

Axis Securities Limited

August 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	5,000.00	CARE AAA; Stable	Reaffirmed
Commercial paper	20,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings to the bank facilities and commercial papers (CPs) of Axis Securities Limited (ASL) factors in strength derived from parentage of Axis Bank Limited (ABL; rated 'CARE AAA; Stable'), which holds 100% stake in ASL and expectation of continued support from ABL, given ASL's strategic importance to the bank. ASL benefits from the shared brand identity, strong managerial and operational linkages and access to the bank's wide customer base. ASL enjoys strong financial flexibility, being part of the Axis Bank group and is expected to receive timely and need-based support from Axis Bank.

The rating also factors in ASL's established retail broking franchise, healthy income and profitability profile and comfortable capitalisation levels. Ratings further take into consideration the increasing debt levels in line with the scale up in the margin trading facility (MTF) book. CARE Ratings Limited (CareEdge Ratings) expects gearing to further increase from the current levels, in the medium term. Ratings also factor in inherent risk in the broking business, exposing ASL to volatility in income and profitability with high dependence on capital markets and intense competition in the sector.

Rating sensitivities: Factors likely to lead to rating actions

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

Not applicable

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

- Weakening in the credit profile of ABL.
- Weakening of parent support or linkage with ABL or significant change in the shareholding of ABL in ASL.
- Overall gearing remaining above 5x on a sustained basis.

Analytical approach: Standalone

ASL has been assessed on standalone basis and factoring managerial, financial, operational linkages, shared brand name with the parent, ABL and expected support from ABL.

Outlook: Stable

The "Stable" outlook factors in CareEdge Ratings' expectation that ASL will continue to receive need-based support from its parent ABL, and benefit from operational and management linkages, and the common brand identity through shared name and logo.

Detailed description of key rating drivers:

Key strengths

Strong support from the parent ABL and shared brand identity

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

ASL is a wholly owned subsidiary of ABL, which is the third-largest private sector bank in India. Being a subsidiary of ABL, ASL enjoys the benefit in the form of management support, shared brand identity of the Axis group, operational linkages, access to established customer base and franchise of the bank. ASL has business synergies with ABL, which allows the group to offer full bouquet of financial services to its customers. ASL benefits from widespread presence of ABL across the nation with diverse clientele base, which helps ASL in getting leads for its business. The seamless integration of sourcing customer of ABL with ASL and common branding helps in supporting the broking franchise. ASL's operations remain profitable, and its net worth has been strengthening through internal accruals and timely capital support from the parent. CareEdge Ratings expects the company to continue receiving timely financial and other support, when required, from ABL.

Comfortable capital position

ASL's tangible net worth (TNW) increased to ₹2,053 crore as on March 31, 2025, from ₹1,332 crore as on March 31, 2024, supported by internal accruals and an equity infusion of ₹250 crore. TNW further increased to ₹2,196 crore as on June 30, 2025. On the borrowings front, fund-based borrowings stood at ₹4,140 crore as on June 30, 2025, resulting in a gearing of 1.88x. The company's borrowings are largely through CPs, and the increase in the last couple of fiscals was primarily to fund its MTF book. The MTF book has grown significantly to ₹4,200 crore as on June 30, 2025, from ₹1,506 crore as on March 31, 2023.

The company plans to further scale up its MTF business in the near future and intends to rely mainly on CP borrowings to fund this growth, given that the effective tenure of MTF loans is 50-55 days. Accordingly, the company's fund-based gearing is expected to remain below 5x in the medium term, in line with SEBI's MTF guidelines. CareEdge Ratings derives comfort from ASL's strong financial flexibility as a bank-owned broking house, which enables access to resources at competitive rates, and expects this advantage to continue.

Healthy earnings profile; supported by MTF income

ASL largely derives its income from brokerage income and interest income on its MTF book, which contributed 39.19% and 35.49%, respectively, of total income in FY25, and 40.09% and 31.66%, respectively, in Q1FY26. ASL's total income in FY25 improved by 45% over FY24 levels, driven by higher brokerage and interest income. In FY25, ASL reported a total income of ₹1,658 crore and a profit after tax (PAT) of ₹422 crore, translating into a Return on Total Assets (RoTA) of 5.53%.

Brokerage income increased from ₹563 crore in FY24 to ₹650 crore in FY25, supported by higher client volumes traded. The strong volumes in H1FY25 more than compensated for the slowdown in H2FY25, resulting in overall growth. Interest income also rose from ₹430 crore in FY24 to ₹772 crore in FY25, largely due to higher MTF income in line with the growth of the MTF book. On the expenses side, interest expenses increased from ₹221 crore in FY24 to ₹402 crore in FY25, reflecting higher CP borrowings to fund MTF growth. Operating expenses rose from ₹500 crore in FY24 to ₹675 crore in FY25, a 35% increase. However, the cost-to-income ratio improved marginally to 54.09% in FY25 from 54.51% in FY24, as topline growth outpaced expense growth.

MTF continues to act as a key driver of topline diversification for ASL. The MTF book stood at ₹4,200 crore as on June 30, 2025, compared to ₹3,955 crore as on March 31, 2024. It had peaked at ₹5,482 crore as on August 31, 2024, but declined by March 2025 due to subdued market activity in H2FY25, which led to lower cash segment volumes and reduced MTF lending across brokers. The book size is closely linked to cash segment momentum and is expected to cross its previous peak in the near term, in line with industry trends. The internal rate of return (IRR) on the MTF book ranged from 10% to 18%, while CP borrowing costs were between 7.78% and 8.02% in FY25. With the increase in the MTF book and recent rate cuts, margins on MTF are expected to stabilise in FY26.

Given ongoing geopolitical tensions and market volatility, brokerage income in FY26 is likely to remain broadly in line with FY25 levels. However, while interest income may decline due to rate cuts, revenue from MTF is expected to offset the impact and continue to be a key driver of ASL's topline growth.

Key weaknesses

Vulnerability of earning to overall market activity levels and competitive pressures

In FY25, the brokerage income formed 39.19% of the total revenue followed by interest on MTF & delayed payment charges (35.49%) and, balance by other sources including depository operations income, fixed deposit (FD) interest, and interest from foreign institutional (FI) investments, among others. The brokerage income and interest income from MTF lending is directly a function of the market performance, which is highly volatile and exposes ASL's earnings to volatility in stock markets.

The company is exposed to fierce competition in the highly competitive brokerage space and with the introduction of 100% digital and zero brokerage firms the brokerage rates are at competitive levels across the industry. However, with continuous support from the parent banks, bank promoted brokers like ASL have been successful in retaining their customers and sustain in this competitive industry. Apart from revenue diversification, the company's focus has been on maintaining client relationship and hence ASL continues to offer its services in both the forms, traditional (offline) and digital investment services.

Given the competitive risks, it will be crucial to monitor the company's ability to improve its market share and enhance profitability.

Susceptibility to regulatory changes

Capital market industry witnessed continuous regulatory revisions. To further enhance transparency levels and limit misuse of funds, SEBI introduced a few regulations in the last few years. In October 2024, SEBI introduced multiple measures to curb retail participation, which became effective in a phase-wise manner between November 2024 to April 2025. These measures include reduction in derivatives with weekly expiry, which was highest F&O contributor, increase in lot size and increased in extreme loss margin by 2% on short options contracts on their expiry day. A few measures, which became effective in the ongoing calendar year (CY25) are upfront collection of option premiums, removal of Calendar Spread Treatment on Expiry Day and intraday monitoring of client's and broker's limits.

The broking industry has experienced a slowdown in trading volumes, particularly in derivatives, in the second half of FY25. This was due to these regulatory guidelines and global market volatility. This has caused some major brokerage firms to lose market share. The company's ability to increase its market share amid this competition will be crucial. Intense competition from low-cost brokerage firms continue to pressure traditional players' margins.

CareEdge Ratings will continue to monitor ASL's ability to adapt its technology, systems, and risk management processes in response to the constantly evolving regulatory landscape without adverse impact on its overall business profile.

Liquidity: Strong

ASL's funding requirements are largely towards maintaining margin with stock exchanges and for its MTF business. Margin requirements are largely met through bank guarantees (BGs), which are backed by fixed deposits, and for MTF business, the company usually borrows in the form of CP. As on June 30, 2025, ASL had a fund-based debt of ₹4,140 crore, of which CP constituted ₹4,087 crore. ASL, being the subsidiary of Axis Bank Limited, enjoys strong financial flexibility and this is evident from the regular rollover of CP at competitive rates. As on June 30, 2025, it had an unutilised bank line of ₹2,123 crore and unutilised margin available at stock exchanges of ₹762 crore, which can be used in case of exigencies. The MTF book as on June 30, 2025, stood ₹4,200 crore, which can be quickly liquidated to support its liquidity profile.

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](#)

About the company and industry

Industry classification

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

Incorporated on July 21, 2006, ASL is a wholly owned subsidiary of ABL. It is the third-largest bank-led broker in India with a customer base of 52.63 lakh as on March 31, 2025. It is engaged in broking, distribution of financial products and advisory services. The company is registered as a 'Stockbroker' and 'Portfolio Manager' with Securities and Exchange Board of India (SEBI), 'Corporate Agent' with Insurance Regulatory and Development Authority (IRDA), and as a 'Mutual Fund Advisor' with Association of Mutual Funds in India (AMFI). It provides its services under its flagship brand 'Axis Direct'. ASL is currently a trading-cum-clearing member of BSE, NSE, MCS and NCDEX. It had 36 branches spread across 40 states as on March 31, 2025.

Standalone financials of Axis Securities Limited

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total income	1,143.98	1,657.73	360.58
PAT	301.20	421.55	88.22
Tangible Net worth	1,332.38	2,053.29	2,196.39
Loan Book (MTF)	4,047.06	3,954.73	4,199.69
Net Borrowings (net of lien marked FDs)	4,673.08	3,782.26	3,871.98
Cost-to-Income (%)	54.51	54.09	57.19
Overall Gearing (x)	4.14	2.54	2.52
Interest coverage (x)	2.94	2.48	2.75
PAT Margin (%)	26.33	25.43	24.47
RONW (%) #	25.74	24.90	16.61
ROTA (%) #	5.76	5.53	4.29
Net NPA (%)	NA	NA	NA

A: Audited, UA: Unaudited, NA: Not applicable; Note: these are latest available financial results

#As per CareEdge Ratings methodology.

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)	INE110O14GF9	20-Aug-25	6.33%	19-Nov-25	100.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GF9	20-Aug-25	6.33%	19-Nov-25	100.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GE2	19-Aug-25	6.33%	18-Nov-25	100.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GE2	19-Aug-25	6.33%	18-Nov-25	50.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GD4	14-Aug-25	6.34%	13-Nov-25	100.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GD4	14-Aug-25	6.34%	13-Nov-25	150.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GD4	14-Aug-25	6.34%	13-Nov-25	100.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GC6	05-Aug-25	6.50%	28-Jan-26	200.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GC6	05-Aug-25	6.50%	28-Jan-26	100.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GB8	15-Jul-25	6.28%	14-Oct-25	225.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GB8	15-Jul-25	6.28%	14-Oct-25	75.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14GA0	11-Jul-25	6.37%	27-Oct-25	200.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FZ9	10-Jul-25	6.37%	28-Oct-25	25.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FZ9	10-Jul-25	6.37%	28-Oct-25	225.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FY2	25-Jun-25	6.28%	24-Oct-25	200.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FX4	20-Jun-25	6.55%	08-Dec-25	25.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FX4	20-Jun-25	6.55%	08-Dec-25	25.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FW6	19-Jun-25	6.30%	18-Sep-25	300.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone)	INE110O14FV8	18-Jun-25	6.55%	15-Dec-25	100.00	CARE A1+

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)	INE110O14FU0	13-Jun-25	6.34%	12-Sep-25	300.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FT2	09-Jun-25	6.15%	08-Sep-25	25.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FT2	09-Jun-25	6.15%	08-Sep-25	50.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FT2	09-Jun-25	6.25%	08-Sep-25	50.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FT2	09-Jun-25	6.25%	08-Sep-25	150.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FT2	09-Jun-25	6.25%	08-Sep-25	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FS4	06-Jun-25	6.51%	04-Sep-25	300.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FS4	05-Jun-25	6.46%	04-Sep-25	250.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FR6	04-Jun-25	6.51%	03-Sep-25	200.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FR6	04-Jun-25	6.51%	03-Sep-25	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FQ8	30-May-25	6.58%	29-Aug-25	150.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FP0	26-May-25	6.55%	25-Aug-25	125.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14FP0	26-May-25	6.55%	25-Aug-25	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14EZ2	04-Mar-25	7.88%	01-Sep-25	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14EV1	24-Feb-25	7.94%	24-Feb-26	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE110O14EW9	21-Feb-25	7.94%	20-Feb-26	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone) (Proposed)	-	-	-	-	15,400.00	CARE A1+
Fund-based/Non-fund-based-Long Term	-	-	-	02-Dec-25	3,918.00	CARE AAA; Stable
Fund-based/Non-fund-based-Long Term (Proposed)	-	-	-	-	1,082.00	CARE AAA; Stable

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	Commercial Paper-Commercial Paper (Standalone)	ST	20000.00	CARE A1+	-	1)CARE A1+ (29-Aug-24)	1)CARE A1+ (27-Mar-24) 2)CARE A1+ (14-Jul-23)	1)CARE A1+ (18-Jul-22)
2	Fund-based/Non-fund-based-Long Term	LT	5000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (29-Aug-24)	1)CARE AAA; Stable (27-Mar-24)	-

LT: Long term; ST: 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	Fund-based/Non-fund-based-Long Term	Simple

Annexure-5: Lender detailsTo view 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.

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About us:

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