

December 30, 2025

## Pune E - Stock Broking Limited: [ICRA]BBB- (Stable) assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures (NCDs)	50.0	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>50.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The assigned rating factors in Pune E-Stock Broking Limited's (PESB) presence in the retail equity broking segment and its adequate financial profile. The company's capitalisation profile was characterised by a net worth (including minority interest) of Rs. 170 crore and a gearing of 0.3 times as on September 30, 2025. The public offer of shares, amounting to Rs. 41 crore in March 2024, and the issuance of convertible share warrants of Rs. 9 crore on preferential basis in September 2025<sup>1</sup> had strengthened the capital base. While the incremental growth will be partially debt-funded, ICRA notes the management intends to maintain a leverage of less than 1 times over the medium term.

Supported by industry tailwinds in the broking segment and gains from proprietary trading operations, PESB's 5-year average profit before tax {PBT; as a percentage of net operating income, proprietary income and non-operating income (PBT/net income)} was ~59% during FY2021-FY2025 while the 5-year average return on net worth (RoNW) stood at ~13%. Although the industry-wide broking volumes moderated in H1 FY2026, the company's profitability was supported by higher proprietary trading income. It reported standalone PBT/net income of 64% in H1 FY2026, though the operating profitability (excluding proprietary) faced pressure compared to preceding periods.

The rating is constrained by PESB's modest scale of broking operations with limited revenue diversification, high dependence on the top 10 sub-brokers, elevated competition, significant reliance on technology, evolving regulatory environment, and exposure to the inherent volatility in capital markets. Moreover, the company's proprietary trading operations expose it to the associated idiosyncratic risks. Consequently, the profitability as well as the capital position remain vulnerable to market volatility. While PESB is focussed on diversifying into distribution, merchant banking and alternative investment funds (AIFs), its ability to meaningfully scale up these operations will remain critical. ICRA also notes PESB's small presence in unsecured lending through its non-banking financial company (NBFC) subsidiary, though the credit cost in this business has remained negligible thus far.

The Stable outlook reflects ICRA's expectation that the company would continue to maintain an adequate financial profile, supported by its ability to retain a stable customer base/sub-broker network, ensuring continued improvement in scale. 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.

<sup>1</sup>Balance Rs. 25 crore expected in 12 months

## Key rating drivers and their description

### Credit strengths

**Track record in securities broking** – Incorporated in 2007, PESB has an operating track in the securities broking business. It was initially incorporated as a private limited entity and was converted into a public limited company in 2020, before going public in March 2024 with its shares listed on the Bombay Stock Exchange (BSE). Prior to incorporating PESB, the promoters were engaged in capital market-related activities and have experience of operating across multiple capital market cycles.

The company primarily offers equity and commodity broking services, research and advisory services, and margin trade funding (MTF). It is a member of the National Stock Exchange (NSE), BSE, and Multi Commodity Exchange (MCX), catering to ~17,000 clients through both physical and digital channels. As on September 30, 2025, the company had a direct presence in three cities – Mumbai, Ahmedabad, and Delhi – along with a presence in 15 additional cities through sub-brokers. PESB is a self-clearing member and undertakes proprietary trading operations as well. It recently forayed into the distribution of financial products and the manufacturing and distribution of AIFs.

**Adequate capitalisation and profitability** – PESB's capitalisation is adequate for its current scale of operations, with limited reliance on external borrowings. The company primarily utilises non-fund based lines (bank guarantees) for proprietary and client margin buffer requirements, while fund-based bank lines are drawn for working capital needs. Additionally, support from promoters in the form of intercorporate deposits (ICDs) has been available to meet its working capital requirements. As on September 30, 2025, the capitalisation profile was characterised by a net worth (including minority interest) of Rs. 170 crore and a gearing of 0.3 times. The public offer of shares, amounting to Rs. 41 crore, in March 2024 and the issuance of share warrants of Rs. 9 crore on preferential basis in September 2025<sup>2</sup> had strengthened the capital base.

Amid favourable industry tailwinds in the broking segment and gains from proprietary trading operations, PESB reported a 5-year average PBT, as a percentage of net operating income, proprietary income, and non-operating income (PBT/net income), of ~59% during FY2021-FY2025, along with a 5-year average RoNW of ~13%. While industry-wide broking volumes remained tepid in H1 FY2026, profitability was supported by proprietary activities, with standalone PBT/net income of 64%, though the operating profitability (excluding proprietary) faced pressure compared to preceding periods. Although healthy internal accruals have augmented PESB's net worth, its profitability and net worth remain exposed to the inherent volatility in the capital markets and idiosyncratic risks.

### Credit challenges

**Small scale of operations with limited diversification** – Notwithstanding its decade-long presence in retail broking, PESB's operational scale remains modest, with 10,782 NSE active clients (total clients: ~17,000) as on March 31, 2025. A significant portion of broking volumes and revenues is sourced through sub-brokers linked to the promoter network, making retention of these intermediaries critical for business sustainability. In H1 FY2026, the top 10 sub-brokers accounted for ~34% of the gross broking revenue. While the company has a relationship management team for direct client acquisition, contribution from direct volumes remains limited. The revenue mix is concentrated, with net broking income accounting for 30-40% of net revenues and net interest income from MTF, lending, and fixed deposits created from client margins contributing 40-50%. Proprietary trading income forms 8-10% of the net revenue base. This concentration underscores limited diversification. While PESB's foray into merchant banking, AIFs, and the distribution businesses is expected to improve fee-based income over the medium term, its ability to scale up these offerings meaningfully will be pivotal for reducing the revenue concentration risk.

**Exposed to inherent volatility in capital markets and idiosyncratic risks associated with proprietary trading** – PESB's revenues remain dependent on capital markets, which are inherently volatile in nature. Accordingly, the possibility of pressure on

<sup>2</sup>Balance Rs. 25 crore expected in 12 months

profitability, especially during market downturns, cannot be ruled out. Its presence in proprietary trading activities further exposes it to idiosyncratic risks. PESB is also exposed to credit and market risks on account of the MTF lending book, given the nature of the underlying assets, as any adverse event in the capital markets could erode the value of the underlying collateral. Likewise, its earnings and capitalisation are also susceptible to the volatility in the capital markets. Going forward, PESB's ability to achieve meaningful scale-up and revenue diversification through fee-based products 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. 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.

## Environmental and social risks

**Environmental considerations:** While financial institutions do not face any material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. Nonetheless, such risk is not material for PESB as its operations are primarily focussed on capital market-related activities. Further, its business activities are typically short-to-medium term in nature, which will allow it to adapt if required.

**Social considerations:** Regarding social risks, data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. In this regard, the company did not encounter any material technical glitch<sup>3</sup> in H1 FY2026. Going forward, its ability to offer uninterrupted services will be imperative for maintaining customer experience. Moreover, it is noted that customer preferences are increasingly shifting towards the digital mode of transacting, necessitating the adoption of technological advancements, besides providing an opportunity to reduce the operating costs.

## Liquidity position: Adequate

PESB's funding requirement is primarily for placing margins at the exchanges. Its margin utilisation (excluding client's non-cash collateral/margin) was in the range of 9-21% (basis month-end data) during April 2025 and September 2025, with the daily average cash margin placed on exchanges aggregating Rs. 164-195 crore during this period. As on September 30, 2025, the outstanding consolidated debt obligation (excluding related-party debt) was Rs. 9 crore while the Group had a cash balance of Rs. 4 crore and drawable but unutilised lines of ~Rs. 14 crore.

## Rating sensitivities

**Positive factors** – A meaningful ramp-up in the scale of operations with diversification in the revenue profile while maintaining healthy profitability and comfortable capitalisation on a sustained basis would be a positive factor.

**Negative factors** – A significant decline in the scale of operations, resulting in a deterioration in the company's financial performance, or sizeable losses leading to material erosion of the net worth would be a credit negative.

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<sup>3</sup> Interruption impacting trading for more than five minutes

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Stockbroking &amp; Allied Services</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation

## About the company

Pune E-Stock Broking Limited (PESB), incorporated in 2007, has a presence in the capital market business particularly equity broking and MTF. It was initially incorporated as a private limited company and was converted to a public limited company in 2020. PESB went public in March 2024 and its shares are listed on Bombay Stock Exchange under the small and medium enterprises (SME) category.

PESB's offerings include equity broking, research and advisory services, and MTF. It is a member of NSE and BSE and caters to its ~17,000 customers through online and offline modes, managing total assets under custody of about Rs. 10,000 crore. As on September 30, 2025, the company had a presence in three cities (Mumbai, Ahmedabad and Delhi), besides having a presence in 15 cities through its sub-broker network. It is a self-clearing member. Additionally, PESB manages a proprietary book. It recently forayed into the distribution of financial products and manufacturing and distribution of AIFs.

As on September 30, 2025, PESB had three subsidiaries and one step-down subsidiary. The subsidiaries' operations, though small, comprise lending, insurance distribution, manufacturing and managing AIFs, and operations in IFSC (GIFT City). Through its subsidiary, Pune Finvest Limited, PESB has a presence in the unsecured lending business with exposures primarily to individuals in the promoter network. The loan book housed under this subsidiary remained modest at ~Rs. 21 crore as on September 30, 2025.

PESB reported a consolidated profit after tax (PAT) of Rs. 10 crore in H1 FY2026. It had reported a PAT of Rs. 19 crore on net operating income (NOI) of Rs. 32 crore in FY2025 compared to Rs. 13 crore and Rs. 26 crore, respectively, in FY2024.

## Key financial indicators (audited)

PESB – Consolidated	FY2024	FY2025	H1 FY2026 <sup>^</sup>
Net operating income (NOI)	26.2	32.3	NA
Proprietary trading income	2.9	3.1	~5
Profit after tax (PAT)	12.7	19.2	10.4
Net worth*	131.6	150.7	169.7
Total assets	269.0	280.7	308.6
Gearing (times)	0.2	0.3	0.3
Return on average net worth	11.9%	13.6%	13.0%

Source: PESB and ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; <sup>^</sup> Limited review; \*Includes minority interest

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

### Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 30, 2025	Date	Rating	Date	Rating	Date	Rating
NCD	Long term	50.0	[ICRA]BBB-(Stable)	-	-	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	Complex*

*\*Subject to change based on terms of issuance; Proposed structure is expected to include a put option feature*

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	Coupon rate (%)	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	NCD*	-	-	-	50.0	[ICRA]BBB- (Stable)

\*Proposed

**Annexure II: List of entities considered for consolidated analysis**

PESB	Ownership	Consolidation approach
Pune E-Stock Broking Limited	Holding company	Full consolidation
Pune Finvest Limited	79%	Full consolidation
Pune E-Stock Broking IFSC Limited	100%	Full consolidation
Pune Asset Management LLP	99%	Full consolidation
PESB Insurance Broking Limited	79%	Full consolidation

Source: Company; As on March 31, 2025

## ANALYST CONTACTS

**Karthik Srinivasan**

+91 22 6114 3444

[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Anil Gupta**

+91 124 4545 314

[anilg@icraindia.com](mailto:anilg@icraindia.com)

**Deep Inder Singh**

+91 124 4545 830

[deep.singh@icraindia.com](mailto:deep.singh@icraindia.com)

**Kruti Jagad**

+91 22 6114 3447

[kruti.jagad@icraindia.com](mailto:kruti.jagad@icraindia.com)

**Niharika Tomar**

+91 124 4545 324

[niharika.tomar@icraindia.com](mailto:niharika.tomar@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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