fiscal 2017 and Fiscal 2018. For further details on allotment by the Company, please refer to page nos. 80-83 of the RHP. There have been subsequent transfers of Equity Shares by the original public shareholder allottees to third parties and accordingly, the cost of acquisition of such public shareholders, is not ascertainable.

* Cost of acquisition is NIL on account of Equity Shares acquired through gift and/or bonus issuance. For further details, please refer to page nos. 96-98 of the RHP.

- Weighted Average Return on Net Worth for Fiscals 2021, 2020 and 2019 is 28.33%.
- The four BRLMs associated with the Offer have handled 28 public issues in the past three years, out of which 11 issues closed below the issue price on listing date.

BASIS FOR THE OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. Investors should also refer to "Our Business", "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 160, 26, 225 and 297, respectively, of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

a. Focus on the underserved and less price sensitive HNI segment; b. Uncomplicated, holistic and standardized solutions offered to clients based on an objective-driven approach; c. One of the leading non-bank mutual fund distributor in India coupled with presence in Non-Convertible Market Linked Debentures; d. Focus on value added services i.e., safety net and estate planning services; e. Focused toward to attracting and retaining talent through an entrepreneurial work culture; and f. Strategic approach to the marketing initiatives. For further details, please see "Our Business – Our Strengths" on page 164 of the RHP.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Financial Information. For further details, see "Financial Information" on page 225 of the RHP.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

I. Basic and diluted earnings per share ("EPS"), as adjusted for changes in capital

	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2019	14.67	14.40	1
March 31, 2020	15.15	14.95	2
March 31, 2021	10.98	10.85	3
Weighted Average	12.99	12.81	
As on August 31, 2021*	12.30	12.25	-

*Not annualised

Notes: (1) Earnings per share calculations are done in accordance with Ind AS 33 notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015, as amended. (2) The face value of each Equity Share is ₹ 5 each. The Company in its annual general meeting held on June 15, 2021, after the Balance Sheet date of March 31, 2021, has approved bonus in the ratio of 1 bonus equity share for every 2 equity shares held as on the record date being June 15, 2021. The computation given above is after taking into account the bonus allotment. (3) Basic EPS (₹) = Basic earnings per share are calculated by dividing the Restated Ind AS Consolidated Net Profit After Tax attributable to the owners of the Company by the weighted average number of Equity Shares outstanding during the year. (4) Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the restated Ind AS consolidated net profit after tax attributable to owners of the Company by the diluted weighted average number of Equity Shares outstanding during the year. (5) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights.

II. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 530 to ₹ 550 per Equity Share:

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on basic EPS for the financial year ended March 31, 2021 on the basis of Restated Consolidated Financial Information	48.27	50.09
Based on diluted EPS for the financial year ended March 31, 2021 on the basis of Restated Consolidated Financial Information	48.85	50.69

Industry P/E Ratio

As on date, there is only one comparable listed company in India engaged in the same line of business. The PE of IIFL Wealth Management Ltd is 35.77 times.

Notes: P/E figures for the peer is computed based on closing market price as on November 25, 2021 on NSE, divided by Diluted EPS (on consolidated basis) for the Financial Year ending March 31, 2021 based on financial results of the company submitted to the Stock Exchanges.

For further details, please see the chapter titled "Basis for Offer Price" beginning on page 107 of the RHP.

III. Average Return on Net worth ("RONW")

Fiscal/Period Ended	RONW (%)	Weight
March 31, 2019	47.77	1
March 31, 2020	33.09	2
March 31, 2021	18.68	3
Weighted Average	28.33	
As on August 31, 2021*	17.81	-

*Not annualised

Notes: (1) Weighted average = Aggregate of year-wise weighted RONW divided by the aggregate of weights i.e. (RONW x Weight) for each year/Closing of weights. (2) Return on Net Worth (%) = Restated Ind AS Consolidated Net Profit after tax attributable to the owners of the Company / Restated Ind AS Consolidated Net Worth at the end of the year. (3) Net worth is Equity share capital + Other Equity

IV. Net asset value per Equity Share

NAV for Fiscal Ended	(₹)
As on March 31, 2021	58.46
As on August 31, 2021*	68.91
After completion of offer	At the Floor Price: 68.91 At the Cap Price: 68.91
At Offer Price	[•]

*Not annualised

(1) Net Asset Value per Equity Share represents Restated Ind AS Consolidated Net Worth at the end of the year / Number of equity shares as at the end of the year / period as adjusted for the bonus allotment on July 16, 2021. (2) Net worth is Equity share capital + Other Equity

As the Offer consists only of an offer for sale by the Selling Shareholders, there will be no change in the NAV post completion of the Offer.

V. Comparison of accounting ratios with listed industry peer

Name of the company	Total Income (₹ mn)	Face Value (₹)	P/E (times)	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)
Anand Rathi Wealth Limited*	2,792.48	5	[•]	10.98	10.85	18.68	58.46
Listed Peer							
IIFL Wealth Management Ltd	16,590.20	2	35.77	42.24	41.76	13.06	321.77

*Financial Information for Anand Rathi Wealth Limited is derived from the Restated Consolidated Financial Statements for the year ended March 31, 2021 and the computation of ratios given above is after taking into account the bonus allotment.

Notes: (1) All the financial information for listed industry peer mentioned above is on consolidated basis and is sourced from the financial results of FY21 submitted to the Stock Exchanges. (2) P/E ratio is calculated as closing share price (As on November 25, 2021- NSE) divided by / Diluted EPS for year ended March 31, 2021. (3) Basic and Diluted EPS as reported in the annual report of the company for the year ended March 31, 2021. (4) Return on net worth (%) = Net profit after tax divided by net worth at the end of the year. Net worth represents the equity share capital and other equity. (5) Net asset value per share (in ₹) = Total equity divided by total number of equity shares outstanding at the end of the year. (6) Total Equity has been computed as sum of paid-up share capital and other equity.

VI. The Offer Price is [•] times of the face value of the Equity Shares.

The Offer Price of ₹ [•] has been determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters. The face value of the Equity Shares is ₹ 5 each and the Offer Price is 106 times the face value at the lower end of the Price Band and 110 times the face value at the higher end of the Price Band.

Investors should read the above-mentioned information along with "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 26, 160, 297 and 225, respectively, of the RHP, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" on page 26 and you may lose all or part of your investments.

OFFER
PROGRAMME

For All Bidders, Bid/ Offer Opens On Thursday, December 2, 2021*
Bid/ Offer Closes On Monday, December 6, 2021[#]

* Our Company, in consultation with the BRLMs, shall consider participation by Anchor Investors in accordance with the SEBI/ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date i.e. December 1, 2021.

[#] UPI Mandate end time and date shall be at 12:00 pm on Tuesday, December 7, 2021.