

## Religare Broking Limited

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	500.00	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB / CARE A3+ and removed from Rating Watch with Positive Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in the rating assigned to bank facilities of Religare Broking Limited (RBL) takes into consideration the change in the ultimate promoters of the Religare group (includes Religare Enterprises Limited [REL] and other group companies including RBL) and appointment of directors representing the Burman group on the boards of Religare group entities including RBL. The rating also considers recent announcement of the parent i.e., REL, to infuse funds to the tune of ₹200 crore in RBL, which would further strengthen its financial profile.

Post completion of Open Offer, the Burman group held 25.16% stake in REL in February 2025, which further increased to 25.83% on June 30, 2025. Vide exchange filing dated July 11, 2025, REL has communicated issuance of equity share warrants, which will help REL to raise ₹1,500 crore, of which the promoters, the Burman Group will contribute ₹750 crore. Classification of the Burman Group as REL's promoters and their commitment to infuse capital in REL is expected to benefit REL and its subsidiaries, including RBL, in the form of better financial flexibility, access to competitive cost of funding and need-based capital support. The rating continues to factor in the company's long track record, seasoned management team, comfortable capital structure and its diversified revenue profile.

However, ratings remain constrained by moderate scale of operations and modest profitability. The company also remains exposed to vulnerability of earnings to capital market activities, to competitive pressures and to regulatory risks. While the company is expected to continue its focus on the retail segment with diversification into wealth distribution business and margin trading facility (MTF) segments, scalability in these segments and improvement in earnings profile on a standalone basis remain key monitorable.

### Rating sensitivities: Factors likely to lead to rating actions

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

- Increase in market presence/ market share and improvement in profitability on a sustained basis.

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

- Weakening in linkages with/ support philosophy of the ultimate promoters.
- Deterioration in the market share impacting the company's broking income.
- Moderation in the company's earnings and liquidity profile.
- Weakening capital structure leading to increase in gearing (including non-fund-based debt) beyond 3x on a sustained basis.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Analytical approach:** Standalone

CARE Ratings Limited (CareEdge Ratings) has analysed standalone credit profile of RBL, factoring its linkages with the new ultimate promoters, Burman Group, through REL.

**Outlook:** Stable

The Stable outlook reflects CareEdge Ratings' expectation of improvement in RBL's operational and financial position, leading to increased profitability and comfortable capitalisation levels, and need-based and timely support from the Burman Group through REL.

**Detailed description of key rating drivers:****Key strengths****Long track record of retail broking combined with seasoned management**

RBL operates in the retail brokerage segment with an established network of own branches and authorised persons (APs) of ~1,400 touch points spread across 400 cities in India and a total active client base of ~2.54 lakhs (total client base of ~11 lakhs). Its distribution strategy entails a combination of its own branches and a network of APs & E-Governance franchisees.

The company's management is undertaking several initiatives to generate scale-based growth and regain the lost market share in the retail brokerage space. In FY25, total franchisees for e-governance business have increased from 44,000 in FY24 to 53,000 in FY25. The company has embraced an asset-light growth strategy, minimising future investments in physical infrastructure, enhancing its emphasis on technology, products, and marketing efforts.

The company is led by an experienced management team and members of senior management team boasts an average over two decades of experience in the financial services industry. This extensive expertise positions the company for steady business growth based on its established operational track record.

With expected operational, managerial and financial support from REL and its ultimate promoters, the Burman Group, RBL will be benefitted in growing its broking and e-governance business through timely support in terms of capital infusion, when needed.

**Adequate capitalisation levels**

As of March 31, 2025, the company's standalone tangible net worth increased to ₹251.70 crore, up from ₹231.33 crore as on March 31, 2024, through internal accruals. Total borrowings, inclusive of non-fund-based debt, declined to ₹364.06 crore from ₹517.84 crore in the same period. This reduction aligns with decreased market activity and trading volumes in the latter half of FY25, attributed to negative market sentiments and geopolitical tensions. Subdued market conditions led to a decline in trading activities, resulting in lower margin requirements for brokers and, consequently, a reduced need for funds across the industry.

Of the total borrowings, 50.66% constituted fund-based borrowings, while the remaining 49.34% comprised non-fund-based instruments, such as bank guarantees. As on March 31, 2025, the borrowings included ₹55.50 crore of unsecured short-term debt from group companies, indicating continued support from the group.

The company's overall gearing ratio (including non-fund-based debt) improved to 1.45x as of March 31, 2025, from 2.24x the previous year. Net gearing, calculated by adjusting total debt including bank guarantees (BGs) against bank balances lien-marked for credit facilities, also improved to 0.49x as on March 31, 2025, from 1.02x as on March 31, 2024. While the gearing levels are

considered adequate, the company's capital remains susceptible to earnings volatility inherent in its line of business and the gearing is expected to remain around 1.5x level in the medium-term considering need-based support from the parent.

With the Burman Group now classified as REL's promoter, RBL is set to receive timely financial support and is expected to raise debt at competitive interest rates. As per recent announcement by REL, an infusion of ₹200 crore is committed to RBL in the near term. This will strengthen its capital base and enhance its ability to pursue capital market linked businesses.

### **Diversified income streams**

RBL is a trading member of stock exchanges such as NSE, BSE, MCX among others. It has a basket of diversified products being offered, which includes broking services in all segments (equity, derivatives, commodities and currency), lending in the form of MTF, third-party financial products distribution (insurance, mutual fund, bonds, corporate fixed deposits, IPO, among others) and e-governance services.

The company has been focusing on diversifying revenue stream to reduce its dependency on broking income, which is volatile as it is driven by the market activities. In 2021, brokerage revenue formed 67.82% of the total income, which has come down and remained in the range of 56.23% in FY23 and further to 50.65% in FY25, followed by interest income, which forms 27.90% , income from e-governance business, which forms 11.69% and, balance by sources such as depository income, National Pension System-Point of Presence (NPS-POP) income, commission income, and recovery of transaction fees, among others. Given the increasing scale of operations, cost-to-income ratio has increased in FY25 and continued to remain on the higher side as the company has to pay commission to its APs on the turnover posted by their customers. Cost-to-income for FY25 stood at 92.37% against 86.71% in FY24. This increase in cost-to-income ratio is on account of increased employee and other expenses in FY25. With growing scale of RBL and the Burman Group being designated as REL's promoters, CareEdge Ratings anticipates further diversification of RBL's revenue streams with the launch of new business initiatives.

### **Key weaknesses**

#### **Moderate scale of operations and modest profitability**

RBL's size continues to remain moderate given the company's market share. Its market share in cash segment declined marginally from 0.38% in FY24 to 0.31% in FY25, and in F&O segment also, the market share declined from 0.04% in FY24 to 0.02% in FY25. The market share declined due to increased competition from discount brokers. Further, phase-wise implementation of guidelines on F&O trading to curb the retail participation, impacted cash and derivative volumes across stockbrokers in H2FY25. Due to this, RBL's trading volume and brokerage declined in FY25. The total turnover decline to ₹24.79 trillion in FY25 from ₹39.21 trillion in FY24. The brokerage income, declined to ₹187.09 crore in FY25 to ₹202.18 crore in FY24 in line with decreased turnover.

The company's share in the overall volume is 0.02% and in cash segment it is 0.31%. Hence, the company's progress in improving the market share and trading volumes continues to remain key monitorable. However, CareEdge expects the classification of the Burman Group as REL's promoters will benefit RBL to acquire new set of retail clients and increase in market presence and ultimately its market share.

On the earnings front, in FY25, standalone profitability moderated by 42% to ₹19.21 crore from a profit after taxes (PAT) of ₹33.34 crore in FY24. Top line remained stable at FY24 level at ₹369.40 crore in FY25 (PY: ₹369.01 crore). Even though brokerage income declined in FY25, this was compensated by the interest and other operating income, which helped the company in maintaining its top line at previous year's level. No growth in total income and increased cost-to-income ratio in FY25 led to

moderation in return on net worth (RoNW), return on total assets (RoTA) and PAT margin, which stood at 7.96% (FY24: 15.73%), 1.56% (FY24: 2.82%) and 5.20% (FY24: 9.04%), respectively, in FY25.

With growing scale, sustainability of earning under the volatile capital market environment remains a key monitorable.

### **Vulnerability of earnings to market volatility and competitive pressures**

RBL is primarily engaged retail stockbroking business and brokerage forms 50.65% of the total revenue followed by income from e-governance business (11.69%), interest income (27.90%) and, balance by other sources including depository income, NPS-POP income, commission income, recovery of transaction fees, among others. Brokerage income and interest income from MTF lending is directly a function of the market performance, which is highly volatile in nature and exposes RBL's earnings to volatility in stock markets. As the revenue base is still dominated by income from broking business, which remains influenced by volatility in market volumes, the company is attempting to diversify its revenue streams for higher stability across business cycles.

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 efforts, traditional players including RBL have been successful in building their digital platforms for its customers and sustain in this competitive industry. Apart from revenue diversification, the company's focus has been on maintaining client relationships and hence RBL continues to offer its services in traditional (offline) and digital investment services. Furthermore, with the classification of the Burman Group as the promoters of REL, REL is committed to strengthen business operations and enhance the brand visibility of Religare entities, which in turn is expected to expand the clientele base of entities like RBL, thereby supporting the growth of the overall group.

Given the competitive risks and classification of the Burman Group as the promoters of REL, it will be crucial to monitor the company's ability to maintain and further 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 RBL's ability to adapt technology, systems, and risk management processes in response to the constantly evolving regulatory landscape without adverse impact on its overall business profile.

### **Liquidity: Adequate**

RBL's liquidity profile is adequate. RBL's total cash and bank balances stood at ₹749.45 crore as on March 31, 2025, of which ₹29.99 crore was unencumbered cash and bank balance and ₹719.46 crore was in the form of lien marked FDs pledged with

banks (against bank guarantees and other credit facilities) and stock exchanges for margin purposes. The company has been maintaining unutilised margin with the exchanges, which provides adequate liquidity cushion to RBL in case of exigencies. The company also had unutilised bank line limit of ₹74.05 crore (including overdraft against fixed deposit [FD] of ₹41.05 crore) as on March 31, 2025, providing additional comfort.

The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades.

### 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

A wholly owned subsidiary of Religare Enterprises Limited, RBL provides a comprehensive range of services to retail clients. The broking business was started by Religare group over 25 years ago and currently, offers a full range of broking services such as equities, commodities, and currencies, depository participant services, bonds & mutual fund distribution, apart from selling insurance policies as an IRDA registered Corporate Agent and offering research capabilities to its customers.

RBL is also registered with Pension Fund Regulatory and Development Authority (PFRDA) and SEBI to act as Point of Presence (PoP) for National Pension Scheme (NPS) and Registrars to an issue and share Transfer Agent (RTA) respectively.

RBL also offers government services, financial inclusion services and citizen e-services and other ancillary and allied services including but not limited to: permanent account number (PAN), tax deduction and collection account number (TAN) and e-TDS returns, business correspondent for banking services, Bharat Bill Payment Systems (BBPS) and recharges, ticketing for airline, railways, bus or tourism through online/ offline platform, digital signature certificate and token (DSC) and central record keeping agency facilitation centre (CRA-FC). The company operates through a network of 69 branches, 1,400 broking business partners and ~53,000 e-governance franchisees in 400+ cities across India. It has over one million broking clients.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total income	287.89	369.01	369.40
PAT	9.61	33.34	19.21
Tangible Net worth*	192.70	231.33	251.70
Loan Book (MTF & T+5)	221.52	238.87	166.04
Net Borrowings (incl. Fund & Non-Fund debt) (net of lien marked FDs)	153.11	235.00	123.26
Cost-to-Income (%)	92.09	86.71	92.37
Overall Gearing (x)	2.33	2.24	1.45
PAT Margin (%)	3.34	9.04	5.20
RONW (%)	5.17	15.73	7.96
ROTA (%)	1.00	2.82	1.56

A: Audited; Note: these are latest available financial results

\*Adjusted for deferred tax asset and intangibles.

**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
Fund-based/Non-fund-based-LT/ST	-	-	-	10-03-2026	340.00	CARE BBB+; Stable / CARE A2
Fund-based/Non-fund-based-LT/ST (Proposed)	-	-	-	-	10.00	CARE BBB+; Stable / CARE A2
Fund-based/Non-fund-based-LT/ST	-	-	-	19-05-2026	100.00	CARE BBB+; Stable / CARE A2
Fund-based/Non-fund-based-LT/ST (Proposed)	-	-	-	-	50.00	CARE BBB+; Stable / CARE A2

**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	Fund-based/Non-fund-based-LT/ST	LT/ST	350.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB / CARE A3+ (RWP) (03-Mar-25) 2)CARE BBB; Stable / CARE A3+ (05-Jul-24)	1)CARE BBB-; Stable / CARE A3 (05-Jul-23)	1)CARE BBB-; Stable / CARE A3 (19-Aug-22) 2)CARE A3 (05-Aug-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	150.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB / CARE A3+ (RWP) (03-Mar-25) 2)CARE BBB; Stable / CARE A3+ (05-Jul-24)	1)CARE BBB-; Stable / CARE A3 (05-Jul-23)	1)CARE BBB-; Stable / CARE A3 (19-Aug-22) 2)CARE BBB-; Stable (05-Aug-22)

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	Fund-based/Non-fund-based-LT/ST	Simple

**Annexure-5: Lender details**To 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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