

April 21, 2026

Pace Stock Broking Services Pvt. Ltd.: Rating reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|--|--------------------------------------|-------------------------------------|------------------------------|
| Long term fund based/Non-fund based – Others | 1,100.00 | 1,100.00 | [ICRA]A (Stable); reaffirmed |
| Total | 1,100.00 | 1,100.00 | |

*Instrument details are provided in Annexure II

Rationale

The rating continues to factor in Pace Stock Broking Services Pvt. Ltd.'s (Pace) long operating history in the capital markets business, its comfortable capitalisation and track record of adequate profitability over the years, notwithstanding intermittent volatility. Pace, along with Pace Commodity Brokers Private Limited (PCBPL), has a track record of over three decades across market cycles, with primary focus on proprietary trading operations, across diversified strategies that are predominantly market neutral in nature. The capitalisation remains comfortable characterised by a net worth of Rs. 1,267 crore and low consolidated gearing of 0.1 times as of September 2025 as the funding requirement is largely met through off-balance sheet borrowings by way of bank guarantees to place margins on stock exchanges. The capital base has been supported by healthy internal accruals, particularly during FY2021-FY2024, amid industry tailwinds. The sizeable net worth provides a cushion for absorbing any unforeseen risks.

The above positives are offset by the limited revenue diversification with a focus on proprietary trading operations. The company also remains exposed to the inherent volatility and risks associated with capital market businesses, elevated competition, high dependence on technology and the evolving regulatory environment. ICRA has taken note of the ex parte interim order issued by the Indian capital market regulator, the Securities and Exchange Board of India (SEBI), in relation to the significant increase in the share price of RRP Semiconductor Limited. In compliance with the said order, Pace has deposited Rs. 1.26 crore (~0.1% of the consolidated net worth), and its operations/liquidity have not been impacted. The credit profile may be reassessed in case of major adverse developments in this matter. Going forward, Pace's ability to meaningfully diversify its revenue stream, while maintaining a healthy earnings profile and comfortable capitalisation on a sustained basis, would remain imperative from a credit perspective.

ICRA notes Pace's track record of adequate profitability, notwithstanding the dip in FY2025 from the elevated levels witnessed in the preceding years followed by a partial recovery in recent quarters. The overall broking industry witnessed a moderation in profitability over the past few quarters due to regulatory changes in the equity broking space as well as subdued investor sentiment. In line with these industry trends, Pace reported moderation in its trading income and broking revenues. Its profit before tax (PBT) decreased to Rs. 58 crore in FY2025 (PBT/net income (NI) of 20.5%) from Rs. 240 crore in FY2024 (51.8%), Rs. 189 crore in FY2023 (49.0%) and Rs. 233 crore in FY2022 (53.5%). However, there was some recovery in H1 FY2026 with the company reporting a PBT of Rs. 90 crore (PBT/NI of 46.5%). While the proprietary trading operations are supported by diversified strategies that are predominantly market neutral in nature, ICRA notes that the company's operations remain susceptible to the idiosyncratic risks associated with the proprietary trading operations, apart from the continuous success of trading strategies and sustained liquidity in the market. Further, the recent hike in the securities transaction tax (STT) on futures & options (F&O) and the Reserve Bank of India's (RBI) circular (applicable from July 2026), restricting bank funding for proprietary trading operations of a broker, could impact Pace's proprietary trade volumes and profitability, like other proprietary traders. This remains monitorable. Nonetheless, Pace's track record through the cycles remains adequate with an 8-year average PBT/NOI of 43.2% and return on net worth (RoNW) of 14.7% during FY2019-H1 FY2026.

The Stable outlook reflects ICRA's expectation of a steady financial risk profile, supported by comfortable capitalisation and adequate liquidity, with limited reliance on fund-based borrowings. While regulatory headwinds persist, Pace's long operating history across market cycles and experience in navigating evolving regulatory and competitive dynamics support its credit profile.

Key rating drivers and their description

Credit strengths

Long-standing and successful track record in proprietary trading across market cycles – Incorporated in 1995, Pace has a track record of over three decades in the capital markets business across market cycles. It is primarily engaged in proprietary trading operations, across diversified strategies that are predominantly market neutral in nature. It also provides its clientele with securities broking (equity, derivatives and commodity), distribution and depository participant services. High-net-worth individuals (HNIs) and high frequency trading (HFT) clients account for a significant share of the client-based operations. However, it also caters to retail and institutional clients. It had 30 branches and 111 franchises, servicing 4,650 retail clients and 28 institutional clients, and 480 traders for the proprietary trading desk as of September 2025.

Comfortable capitalisation with low dependence on fund-based borrowings – Pace's capitalisation remains comfortable, characterised by a net worth of Rs. 1,267 crore and negligible gearing (0.1 times) as of September 2025. The sizeable net worth provides cushion to absorb the impact of any sudden losses. The capital base has also been supported by healthy internal accruals, particularly during FY2021-FY2024, while there are no dividend payouts at present. The capital is primarily deployed in the proprietary trading operations across diversified strategies that are predominantly market neutral in nature, while the funds required for client broking operations remain limited, given the modest client base.

Track record of adequate profitability, notwithstanding the moderation amid industry headwinds – Pace's profitability is supported by the proprietary trading operations, supported by diversified strategies that are predominantly market neutral in nature. The trading income, on average, constitutes 70-80% of its net revenue and about 2/3rd of its PBT. After recording high trading income during FY2021-FY2024 amid favourable industry conditions, the company reported a decline in the same in FY2025 owing to brief periods of heightened volatility that altered the dynamics of the trading strategies deployed by other proprietary traders. It was also affected by the regulatory changes aimed at curbing hyperactivity in the derivatives segment, notwithstanding some improvement in H1 FY2026. Trading income stood at Rs. 136 crore in FY2025 and Rs. 147 crore in H1 FY2026 compared to Rs. 344 crore in FY2024, Rs. 295 crore in FY2023 and Rs. 335 crore in FY2022. Given the decrease in trading income, the PBT moderated to Rs. 58 crore in FY2025 (PBT/NI of 20.5%) from Rs. 240 crore in FY2024 (51.8%), Rs. 189 crore in FY2023 (49.0%) and Rs. 233 crore in FY2022 (53.5%). However, there was some improvement in H1 FY2026 with Pace reporting a PBT of Rs. 90 crore (PBT/NI of 46.5%).

ICRA notes that the company's operations remain susceptible to the idiosyncratic risks associated with proprietary trading operations. Further, the recent hike in STT on F&O and the RBI circular (applicable from July 2026), restricting bank funding for proprietary trading operations of a broker, could impact Pace's broking volumes and profitability, like other proprietary traders. This remains monitorable. Nonetheless, its track record remains adequate through cycles with an 8-year average PBT/NOI of 43.2% and RoNW of 14.7% during FY2019-H1 FY2026.

Credit challenges

Limited diversification in revenue; exposed to inherent volatility and risks associated with proprietary trading – Proprietary trading operations account for 70-80% of the company's consolidated revenues and about 2/3rd of its PBT on average, while the balance is attributable to client broking operations (broking income and interest income). The trading operations are spread across diversified strategies that are predominantly market neutral in nature. The revenues are closely linked to investor activity and performance of the domestic capital markets, which are inherently cyclical in nature. Accordingly, the

possibility of pressure on profitability, especially during market downturns/periods of low activity or unfavourable volatility, cannot be ruled out.

Given the focus on proprietary trading operations, the PACE Group's¹ broking business remains of modest scale with the operations skewed in favour of the low-yielding derivatives segment. ICRA notes that the Group is in the process of scaling up its retail-based broking income to diversify the income stream. Pace has rolled out an upgraded retail platform along with increased focus on marketing initiatives to improve its brand visibility. It has also been expanding its HFT desk. Going forward, Pace's ability to achieve meaningful diversification in its revenue stream would remain critical for an improvement in its credit profile.

Elevated competition, high dependence on technology and evolving regulatory environment – Securities broking companies rely heavily on technology for trade execution, fund management, and other operations. Thus, technical failures or disruptions pose operational and reputational risks. It is noted that Pace had no instance of technical glitches in FY2026. The company has not experienced any major systems disruptions in recent periods and there have been periodic investments in technological infrastructure. Going forward, its ability to continue to offer uninterrupted services will be imperative for maintaining customer experience.

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. In this regard, ICRA has taken note of the ex parte interim order issued by SEBI in relation to the significant increase in the share price of RRP Semiconductor Limited. In compliance with the said order, Pace has deposited Rs. 1.26 crore (~0.1% of the consolidated net worth), and its operations/liquidity have not been impacted. The credit profile may be reassessed in case of any major adverse developments in this matter.

The sector is also characterised by intense competition and is susceptible to the entry of new players. Regulatory changes, such as tightening of the index derivatives framework and higher working capital requirements for broking operations, have impacted the profitability of securities brokers. Moreover, recent tightening in bank lending to capital market intermediaries constrains their financial flexibility, which may affect the profitability trajectory. Further, the industry could witness a moderation in derivatives trading volumes following the recent increase in STT on F&O.

Heightened competition in the equity broking segment and the popularity of discount brokerage houses have led to pricing pressure in recent years. That said, recent upward price revisions undertaken by a few discount brokers in response to multiple regulatory changes impacting revenues could indicate some possibility of the gradual alleviation of pricing pressure in the industry. Moreover, increasing financialisation of savings and the low share of wallet of the equity segment in household savings offer untapped potential for expansion in the broking sector over the longer term. Nevertheless, the possibility of pressure on profitability, especially during downturns, cannot be ruled out.

Liquidity position: Adequate

Pace's funding requirement is primarily for placing margins at the exchanges. Its average margin utilisation (computed on month-end basis) stood at ~39% during July-December 2025, with the average monthly margin (excluding non-cash collateral and client margin; based on month-end data) placed on exchanges aggregating Rs. 1,270 crore during this period. As of September 2025, borrowings outstanding was Rs. 102 crore against an unencumbered cash and bank balance of Rs. 354 crore and an investment book of Rs. 586 crore at the consolidated level. The company had a net surplus liquidity position, with cash and liquid investments exceeding outstanding borrowings. Further, it had unutilised, drawable fund-based bank lines of Rs. 112 crore in case of any exigencies.

¹ The entities promoted by Mr. Atul Goel and Mr. Amit Goel are collectively referred to as the PACE Group

Rating sensitivities

Positive factors – Pace’s ability to ramp up its scale of operations with a meaningful diversification in the revenue stream on a sustained basis, coupled with healthy performance in the trading business with adequate risk management measures, and healthy capitalisation would be credit positives.

Negative factors – A sustained deterioration in the financial performance, liquidity profile and/or significant erosion of the net worth would have a negative impact. Any regulatory risk crystallising and impacting Pace’s core operations would also be a credit negative.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Stockbroking and allied services |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | Consolidation |

About the company

Incorporated in 1995, Pace Stock Broking Services Pvt. Ltd. (Pace) is primarily engaged in proprietary trading across diversified strategies that are predominantly market neutral in nature, besides providing securities broking services to a small base of retail and corporate/institutional customers. The company is promoted by first generation entrepreneurs – Mr. Atul Goel and Mr. Amit Goel. Another entity in the PACE Group, Pace Commodity Brokers Private Limited (PCBPL), provides proprietary trading (across diversified strategies that are predominantly market neutral in nature) and securities broking services, predominantly in the commodities broking segment, while Pace has a larger presence in the equity and derivatives broking segments.

Pace and PCBPL are a combined brokerage house, providing broking, distribution and depository services to individuals and corporates, with a track record of over 30 years in capital markets. Pace is listed as a member of Bombay Stock Exchange (BSE), National Stock Exchange (NSE), Metropolitan Stock Exchange of India (MSEI), Multi Commodity Exchange of India (MCX) and National Commodity and Derivatives Exchange (NCDEX) while PCBPL is a member of MCX and NCDEX. The Group also holds depository registration with Central Depository Services Limited (CDSL).

On a standalone basis, Pace reported a profit after tax (PAT) of Rs. 40.9 crore on net income (NI) of Rs. 135 crore (PAT/NI of 30.2%) in H1 FY2026. PCBPL reported a PAT and NI of Rs. 26 crore and Rs. 57 crore, respectively (PAT/NI of 45.7%), in H1 FY2026.

Key financial indicators – Consolidated

| Pace Stock Broking Services Pvt. Ltd. | FY2024 | FY2025 | H1 FY2026* |
|--|--------|--------|------------|
| Net operating income (NOI) | 119 | 151 | 45 |
| Trading income | 344 | 136 | 147 |
| Profit after tax (PAT) | 182 | 45 | 67 |
| Net worth | 1,170 | 1,200 | 1,267 |
| Total assets | 1,738 | 1,534 | 1,892 |
| Gearing (times) | 0.1 | 0.1 | 0.1 |
| Return on average net worth (annualised) | 17.0% | 3.8% | 10.9% |

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; * Provisional; Note: The consolidated key financial indicators are as per ICRA’s calculations based on the standalone financials of Pace and PCBPL

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Current (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|--|------------------|--------------------------|------------------|---|--------|--------------|------------------|--------------|------------------|
| | Type | Amount rated (Rs. crore) | Apr 21, 2026 | FY2026 | | FY2025 | | FY2024 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Long term fund based/Non-fund based – Others | Long term | 1,100.00 | [ICRA]A (Stable) | - | - | Feb 27, 2025 | [ICRA]A (Stable) | May 11, 2023 | [ICRA]A (Stable) |
| | | | | | | | | Dec 14, 2023 | [ICRA]A (Stable) |

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Instrument | FSR |
|---------|--|--|
| 1 | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities) | SEBI |
| 2 | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities) | MCA |
| 3 | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | SEBI |
| 4 | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | SEBI |
| 5 | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*) | RBI |
| 6 | Listed Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 7 | Unlisted Commercial Paper and NCDs with original maturity less than 1 year | RBI |
| 8 | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)) | RBI |
| 9 | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Listed Security Receipts | SEBI |
| 15 | Unlisted Security Receipts | RBI |
| 16 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*) | Investor-side Regulator such as IRDAI, PFRDA (%) |

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Activity Name | FSR |
|---------|---|------|
| 1 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 2 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 3 | Independent Credit Evaluation (ICE) | RBI |
| 4 | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs) | RBI |
| 5 | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities)) | SEBI |
| 6 | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities)) | MCA |
| 7 | Credit Rating of Borrowing programme | (@) |
| 8 | Issuer Ratings | (#) |

| | | |
|----|--|------|
| 9 | Monitoring Agency | SEBI |
| 10 | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instrument

| Instrument | Complexity indicator |
|--|----------------------|
| Long term fund based/Non-fund based – 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 II: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|------|--|------------------|-------------|----------|--------------------------|----------------------------|
| NA | Long term fund based/Non-fund based – Others | NA | NA | NA | 1,100.00 | [ICRA]A (Stable) |

Source: Company data

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

Annexure III: List of entities considered for consolidated analysis

| Company name | Ownership | Consolidation approach |
|--|--------------|------------------------|
| Pace Stock Broking Services Pvt. Ltd. | Rated entity | Full consolidation |
| Pace Commodity Brokers Private Limited | 100.00% | Full consolidation |

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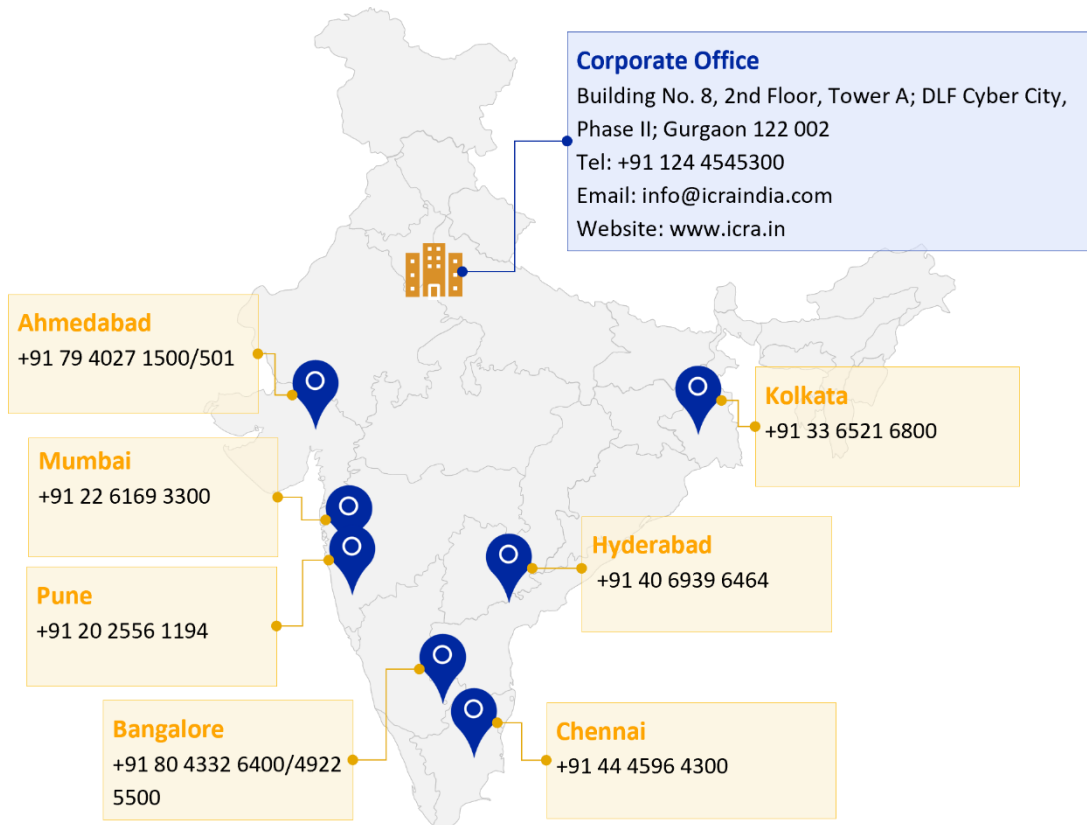


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Branches



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