December 31, 2025

Axis Securities Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	25,000.0	25,000.0	[ICRA]A1+; reaffirmed
Non-convertible debentures	200.0	200.0	[ICRA]AAA (Stable); reaffirmed
Long-term/Short-term fund-based/ Non-fund based bank lines – Others	1,800.0	1,800.0	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed
Total	**27,000.0**	**27,000.0**	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to factor in the strong parentage of Axis Securities Limited (ASL) by virtue of it being a subsidiary of Axis Bank Limited (Axis Bank; rated [ICRA]AAA (Stable)/ [ICRA]A1+). ASL helps augment Axis Bank's service portfolio and enjoys customer sourcing opportunities. Its importance to the parent is evident from the managerial, operational and financial support, shared brand name, and access to the bank's retail clientele, branch network and infrastructure. The ratings also consider ASL's established position in retail broking, supported by its status as a bank brokerage, and its healthy financial profile with strong profitability and adequate capitalisation.

While reaffirming the ratings, ICRA has noted the material increase in the company's debt-funded margin trade funding (MTF) book. This, coupled with higher working capital requirements amid the evolving broking sector landscape, has resulted in a rise in its financial leverage. ASL's gearing increased to 2.4 times as on September 30, 2025 from 1.8 times as on March 31, 2025. ICRA notes that incremental business growth will be supported by borrowings; thus, a further increase in the gearing, depending on the growth in the MTF book, cannot be ruled out.

The ratings also take into account the credit and market risks associated with margin funding exposures, the intense competition in the retail broking space, and the risks associated with capital market-related businesses given the inherent volatility, high dependence on technology and evolving regulatory environment. Going forward, ASL's ability to continue ramping up the broking revenues and sustaining the lending spreads, while ensuring adequate asset quality, would be imperative for maintaining the profitability.

Key rating drivers and their description

Credit strengths

Strong parentage in the form of Axis Bank – ASL is a wholly-owned subsidiary of Axis Bank. Given its position as a bank brokerage house, the company draws the advantage of access to Axis Bank's retail clientele while it helps augment the bank's service portfolio by offering broking services to its clients. Further, the bank has three representatives on ASL's board, including the Chairperson. Moreover, Axis Bank's Chief Risk Officer is an invitee to the Risk Committee of the company's board. ASL also enjoys financial flexibility owing to its parentage. The strong parentage and shared brand name support ICRA's expectation that ASL will receive timely and adequate financial and operational support from Axis Bank, if needed. Given the growing capital requirements to fund the sharp growth in the MTF book, the bank participated in ASL's rights issue in FY2025, infusing Rs. 250 crore.

Established track record in retail broking space – ASL is a retail-focussed securities broker, supported by its linkages with the parent. To enhance its reach further, the company has focussed on expanding its franchise and branch network in recent years.

As on September 30, 2025, it had a pan-India presence with 40 branches and ~484 franchises. The company's focus on the high-yielding cash segment, along with the increase in the leverage position in this segment through the MTF facility, has led to a relatively stable market share of 1.1% amid the recent market volatility post November 2024. While lower than the peak market share of 1.3% in FY2024 and H1 FY2025, this was comfortably above historical averages.

Additionally, ASL witnessed a healthy increase in futures & options (F&O) volumes in the last few years amid the growing popularity of options, though its market share remains modest as this segment is largely dominated by discount brokers. While the F&O segment contributes 10-15% to ASL's net operating income (NOI)[1], it remains susceptible to regulatory risks amid evolving regulations. Notably, the regulatory measures introduced on November 20, 2024, to curb speculative trading by retail investors near expiries, resulted in a sharp quarter-on-quarter (QoQ) decline of nearly 35% in F&O broking income in Q4 FY2025 compared to the peak quarterly run rate of Rs. 35 crore in H1 FY2025. However, the segment witnessed a recovery in H1 FY2026, with income improving by 24% QoQ to a quarterly run rate of Rs. 29 crore.

Healthy financial profile with strong profitability and adequate capitalisation – ASL witnessed a healthy improvement in its revenues and profitability in recent years, supported by industry tailwinds, with an average return on equity (RoE) of ~30% during FY2021-H1 FY2025. However, regulatory changes in November 2024 and subdued investor sentiment led to a decline in trading activity in H2 FY2025, resulting in a multi-quarter low profitability in Q4 FY2025 with a profit after tax (PAT) of Rs. 53 crore and RoE of 10.4%. Thereafter, ASL demonstrated a healthy recovery in H1 FY2026, supported by a rebound in brokerage income and growth in the MTF book, along with higher revenues from distribution, portfolio management services (PMS), and advisory services, which helped offset the fall in depository income. Operating expenses remained elevated due to ongoing investments in digital transformation and app enhancements, exerting some pressure on margins. Nevertheless, profitability remained healthy in H1 FY2026 with a PAT of Rs. 176 crore, PAT/NOI of 32.8% and RoE of 16.1%, though lower than the strong performance in FY2025 (PAT of Rs. 422 crore, PAT/NOI of 36.2%, RoE of 24.6%). Despite the recent volatility, ASL's profitability remains healthy and broadly aligned with its historical RoE average of ~18% (FY2014- FY2020).

ASL's capital needs are mainly for meeting the margin requirements in the broking business and for the MTF business. While dependence on borrowings was low earlier, it increased in recent years with the material scale-up of the debt-funded MTF book and higher working capital requirements in the broking business. Notwithstanding this, the capitalisation profile remains adequate, supported by the capital infusion of Rs. 250 crore and strong accruals from operations. The net worth stood at Rs. 2,300 crore while the gearing was 2.4 times as on September 30, 2025. The net worth is expected to be augmented in FY2027 with anticipated inflows from the transfer of the Company's Portfolio Management Services (PMS) pursuant to a Business Transfer Agreement executed on December 4, 2025. The transfer will be completed post receipt of regulatory approvals which are awaited. The gearing, however, increased from 1.4 times as on March 31, 2023. In this regard, a further increase in the gearing cannot be ruled out as incremental business growth will be supported by borrowings. Nevertheless, ICRA notes that ASL's LC Gupta net worth stood at Rs. 1,805 crore as on September 30, 2025. Hence, the borrowings for funding the MTF book cannot exceed ~Rs. 9,025 crore. Given the expectation of internal accruals and MTF book growth, ICRA expects that the reported gearing (Total debt/Tangible net worth) will not exceed 4.5 times over the near term. While ASL had a track record of dividend payouts in the past, it has not paid dividends since FY2021 to plough back profits for scaling up the broking and MTF businesses.

Credit challenges

Exposed to risks inherent in capital market-related businesses as well as credit and market risks associated with MTF – ASL's revenues remain dependent on capital markets, which are inherently volatile in nature. Trading volumes are subject to market cyclicality; for instance, when the industry recorded a 26% decline in cash segment volumes in FY2023, ASL's net profit contracted by 12% year-on-year. Furthermore, it remains exposed to credit and market risks on account of the MTF lending

[1] Sum of net brokerage income, net interest income, distribution income, depository income, and asset management fee

book, given the nature of the underlying assets, as any adverse event in the capital markets could erode the value of the underlying collateral. Going forward, its ability to maintain adequate asset quality and capitalisation while ramping up the lending book would remain imperative.

Elevated competition, high dependence on technology, and evolving regulatory environment – Given the highly regulated nature of the industry, brokerage houses remain exposed to regulatory risk. Their ability to ensure compliance with the evolving regulatory landscape remains crucial. While the regulatory changes in the preceding years necessitated higher working capital requirements, recent changes such as standardisation of exchange charges, hike in securities transaction tax (STT) and the regulator's recent interventions in the derivatives segment, aimed at curbing excessive speculation have weighed on the profitability of brokerage firms. These shifts have dampened capital market activity after H1 FY2025, though the impact has been more prominent for discount brokers while traditional brokers, like ASL, have been less affected.

The sector also remains characterised by intense competition and susceptibility to the entry of new players. Heightened competition in the equity broking segment and the growing popularity of discount brokerage houses have led to pricing pressure in recent years. Moreover, securities broking companies rely heavily on technology for trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputational risk. In this regard, it is noted that ASL encountered a technical glitch in FY2025, while no such instance was reported in 8M FY2026. Going forward, its ability to continue to offer uninterrupted services will be imperative for maintaining customer experience.

Liquidity position: Strong

ASL's funding requirement is primarily for placing margins at the exchanges and growing the MTF book. Its margin utilisation ranged between 45% and 80% (basis month-end data) during April 2025 to September 2025, with the average cash margin placed on exchanges (including client funds) aggregating Rs. 2,819 crore during this period. As on November 30, 2025, ASL had total outstanding borrowings of ~Rs. 6,340 crore due for repayment within four months (till May 2026) while it had an unencumbered cash balance of Rs. 207 crore and drawable but unutilised lines of Rs. 1,216 crore. Additionally, its MTF book and cash component margin book, which can be liquidated at short notice to generate liquidity if required, stood at Rs. 5,243 crore and Rs. 530 crore, respectively. ASL also enjoys financial flexibility, as it is a subsidiary of Axis Bank, and the same is evident from the regular commercial paper (CP) issuances, large investor base and competitive borrowing cost.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A deterioration in Axis Bank's credit profile or a change in ASL's strategic importance to the parent or a decline in the linkages with the parent would be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & allied services
Parent/Group support	**Axis Bank** ASL is a subsidiary of Axis Bank. The strong parentage and shared brand name strengthen ICRA's assumption that ASL will receive timely and adequate operational support from Axis Bank, if needed. The company also enjoys significant financial flexibility as it is a subsidiary of Axis Bank. It draws the advantage of strong operational linkages with the bank as demonstrated by the senior management deputations from the bank along with customer sourcing and cross-selling support.
Consolidation/Standalone	Standalone

About the company

Incorporated in 2006 as a wholly-owned subsidiary of Axis Bank, Axis Securities Limited (ASL) is engaged in the retail equity broking business. With effect from April 1, 2019, the company exited the business of sourcing financial assets (housing loans, auto loans, loan against property, credit cards, etc) for Axis Bank and providing resource management services to the bank. ASL now focusses on the broking and capital market businesses. It is currently a trading-cum-clearing member of the Bombay Stock Exchange (BSE), National Stock Exchange (NSE), Multi Commodity Exchange (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX). ASL is also a depository participant (DP) of Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL). It was catering to 3.8 lakh active NSE clients and had a network of 40 branches and ~484 franchises as on September 30, 2025.

Key financial indicators (audited)

Axis Securities Limited	FY2024	FY2025	H1 FY2026
Net operating income	852	1,166	535
Profit after tax excluding OCI	301	422	176
Net worth	1,350	2,077	2,300
Total assets	7,298	7,982	9,772
Gearing (times)	3.2	1.8	2.4
Return on average net worth	25.4%	24.6%	16.1%

Source: Company, ICRA Research; OCI – Other comprehensive income; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
		FY2026		FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Dec-31-25	Date	Rating	Date	Rating	Date	Rating
CP programme	Short term	25,000.00	[ICRA]A1+	Feb-3-25	[ICRA]A1+	Mar-27-2024	[ICRA]A1+	Dec-02-2022	[ICRA]A1+
				Aug-6-24	[ICRA]A1+	Nov-30-2023	[ICRA]A1+		
Fund-based/Non-fund based bank lines – Others	Long term/ Short term	1,800.00	[ICRA]AAA (Stable)/ [ICRA]A1+	Feb-3-25	[ICRA]AAA (Stable)/ [ICRA]A1+	Mar-27-2024	[ICRA]AAA (Stable)/ [ICRA]A1+	Dec-02-2022	[ICRA]AAA (Stable)/ [ICRA]A1+
				Aug-6-24	[ICRA]AAA (Stable)/ [ICRA]A1+	Nov-30-2023	[ICRA]AAA (Stable)/ [ICRA]A1+		
NCD programme	Long term	200.00^	[ICRA]AAA (Stable)	Feb-3-25	[ICRA]AAA (Stable)	Mar-27-2024	[ICRA]AAA (Stable)	Dec-02-2022	[ICRA]AAA (Stable)
				Aug-6-24	[ICRA]AAA (Stable)	Nov-30-23	[ICRA]AAA (Stable)		

^ Yet to be availed/issued; NCD – Non-convertible debenture

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures*	Simple
Commercial paper	Simple
Fund-based/Non-fund based bank lines – Others	Simple

** Subject to change when the terms are finalised*

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
NA	Non-convertible debentures (yet to be placed)	NA	NA	NA	200.0	[ICRA]AAA (Stable)
NA	Fund-based/ Non-fund based bank lines – Others	NA	NA	NA	1,800.0	[ICRA]AAA (Stable) /[ICRA]A1+
NA	Commercial paper (yet to be issued)	NA	NA	NA	18,660.0	[ICRA]A1+
INE110O14GQ6	Commercial paper	Nov-28-2025	6.53%	Feb-27-2026	250.0	[ICRA]A1+
INE110O14EW9	Commercial paper	Feb-21-2025	7.94%	Feb-20-2026	100.0	[ICRA]A1+
INE110O14EV1	Commercial paper	Feb-24-2025	7.94%	Feb-24-2026	100.0	[ICRA]A1+
INE110O14FV8	Commercial paper	Jun-18-2025	6.55%	Dec-15-2025	100.0	[ICRA]A1+
INE110O14FX4	Commercial paper	Jun-20-2025	6.55%	Dec-08-2025	50.0	[ICRA]A1+
INE110O14GC6	Commercial paper	Aug-05-2025	6.50%	Jan-28-2026	300.0	[ICRA]A1+
INE110O14GH5	Commercial paper	Sep-02-2025	6.54%	Dec-02-2025	100.0	[ICRA]A1+
INE110O14GI3	Commercial paper	Sep-03-2025	6.58%	Dec-03-2025	75.0	[ICRA]A1+
INE110O14GJ1	Commercial paper	Sep-04-2025	6.60%	Dec-04-2025	575.0	[ICRA]A1+
INE110O14GK9	Commercial paper	Sep-09-2025	6.68%	Dec-09-2025	350.0	[ICRA]A1+
INE110O14GL7	Commercial paper	Sep-10-2025	6.70%	Dec-10-2025	100.0	[ICRA]A1+
INE110O14GL7	Commercial paper	Sep-11-2025	6.72%	Dec-10-2025	400.0	[ICRA]A1+
INE110O14GM5	Commercial paper	Sep-12-2025	6.72%	Dec-12-2025	250.0	[ICRA]A1+
INE110O14GP8	Commercial paper	Sep-19-2025	6.57%	Dec-19-2025	500.0	[ICRA]A1+
INE110O14GQ6	Commercial paper	Oct-08-2025	6.68%	Feb-27-2026	100.0	[ICRA]A1+
INE110O14GQ6	Commercial paper	Oct-10-2025	6.68%	Feb-27-2026	75.0	[ICRA]A1+
INE110O14GQ6	Commercial paper	Oct-15-2025	6.68%	Feb-27-2026	15.0	[ICRA]A1+
INE110O14GS2	Commercial paper	Oct-15-2025	6.85%	Apr-13-2026	50.0	[ICRA]A1+
INE110O14GT0	Commercial paper	Oct-16-2025	6.68%	Jan-15-2026	400.0	[ICRA]A1+
INE110O14GT0	Commercial paper	Oct-17-2025	6.68%	Jan-15-2026	150.0	[ICRA]A1+
INE110O14GU8	Commercial paper	Oct-24-2025	6.75%	Jan-23-2026	450.0	[ICRA]A1+
INE110O14GU8	Commercial paper	Oct-27-2025	6.75%	Jan-23-2026	200.0	[ICRA]A1+
INE110O14EW9	Commercial paper	Oct-28-2025	6.81%	Feb-20-2026	300.0	[ICRA]A1+
INE110O14GV6	Commercial paper	Nov-13-2025	6.65%	Feb-12-2026	350.0	[ICRA]A1+
INE110O14GW4	Commercial paper	Nov-19-2025	6.63%	Feb-18-2026	200.0	[ICRA]A1+
INE110O14GX2	Commercial paper	Nov-20-2025	6.86%	May-22-2026	300.0	[ICRA]A1+
INE110O14GY0	Commercial paper	Nov-25-2025	6.60%	Feb-23-2026	500.0	[ICRA]A1+

Source: Company; Note: ISIN details as on November 30, 2025

[*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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