Anand Rathi Share and Stock Brokers Limited

July 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term/Short-term bank facilities	1,400.00	CARE A-; Stable / CARE A1	Reaffirmed
Market linked debentures	50.00	CARE PP MLD A-; Stable	Reaffirmed
Commercial paper	200.00 (Enhanced from 50.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to long-term and short-term debt instruments and bank facilities of Anand Rathi Share and Stockbrokers Limited (ARSSBL) considers the company's experienced management, longstanding presence in the broking industry, its strategic role in the Anand Rathi Group, and improving earnings profile.

However, these strengths are partly offset by higher debt levels, modest scale of broking operations, inherent market risks, competitive pressures in its core broking business, and an evolving regulatory landscape.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in the overall credit profile of the parent, Anand Rathi Financial Services Limited (ARFSL).
- Improvement in the market share of the company on a sustained basis.
- Significant improvement in the earnings profile of the company on a sustained basis.
- Improvement in cost to income ratio below 60% on a sustained basis.

Negative factors: **Factors that could individually or collectively lead to negative rating action/downgrade:**

- Deterioration in credit profile of the parent, ARFSL.
- Material change in the ownership stake held by parent, ARFSL leading to moderation in support stance of the parent, ARFSL.
- Deterioration in the market share impacting broking income of the company.
- Moderation in the earnings profile and liquidity of the company.
- Increase in gearing (including non-fund-based debt) beyond 4x on a sustained basis.

Analytical approach: Standalone

CARE Ratings Limited (CareEdge Ratings) has taken a view based on the standalone financial profile of ARSSBL and factoring in its linkages with the ARFSL/Anand Rathi Group, as the company has shared brand name, board representation, managerial, and operational support.

Outlook: Stable

CareEdge Ratings believes ARSSBL will continue to demonstrate a stable business profile with the expectation of need-based timely support from the parent company, given the strategic importance, shared brand name, and management control.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Group's long track record in financial services domain and strategic importance of ARSSBL to the Anand Rathi group

Established in 1994, ARSSBL boasts over 31 years in broking and is led by seasoned professionals. Managing Director, Pradeep Gupta, is also the company's co-founder with three decades' experience and has laid foundation for the institutional broking and investment services arm. Roop Bhootra is the CEO of the investment services, whereas Vishal Laddha is the CEO of the institutional equity arm. Both are well-known chartered accountants and have been with the company since its inception. ARSSBL is a wholly owned subsidiary of ARFSL, which has a consolidated net worth of ₹4,671 crore as on March 31, 2024 (including unrealised gains of ₹2,491 crore). The Anand Rathi Group, led by founder and chairman Anand Rathi, a gold medallist-chartered accountant with over 50 years' experience, is divided in investment services (handled by ARSSBL), wealth management (handled by Anand Rathi Wealth Limited [ARWL]), insurance broking arm in the form of Anand Rathi Insurance Broking Limited, and a non-banking financial company (NBFC) in the form of Anand Rathi Global Finance Limited (ARGFL).

ARFSL is the parent company with other promoters holding 47.27% (AFRSL: 19.92%, other promoters: 27.35%) in ARWL, which is a well-established group company in the wealth segment with consolidated assets under management (AUM) of ₹76,402 crore. ARWL's market capitalisation is ~₹15,400 crore with AFRSL's stake valuing to ~₹3,068 crore. Anand Rathi Insurance Brokers Limited, which is 100% held by ARFSL, caters largely insurance products and risk management strategies with 300+ corporate clients. ARGFL, the group's NBFC arm of the group, focuses on loan against securities, Micro, Small and Medium Enterprises – loan against property (MSME LAP) loans, construction finance, and inter-corporate loans with recent exposure to Financial Institution Group (FIG) lending. Led by Anand Rathi and Jugal Mantri, ARGFL plays a key strategic role by complementing the group's offerings benefiting high net worth clients and serving as a funding channel through market-linked debentures (MLD).
This integrated approach enables the company to effectively cater a diverse client base, including retail, high-net-worth individuals (HNIs), ultra-high-net-worth individuals (UHNIs), and institutional clients. The digital platforms significantly enhance ARSSBL's reach by enabling client acquisition and servicing in locations where the company does not have a physical presence.
In addition, the company leverages its web-based and mobile application platforms which empower relationship managers to efficiently manage a larger client base by automating key processes such as client onboarding, report generation, and trade execution, improving operational efficiency and client experience.

Considering ARSSBL's importance to the group, promoters have been supporting the entity through capital infusion in the form of equity and debt, as and when required.

Improved earnings profile and diversified income streams

ARSSBL is a trading member of different stock exchanges such as National Stock Exchange of India Limited (NSE), BSE, NCDEX, and MCX. It has a basket of diversified products being offered, including broking services in all segments (equity, derivatives, commodities, and currency), lending in the form of margin trading facility (MTF), and third-party financial products distribution (mutual fund, bonds, corporate fixed deposits, IPO, and portfolio management services among others).

In FY25, the company's total revenue grew by 24% to ₹845 crore mainly driven by interest income and brokerage income. The company's profit after tax (PAT) reported in FY25 was ₹104 crore, resulting in PAT margin of 12.29% which is 78 basis points improvement year-over-year (y-o-y) basis. This increase is supported by marginal decline in cost to income ratio in FY25 considering economies of scale and higher growth in the topline of the company. The return on total asset (ROTA) and return on net worth (RONW) stood at 3.51% and 23.57%, respectively, in FY25.

The company has been focusing on having a diversified revenue stream to reduce its dependency on broking income which is volatile as it is driven by the market activities. In 2017, brokerage revenue formed 80% of the total income which due to strategic diversification in distribution of non-broking products, has now reduced to 53% and the balance 47% comprises distribution and interest income.

ARSSBL has grown its MTF book from ₹305 crore as on March 31, 2022, to ₹686 crore as on March 31, 2025. In FY25, the MTF book reached to ₹843 crore as on December 31, 2024, however, declined by March 2025, due to the subdued levels of market activity in H2FY25 resulting in lower cash segment volumes and in turn the MTF lending across the stockbrokers. The year-on-year growth in MTF book resulted increase in contribution of interest income which forms 38% in FY25 which was 31% in FY24. This shift indicates ARSSBL's ability to tap in new financial products, enhancing its overall business stability and growth prospects. ARSSBL reported an average revenue per client (ARPC) of ₹30,922 in FY24, ₹26,012 in FY23, and ₹26,386 in FY22. The ARPC for 9MFY25 was ₹32,784. The increase in ARPC over the years can be attributed to several key factors: (i) a maturing client base with longer vintage; (ii) an improving average age profile of clients; and (iii) a personalised client management approach, supported by a comprehensive suite of investment solutions tailored to individual client needs.

CareEdge Ratings noted the improvement in the earnings profile, however, in the ongoing scenario in capital markets, ARSSBL's ability to sustain the earnings growth while maintaining the profitability going forward will remain a key monitorable.

Key weaknesses

Increased debt levels

ARSSBL's debt (including non-fund-based) levels increased from ₹1,018 crore as on March 31, 2023, to ₹1,230 crore as on March 31, 2024, and further to ₹1,283 crore as on March 31, 2025. The debt levels are increased to support the growing MTF book and increased margin requirements with the exchanges.

ARSSBL's MTF book has grown from ₹377 crore as on March 31, 2023, to ₹617 crore as on March 31, 2024, and ₹686 crore as on March 31, 2025. Since FY23, overall broking industry witnessed an increase in the MTF lending and this is expected to result increased capital raising and debt levels of the brokers. Even though, the promoter has shown support by infusing ₹50 crore through rights issue in FY24 and has also extended debt support of ₹494 crore to ARSSBL in FY24, its prospective debt levels remain key monitorable with fund-based gearing expected to remain range bound under 3x, which is 1.83x as on March 31, 2025.

Modest scale of broking operations

ARSSBL's scale of operations have improved; however, the size continues to remain modest considering the company's market share, turnover, and active clients. Its market share in cash segment improved to 0.97% in FY24, however, this declined to 0.88% in FY25. In F&O segment, the market share remained similar to 0.33% in FY24 compared to FY23, which declined to 0.24% in FY25. The decline in FY25 turnover is considering intense competition in the industry and higher growth rate of the industry's volume compared to ARSSBL's volume. The market position in terms of active client base on NSE has remained at similar levels since August 2023, due to the competition from discount brokers even though the company's active client base is witnessing yearly growth (144,359 NSE Active clients as on June 30, 2025). As on March 31, 2024, the company held 27th position in the market, a decline from its 24th position on March 31, 2021. The company's position improved marginally to 25th position as on June 30, 2025, as the company is currently focusing on increasing the volume and average revenue per existing client.

In the current correction cycle witnessed by the markets, ARSSBL's ability to sustain its market share in terms of volume and active clients will remain a key monitorable.

Although the broking business remains modest in scale, ARSSBL has successfully expanded its non-broking operations with the aim of diversifying its revenue streams. The company distributes financial products of third-party institutions including mutual funds, structure products and portfolio management services. The company has grown its asset under distribution (AUD) from ₹2,772 crore as on March 31, 2022, to ₹6,460 crore March 31, 2025. Of the total AUD, distribution of mutual fund consisted of ₹4,949 crore and portfolio management service and AIF consisted of ₹1,510 crore as on March 31, 2025. This resulted increase in share of non-broking income from 34.58% in FY22 to 47.05% in FY25. Sustainability of this will remain a key monitorable.

Susceptibility towards regulatory changes and inherent risk in competitive capital market business

The capital market industry has experienced continuous regulatory changes aimed at enhancing transparency and preventing misuse of funds. Securities and Exchange Board of India (SEBI) has introduced several new regulations over recent years. In June 2023, SEBI mandated brokers to upstream client funds to clearing corporations in cash, FD liens, or pledged mutual fund units, raising operational, and compliance costs. In July 2024, SEBI introduced guidelines requiring transparent, "True to Label" client fees. In October 2024, SEBI's new measures included upfront collection of options premiums, removal of calendar spread treatment on expiry day, a minimum ₹15 lakh contract value for index derivatives, weekly expiry derivative contracts for only one benchmark index, and a 2% extreme loss margin on short options contracts.

Brokers' ability to adapt their technology, systems, and risk management to these evolving regulations without harming their business profiles is critical. ARSSBL's ability to grow its market share amid increasing competition in a highly regulated environment and pressure from low-cost brokers remains a key challenge.

Liquidity: Adequate

As on March 31, 2025, ARSSBL had a liquidity of ₹421.22 crore which includes unencumbered cash balance of ₹18.78 crore and undrawn sanctions of ₹402.45 crore, against a repayment obligation of ₹824.60 crore in the next 12 months. In addition to the above liquidity, the company has been maintaining sufficient margin with the exchange, over and above the required limit, thus providing additional comfort. The company's average margin utilisation was ~49% in Q4FY25. ARSSBL's MTF book is a short-term book thus inflows from the book will also be used to meet debt obligation and is expected to receive support from Anand Rathi Group as and when required which provides additional comfort.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Broking Firms
Short Term Instruments
Market Linked Debentures

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Capital markets	Stockbroking and allied

ARSSBL was incorporated on November 22, 1991, as a private limited company under the Companies Act, 1956 in the name of Navratan Capital and Securities Private Limited, which later got converted to a public limited company on March 21, 2007. Subsequently, 'Navratan Capital and Securities Limited' was renamed as 'Anand Rathi Share and Stock Brokers Limited' and received a fresh certificate of incorporation from the RoC on January 29, 2008. The company carries on the activity of a stock broker, research analyst, a depository participant and mutual fund distribution under the corporate agent license. The company is also a trading member of NSE, BSE Limited, Multi Commodity Exchange and National Commodity and Derivatives Exchange in the wholesale debt segment, and mutual fund segment, among others. The company also provides broking services to retail clients and HNIs through online, call-n-trade, and offline mediums and has over 90 branches.

Standalone financials of ARSSBL:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total income	468.64	682.83	844.88
PAT	38.96	78.58	103.82
Overall gearing (x)#	1.70	2.28	1.83
PAT margin (%)	8.31	11.51	12.29
RONW (%)	17.09	24.80	23.57
ROTA (%)##	2.65	3.75	3.51

A: Audited; Note: these are latest available financial results
#Including fund-based only
##Per calculation of CareEdge Ratings

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone) (Proposed)	-	-	-	-	150.00	CARE A1
Commercial Paper-Commercial Paper (Standalone)	INE549H14016	14-07-2025	8.90%	06-01-2026	50.00	CARE A1
Debentures-Market Linked Debentures (Proposed)	-	-	-	-	50.00	CARE PP MLD A-; Stable
Fund-based/Non-fund-based-LT/ST (Proposed)	-	-	-	-	125.00	CARE A-; Stable / CARE A1
Fund-based/Non-fund-based-LT/ST	-	-	-	30-10-2028	1,275.00	CARE A-; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Market Linked Debentures	LT	50.00	CARE PP MLD A-; Stable	-	1)CARE PP MLD A-; Stable (26-Mar-25)	1)CARE PP MLD A-; Stable (27-Mar-24)	1)CARE PP-MLD BBB+; Stable (15-Feb-23)
2	Commercial Paper-Commercial Paper (Standalone)	ST	200.00	CARE A1	-	1)CARE A1 (26-Mar-25)	1)CARE A1 (27-Mar-24)	1)CARE A2+ (15-Feb-23)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	1400.00	CARE A-; Stable / CARE A1	-	1)CARE A-; Stable / CARE A1 (26-Mar-25)	1)CARE A-; Stable / CARE A1 (27-Mar-24)	1)CARE BBB+; Stable / CARE A2+ (16-Feb-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Market Linked Debentures	Highly Complex
3	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91 22 6754 3596 E-mail: mradul.mishra@careedge.in	Vineet Jain Senior Director **CARE Ratings Limited** Phone: +91 22 6754 3623 E-mail: vineet.jain@careedge.in
Relationship Contact Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044 2850 1001 E-mail: pradeep.kumar@careedge.in	Jitendra Meghrajani Associate Director **CARE Ratings Limited** Phone: +91 22 6754 3526 E-mail: Jitendra.Meghrajani@careedge.in Pranjal Mulekar Analyst **CARE Ratings Limited** E-mail: Pranjal.mulekar@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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