

November 13, 2025

Rakhecha Securities Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term fund/non-fund based facilities – Others	-	21.00	[ICRA]BB (Stable)/[ICRA]A4+; reaffirmed
Long-term fund-based bank lines – Overdraft	1.00	-	-
Short-term non-fund based bank lines – Others	20.00	-	-
Total	21.00	21.00	

*Instrument details are provided in Annexure I

Rationale

The ratings continue to factor in Rakhecha Securities Limited's (RSL) track record in the capital markets, its adequate capitalisation with adequate return metrics and liquidity. Driven by gains from proprietary trading operations amid industry tailwinds, the company reported an average net profit of Rs. 8 crore and return on equity (RoE) of 22% during FY2024-2025. The ratings, however, remain constrained by the modest scale of RSL's broking operations and its exposure to the evolving regulatory landscape. The company's large proprietary trading and investment portfolio, relative to its net worth, heightens its exposure to market risks. Consequently, both profitability and capitalisation remain vulnerable to market volatility.

The Stable outlook reflects ICRA's expectation that the company would continue to maintain an adequate financial profile. Going forward, a significant ramp-up in the scale of operations and a meaningful diversification in the revenue profile, while sustaining the financial performance, will remain critical from a credit perspective.

Key rating drivers and their description

Credit strengths

Track record in capital market-related businesses – RSL has been engaged in broking and proprietary trading for over three decades in the cash and derivatives segments. It also offers retail broking services to a modest client base, largely comprising long-standing relationships within the promoter network. While the company has a track record of profitable operations across market cycles from its proprietary operations, its performance remains sensitive to domestic and global market conditions.

Adequate capitalisation for current scale of operations – RSL's capitalisation remains adequate for its current scale of operations. As on March 31, 2025, its capitalisation profile was characterised by a net worth of Rs. 46 crore and nil fund-based borrowings. The company primarily uses bank guarantees for proprietary and client margin requirements. Driven by the improvement in earnings from its proprietary trading operations amid industry tailwinds, RSL witnessed healthy return metrics during FY2024-FY2025. During the past two years, it reported an average net profit of Rs. 8 crore and RoE of 22% (Rs. 7 crore and 17%, respectively, in FY2025) compared to Rs. 3 crore and 12%, respectively, during FY2020-FY2023. However, the company's performance is estimated to have remained tepid amid industry headwinds in H1 FY2026. While healthy internal accruals have augmented RSL's net worth in recent years, with ~55% of the same deployed in equity investments, its profitability and net worth are exposed to the inherent volatility in capital markets. Nevertheless, the diversified investment book limits idiosyncratic risks.

Credit challenges

Small scale of operations with no revenue diversification – RSL has a miniscule presence in the broking segment, with a large share of the income derived from proprietary trading. It serves a small client base (42 clients as on June 30, 2025), primarily comprising individuals associated with the promoter network, through its two branches in Bengaluru and Kolkata. Thus, the company's market position in the broking segment is minimal.

Exposed to market risks with high reliance on proprietary trading and investments – RSL's earnings are primarily driven by proprietary trading in derivatives segments and gains from its investments. Hence, it remains exposed to the market risk arising from trading, notwithstanding the management's endeavour to hedge risks through covered positions. Thus, its earnings and capitalisation remain susceptible to market risks inherent to the investment book and trading operations. Given its high reliance on proprietary trading operations, the company's ability to manage portfolio and market risk, employ adequate hedging strategies and achieve consistent earnings from proprietary trading remains critical. In this regard, ICRA takes note of RSL's focus on maintaining a granular investment book. As on August 31, 2025, its investment book stood at Rs. 25 crore (at cost), spread across 102 companies with the top 20 scrips accounting for 40% of the overall book and 22% of the net worth (March 2025). Going forward, RSL's ability to achieve meaningful scale-up and revenue diversification would remain imperative from a credit perspective.

Elevated competition, high dependence on technology, and evolving regulatory environment – Given the highly regulated nature of the industry, brokerage houses face significant regulatory risk. Ensuring compliance with evolving regulations is crucial. Recent changes, such as uniform exchange charges, have impacted profitability, especially of discount brokers. Measures to curb exuberance in the futures & options (F&O) segment, including the rationalisation of weekly index derivatives and increased margins on expiry days, were introduced between November 2024 and April 2025. These, along with the hike in the securities transaction tax, impacted capital market volumes. The sector is also characterised by intense competition and the entry of new players, leading to pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during a downturn cannot be ruled out. Additionally, reliance on technology poses operational and reputational risks. Hence, maintaining uninterrupted services will be crucial for sustaining customer experience.

Liquidity position: Adequate

RSL's funding requirement is mainly for placing margins at the exchanges, for which it primarily utilises bank guarantees (~Rs. 25 crore) and fixed deposits. During April to June 2025, the average month-end peak margin utilisation at the exchanges stood at ~80%. As on March 31, 2025, it had an unencumbered cash and bank balance of ~Rs. 2 crore and drawable but unutilised bank lines of Rs. 4 crore against nil fund-based borrowings. Additionally, the company's investment of Rs. 25 crore (at cost) enhances its financial flexibility, providing a buffer for unforeseen contingencies.

Rating sensitivities

Positive factors – A meaningful ramp-up in the scale of operations with diversification in the revenue profile and a sustainable improvement in the profitability would have a positive impact.

Negative factors – Sizeable losses, leading to material erosion of the net worth would have a negative impact.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & Allied Services
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Rakhecha Securities Limited (RSL), incorporated in 1994, primarily undertakes proprietary trading activities in the futures and options segment. It started proprietary investment activities in the cash segment as well in FY2024, which supported its profitability, aided by industry tailwinds. It also has a small presence in retail broking activities with operations in Bengaluru and Kolkata. The company was promoted by Mr. Rajendra Rakhecha, a first-generation entrepreneur.

RSL reported a profit after tax (PAT) of ~Rs. 7 crore in FY2025 compared to ~Rs. 9 crore in FY2024. The net worth stood at ~Rs. 46 crore as on March 31, 2025, with nil dependence on fund-based borrowings.

Key financial indicators

Rakhecha Securities Limited	FY2024	FY2025
Net operating income [^]	16.0	13.9
Profit after tax	9.2	7.3
Net worth	38.3	45.7
Total assets	41.1	46.1
Gearing (times)	0.0	0.0
Return on average net worth	27.3%	17.4%

Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; [^] Net operating income includes proprietary investment income

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Nov 13, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term fund-based bank lines – Overdraft	Long term	-	-	Sep 27, 2024	[ICRA]BB (Stable)	Jul 26, 2023	[ICRA]BB (Stable)	May 27, 2022	[ICRA]BB (Stable)
Short-term non-fund-based bank lines – Others	Short term	-	-	Sep 27, 2024	[ICRA]A4+	Jul 26, 2023	[ICRA]A4+	May 27, 2022	[ICRA]A4+
Long-term/Short-term fund/non-fund-based facilities – Others	Long/Short/term	21.00	[ICRA]BB (Stable)/[ICRA]A4+						

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term fund/Non-fund based facilities – Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance /Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/Short-term fund/Non-fund based facilities – Others	NA	NA	NA	21.00	[ICRA]BB (Stable)/ [ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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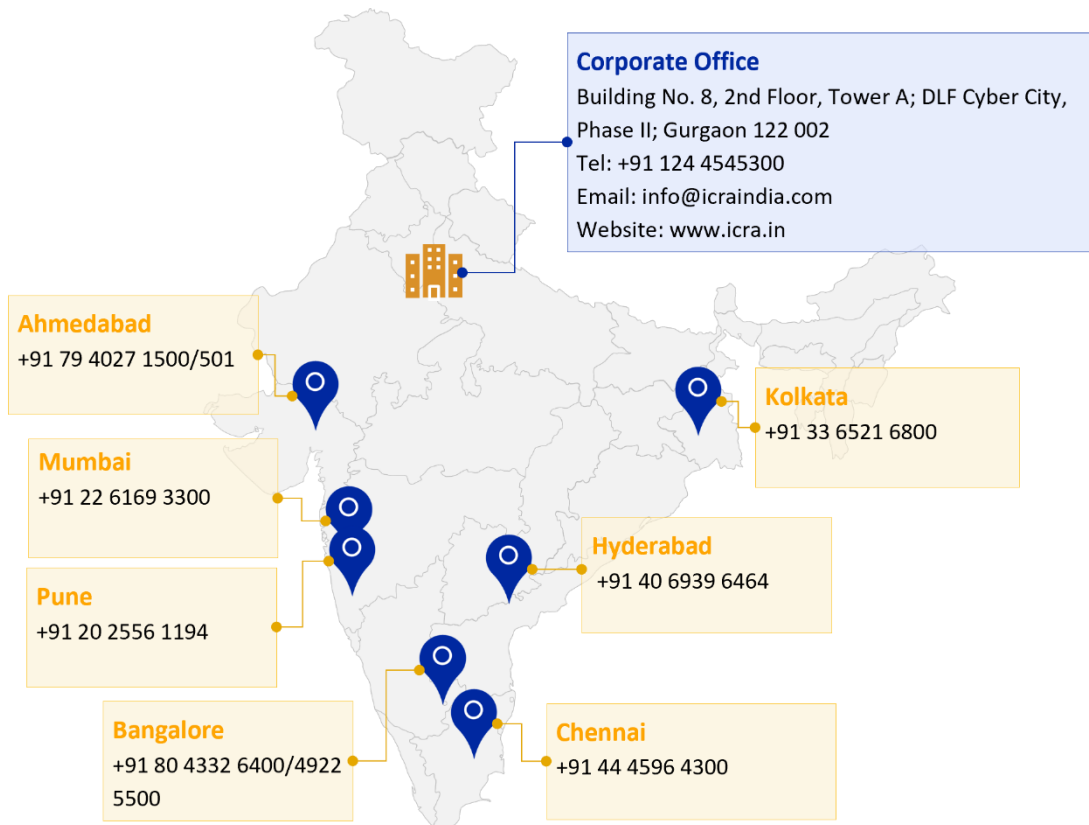
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