

May 15, 2026

## Anand Rathi Share and Stock Brokers Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term fund-based/ Non-fund based bank lines – others	50.0	1,400.0	[ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed/assigned for enhanced amount
Commercial paper	50.0	200.0	[ICRA]A1+; reaffirmed/assigned for enhanced amount
<b>Total</b>	<b>100.0</b>	<b>1,600.0</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings continue to factor in Anand Rathi Share and Stock Brokers Limited's (ARSSBL) established position in the domestic capital market, its long track record across market cycles, comfortable capitalisation, and adequate profitability. It has a track record of over three decades in capital market businesses and caters to both retail and institutional clients. The company's capital profile was augmented by the equity infusion of Rs. 703 crore (net inflow) following the completion of its initial public offer (IPO) in September 2025. Capitalisation was characterised by a net worth of Rs. 1,348 crore as of March 2026 (Rs. 504 crore as of March 2025). Besides providing the requisite growth capital for the medium term, the infusion also resulted in an improvement in the debt<sup>1</sup>/equity ratio, which declined to 0.6 times as of March 2026 from the peak of 2.3 times<sup>2</sup> as of March 2024.

The ratings also factor in the company's adequate profitability trajectory, supported by an increase in interest income from margin trade funding (MTF) and fee income from the distribution of financial products. The overall broking industry registered a decline in profitability in the last 2-3 quarters amid regulatory changes in the equity broking space over the last 10-12 months as well as cautious investor sentiment in recent quarters. ARSSBL also witnessed some moderation in its broking revenues, which was offset by improvement in interest and fee income. The company reported profit before tax/net operating income (PBT/NOI<sup>3</sup>) of 26.2% in FY2026 compared to 24.4% in FY2025 (24.9% in FY2024 and 15.6% in FY2023). Herein, ICRA notes that financial costs and operating expenses were elevated in recent years owing to higher borrowings and costs associated with the expansion of the company's distribution business, which exerted some pressure on profitability. While finance costs are likely to moderate amid lower borrowing requirements post the IPO, other operating expenses are expected to continue in the near term, and the profitability trend in this regard will remain monitorable. Nonetheless, the profitability trajectory thus far has supported the capitalisation profile, despite increasing working capital requirements and loan book expansion. Moreover, calibrated growth in the MTF business has led to higher net interest income (NII), while the focussed expansion of the distribution business (with largely trail-based revenue) has aided fee income.

The aforesaid strengths are, however, partially offset by the company's relatively lower revenue diversification, modest scale of operations, exposure to the inherently volatile capital markets, heightened competition in equity broking amid the growing popularity of discount brokerage houses, and vulnerability to regulatory risks in light of the evolving regulations and the operating environment. Herein, ICRA notes the management's stated intent of scaling up MTF and financial product distribution to improve revenue diversification. The ratings also consider the credit and market risks associated with capital market-related lending businesses, given the nature of the underlying assets. Overall, maintaining adequate asset quality,

<sup>1</sup> Borrowings include lease liabilities

<sup>2</sup> As per ICRA calculations; reported debt/equity ratio was 2.2 times

<sup>3</sup> NOI is defined as net broking and fee income (after reducing for referral and commission payouts) along with net interest income, while excluding trading income, fair value gains, dividend income, and other non-operating income.

capitalisation and profitability will remain imperative along with the ability to seamlessly align with the evolving regulatory landscape.

The Stable outlook reflects ICRA's expectation that ARSSBL will continue to draw on its established franchise and market position to grow as per its business plan while maintaining comfortable capitalisation and liquidity. Further, the focus on scaling the MTF and distribution businesses will help provide some linearity to the cyclical nature of broking operations in the long run.

## Key rating drivers and their description

### Credit strengths

**Established market position and long track record** – Incorporated in 1991, ARSSBL has a long track record of over three decades across market cycles and an established market position. The company provides broking services (equity, derivatives, commodity, and currency) to retail and institutional clients. Additionally, it is engaged in MTF, distribution of financial products {primarily mutual funds, portfolio management services (PMS), and alternative investment funds (AIF)}, and insurance products. As of March 2026, the company served about 10 lakh clients through more than 2,200 employees and ~1,100 associates/business partners across 98 branches and online platforms, serving clients in tier 1, tier 2, and tier 3 cities. The entity is among the top 25 brokers in the country, with ~1.5 lakh National Stock Exchange (NSE) active clients<sup>4</sup>.

**Comfortable capitalisation; capital base augmented by recent IPO** – ARSSBL's capitalisation stands comfortable, characterised by a net worth of Rs. 1,348 crore and gearing of 0.6 times as on March 31, 2026. Net worth was augmented by the recent IPO, which was completed in September 2025 and resulted in an equity infusion of Rs. 703 crore (net inflow). The capital base has also been supported by improved profits and accretion to reserves. Before the IPO, the company's funding requirements were managed through a combination of internal accruals and sizeable borrowings till September 2025 (~Rs. 1,200 crore). Financial leverage improved subsequent to the IPO, with the debt<sup>5</sup>/equity ratio at 0.6 times as of March 2026 compared to 1.9 times as of March 2025 and 2.3 times as of March 2023. While an increase in absolute borrowings cannot be ruled out amid the scale-up in broking and MTF businesses, leverage is expected to remain comfortably lower than the peak gearing witnessed as of March 2023. Overall, ARSSBL's net worth is expected to remain comfortable for scaling up operations and provides adequate headroom for additional borrowings.

**Adequate profitability** – ARSSBL has reported gradual improvement in profitability in recent years, with PBT of Rs. 172 crore on NOI of Rs. 654 crore (PBT/NOI of 26.2% and return on net worth (RoNW) of 14.0%<sup>6</sup>) in FY2026 compared to Rs. 140 crore and Rs. 575 crore respectively in FY2025 (PBT/NOI of 24.4% RoNW of 23.1%) and Rs. 115 crore and Rs. 463 crore respectively in FY2024 (PBT/NOI of 24.9% and RoNW of 23.5%). Amid regulatory changes in the equity broking space over the last 10-12 months and cautious investor sentiment in recent quarters, the overall broking industry registered a decline in profitability in the last 2-3 quarters, and ARSSBL also witnessed some moderation in broking revenues, which was offset by improvement in interest and fee income. Moreover, calibrated growth in the MTF business has led to higher NII, while focussed expansion of the distribution segment (with largely trail-based revenue) has aided fee income. Herein, ICRA notes that financial costs and operating expenses were elevated in recent years owing to higher borrowings and costs associated with expansion of the distribution business, which exerted some pressure on profitability. While finance costs are likely to moderate amid lower borrowing requirements post the IPO, other operating expenses are likely to continue in the near term and the profitability trend in this regard will remain monitorable. Nonetheless, the profitability trajectory thus far has supported the capitalisation profile, despite increasing working capital requirements and loan book expansion.

<sup>4</sup> Overall active clients – 2.1 lakh as of March 2026

<sup>5</sup> Borrowings include lease liabilities

<sup>6</sup> RoNW for 9M FY2026 was optically impacted due to the Rs. 700-odd crore equity infusion post the IPO in September 2025

## Credit challenges

**Modest scale of operations; vulnerability to risks inherent in capital market-related businesses** – While ARSSBL has a long-standing track record and offers several capital market services, its scale remains modest. As of March 2026, it had a market share of below 1% in terms of NSE active clients, while its share in the retail cash segment (in terms of broking volumes) and the MTF segment stood at 0.6% and 1.1%, respectively. Further, diversification in the revenue profile also remains relatively limited, with net broking income still accounting for a sizeable portion of NOI (47% in FY2026 compared to 56% in FY2025 and 62% in FY2024). NII (from MTF, fixed deposits with banks, and interest on delayed customer payments) accounted for 36% of NOI in FY2026 (30% in FY2025 and 26% in FY2024), followed by distribution income (17% in FY2026, 14% in FY2025, and 12% in FY2023). Herein, ICRA notes the management's stated intent of scaling up MTF and financial product distribution. This is reflected in the recent increase in the MTF book and income from the distribution of mutual funds, PMS, and AIF, albeit on a low base.

Furthermore, ARSSBL's revenues are linked to capital markets performance, which are inherently volatile in nature. Accordingly, the possibility of pressure on profitability, especially during market downturns, cannot be ruled out. The company is also exposed to credit and market risks on account of the MTF book, given the nature of the underlying assets, as any adverse event in capital markets could erode the value of underlying collateral. While this is partially mitigated by the granular MTF portfolio, the company's ability to maintain adequate asset quality and capitalisation while ramping up the MTF book would remain monitorable. ARSSBL has pursued a calibrated ramp-up of its capital market lending book. The MTF book stood at Rs. 1,102 crore as of March 2026 compared to Rs. 686 crore as of March 2025.

**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. Moreover, 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. 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 could lead more players to tap money markets while exploring the debt market. Thus, an expansion in borrowing spreads for brokers cannot be ruled out completely, which in turn may constrain profitability trajectory of securities brokers. Further, the industry could witness moderation in derivatives trading volumes following the recent increase in STT. Herein, ICRA notes that for ARSSBL, derivatives accounted for 35% of gross broking income in 9M FY2026.

The sector also remains characterised by intense competition and susceptibility to the entry of new participants. In this regard, 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 gradual alleviation of pricing pressures in the industry going forward. 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. Moreover, securities broking companies rely heavily on technology for trade execution and fund management. Thus, technical failures or disruptions pose operational and reputational risk. In this regard, it is noted that ARSSBL encountered three technical glitches in FY2026. Going forward, its ability to offer uninterrupted services will be imperative for maintaining customer experience.

## Environmental and social risks

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 ARSSBL as its lending operations are primarily focussed on capital market-related lending. Further, its business activities are typically short-to-medium term in nature, which will allow adaptation, if required.

With regard to 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, while the company encountered three technical glitches in FY2026, it was not a material outlier compared to peers. Going forward, its ability to offer uninterrupted services will remain imperative for maintaining customer experience. Moreover, customer preferences are increasingly shifting towards digital modes of transacting, necessitating adoption of technological advancements, besides providing an opportunity to reduce operating costs. ARSSBL has been making investments to enhance its digital interface with customers.

## Liquidity position: Strong

ARSSBL's funding requirement is primarily for financing the MTF book and for placing margins at the exchanges. Its average margin utilisation (computed on a month-end basis) stood at 71% during August 2025-February 2026, with the average effective (non-cash collateral not to be more than the available cash collateral placed) monthly margin (based on month-end data, including client margin) placed on exchanges aggregating Rs. 6,954 crore during this period. The MTF portfolio is funded through a combination of equity and borrowed capital, while working capital requirements currently remain equity funded. The company has diversified its borrowing mix across banks, non-banking financial companies (NBFCs), non-convertible debentures (NCDs), and loans from related parties, aggregating Rs. 831 crore as on March 31, 2026. Against this, it had an unencumbered cash balance of Rs. 37 crore and sanctioned but unutilised lines of Rs. 586 crore (drawable up to Rs. 375 crore<sup>7</sup>). Additionally, it has Rs. 33 crore of investments in corporate bonds, which lends financial flexibility. The unencumbered cash balance and drawable but unutilised bank lines represent ~50% of borrowings outstanding as of March 2026. Additionally, its short-term loan assets, which can be liquidated at short notice to generate liquidity if required, stood at Rs. 1,102 crore as on March 31, 2026.

## Rating sensitivities

**Positive factors** – A significant improvement in the scale of operations, market position and revenue diversification while achieving strong profitability and maintaining comfortable capitalisation on a sustained basis would be a positive factor.

**Negative factors** – A sustained decline in the scale of the broking business or deterioration in the asset quality of the lending business, materially impacting profitability with PBT/NOI falling below 20% on a continued basis, will be a credit negative. A deterioration in consolidated capitalisation, with leverage exceeding 2 times, and/or weakening liquidity profile will also be credit negatives.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Stockbroking and allied services</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation

<sup>7</sup> As per ICRA estimates

## About the company

Anand Rathi Share and Stock Brokers Limited (ARSSBL) is a full-service broking company and part of the Anand Rathi Group, a diversified financial services player. The company provides broking services, margin trading, and financial product distribution under the 'Anand Rathi' brand, offering investment options in equity, derivatives, commodities, and currency markets to retail, HNI, UHNI, and institutional investors. The entity has over three decades of experience in capital market businesses. As of March 2026, it served about 10 lakh clients through 2,200+ employees and ~1,100 associates and partners across 98 branches and online platforms, serving clients in tier 1, tier 2, and tier 3 cities. It has a wholly owned subsidiary - Anand Rathi International Ventures (IFSC) Private Limited.

ARSSBL was originally incorporated as Navratan Capital and Securities Private Limited on November 22, 1991. It converted into a public limited company on March 21, 2007. Subsequently, the company's name was changed to Anand Rathi Share and Stock Brokers Limited vide certificate of incorporation dated January 29, 2008. The company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). At the consolidated level, ARSSBL reported a net profit of Rs. 129 crore on NOI of Rs. 654 crore in FY2026 compared to Rs. 104 crore and Rs. 575 crore respectively in FY2025. As on March 31, 2026, ARSSBL's capitalisation was characterised by a net worth of Rs. 1,348 crore and gearing of 0.6 times.

## Key financial indicators (audited)

ARSSBL – Consolidated	FY2025	FY2026
Net operating income (NOI)	575.1	653.9
Profit after tax (PAT)	103.6	129.3
Net worth	503.8	1,348.1
Reported total assets	3,365.0	7,099.3
Gearing (times)	1.9	0.6
Return on average net worth	23.1%	14.0%^

Source: Company and ICRA Research; Amount in Rs. crore; All ratios as per ICRA's calculations; ^Optically impacted due to capital infusion of Rs. 703 crore (net) following the IPO in September 2025

## 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)	May 15, 2026	Date	Rating	FY2026		FY2025		FY2024	
						Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term fund-based/ Non-fund based bank lines – others	Long term/ Short term	1,400.0	[ICRA]A+ (Stable)/ [ICRA]A1+	Apr 30, 2026	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-	-	-
Commercial paper	Short term	200.0	[ICRA]A1+	Apr 30, 2026	[ICRA]A1+	-	-	-	-	-	-

**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 instruments

Instrument	Complexity indicator
Long-term/Short-term fund-based/ Non-fund based bank lines – others	Simple
Commercial paper	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/Short-term fund-based/ Non-fund based bank lines – others	-	-	-	1,400.0	[ICRA]A+ (Stable)/[ICRA]A1+
NA	Commercial paper – yet to be placed	-	-	-	200.0	[ICRA]A1+

Source: Company; NA: Not applicable

[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 as on March 31, 2026	Consolidation approach
Anand Rathi Share and Stock Brokers Limited	Holding company	Full consolidation
Anand Rathi International Ventures (IFSC) Private Limited	100%	Full consolidation

Source: Company

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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

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### Branches



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