

## Anand Rathi Share and Stock Brokers Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	1,400.00	CARE A; Stable / CARE A1+	Upgraded from CARE A-; Stable / CARE A1
Market linked debentures	50.00	CARE PP-MLD A; Stable	Upgraded from CARE PP MLD A-; Stable
Commercial paper	200.00	CARE A1+	Upgraded from CARE A1

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has upgraded ratings assigned to the long-term and short-term bank facilities and debt instruments of Anand Rathi Share and Stock Brokers Limited (ARSSBL) at 'CARE A; Stable/CARE A1+'. The upgrade reflects the significant equity infusion of ~₹745 crore, which is expected to enhance financial flexibility, support growth in the margin trading facility (MTF) and distribution segments and improve leverage metrics over the medium term. Ratings continue to derive strength from the experienced management team, the company's established presence in the broking industry, its strategic importance within the Anand Rathi Group, and the stability in its earnings profile.

However, these strengths constrained by modest scale of broking operations relative to larger peers, inherent risks associated with capital market-linked businesses, competitive intensity in the core broking segment, and the 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).
- Significant improvement in the scale of operations and market position along with healthy profitability 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 earnings profile and liquidity of the company.
- Increase in gearing (including non-fund-based debt) beyond 3.5x.

### Analytical approach: Standalone

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 capital 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.

<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.

## 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 has over three decades of experience in broking industry and forms a key pillar of the Anand Rathi Group's capital market ecosystem. The company is led by experienced professionals, including its co-founder and Managing Director, Pradeep Gupta, who has over three decades of experience and has been instrumental in building the institutional broking and investment services franchise. ARSSBL is a subsidiary of ARFSL, the group's holding company, which had a consolidated net worth of ₹5,285 crore (including unrealised gains of ~₹3,090 crore) as on March 31, 2025, compared to ₹4,671 crore as on March 31, 2024 (including unrealised gains of ~₹3,015 crore). The broader Anand Rathi Group, led by its founder and chairman Anand Rathi, operates through a well-diversified structure comprising broking and investment services (ARSSBL), wealth management (Anand Rathi Wealth Limited, with assets under management [AUM] of ₹99,008 crore), insurance broking (Anand Rathi Insurance Brokers Limited, serving over 300 corporate clients), and lending through its non-banking financial company (NBFC) arm, Anand Rathi Global Finance Limited (ARGFL). ARGFL focuses on loan against securities, micro, small and medium enterprise (MSME) loan against property (LAP), construction finance, and inter-corporate lending, and recent exposure to financial institution group (FIG) lending. It plays a strategic role in complementing the group's offerings, particularly for high-net worth clients, and acts as a funding channel through market-linked debentures (MLDs). The group's integrated business model enables ARSSBL to cater to a diverse client base, including retail, high-net-worth individuals (HNIs), ultra-high-net-worth individuals (UHNIs), and institutional clients.

#### Stable earnings profile and diversified income streams

ARSSBL is a trading member across major stock exchanges, including the National Stock Exchange of India Limited (NSE), BSE, NCDEX, and MCX. The company offers a diversified suite of products and services, including broking across equity, derivatives, commodities, and currency segments, margin trading facility (MTF) lending, and distribution of third-party financial products such as mutual funds, bonds, corporate fixed deposits, initial public offerings (IPOs), and portfolio management services.

In FY25, ARSSBL's total income grew by 23.73% to ₹845 crore, primarily driven by higher interest income and brokerage income. profit after tax (PAT) stood at ₹104 crore, translating into a PAT margin of 12.29%, reflecting an improvement of 78 basis points on a year-on-year basis. The margin expansion was supported by a marginal moderation in the cost-to-income ratio, aided by operating leverage and healthy growth in the topline. Return on total assets (ROTA) and return on net worth (RONW) stood at 3.51% and 23.57%, respectively, in FY25. However, the growth momentum moderated in 9MFY26, with total income increasing marginally by 5.18% year-on-year to ₹679 crore due to relatively slower growth in capital market activity, while PAT stood at ₹90 crore, translating into a PAT margin of 13.23%.

The company has been progressively diversifying its revenue profile to reduce its dependence on inherently volatile broking income. While brokerage contributed ~80% of total income in FY17, its share has declined to ~52.39% in FY25 and 44.68% in 9MFY26 with the balance driven by interest income (primarily MTF) and distribution income. The MTF book has emerged as a key growth driver for the company, increasing from ₹305 crore as on March 31, 2022, to ₹686 crore as on March 31, 2025. The book had scaled up to ₹1,232 crore as on December 31, 2025.

However, overall growth in the MTF portfolio has led to an increase in the contribution of total interest income to 43.28% in 9MFY26 (37.83% in FY25, 31.23% in FY24), indicating a structural shift towards more stable revenue streams. The improvement

in the company's business mix, and the scaling up of relatively higher-yielding segments, has supported its client-level monetisation metrics, with average gross broking revenue per client (ARPC) increasing to ₹28,724 in FY25 from ₹30,922 in FY24.

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 as on March 31, 2025, and ₹8,369 as on December 31, 2025. Of the total AUD, distribution of mutual fund consisted of ₹4,949 crore and portfolio management service (PMS) and AIF consisted of ₹1,510 crore as on March 31, 2025. Further as on December 31, 2025, ~76.1% of the AUD consisted of mutual funds balance was held by PMS and AIF. This resulted increase in share of non-broking income from 34.58% in FY22 to 49.35% in FY25 and 52.76% in 9MFY26.

Overall, while earnings remain exposed to capital market cycles, the company's diversified revenue mix, increasing contribution from relatively stable income streams, and steady margin profile provide resilience to its profitability. However, its ability to sustain earnings growth and maintain profitability amid evolving market conditions remains a key monitorable.

### **Improved leverage led by IPO infusion**

The company maintains an adequate capitalisation profile, with ARSSBL's tangible net worth increasing to ~₹1,335 crore as on December 31, 2025, from ₹495 crore as on March 31, 2025. This substantial accretion is primarily driven by the equity infusion of ₹745 crore through a primary issuance undertaken as part of its IPO in September 2025. Consequently, the overall gearing (including non-fund-based adjusted for lien marked FD) as a result moderated from 2.59x in FY25 to 0.90x in 9MFY26, while fund-based gearing moderated from 1.83x as on March 31, 2025, to 0.59x in 9MFY26. The company's capital structure remains comfortable, with adequate headroom to support further growth in its MTF and broking operations.

The broking industry has witnessed a similar trend of increasing MTF growth, which is expected to result in higher capital requirements and incremental leverage across market participants.

### **Key weaknesses**

#### **Modest scale of broking operations**

ARSSBL's overall market share across both cash and derivatives segments stood at 0.25% in FY25, with relatively higher presence in the cash segment at 0.88%. The company also maintains a modest presence in the commodity and currency segments. The active client base on NSE witnessed a marginal decline from 148,861 as on January 31, 2025, to 146,569 as on February 28, 2026, primarily due to increasing competitive intensity from discount brokers, despite a steady growth trend on a year-on-year basis.

Notwithstanding this, the company's market positioning has improved marginally, with its ranking based on NSE active clients strengthening from 27th position as on January 31, 2025, to 23rd position as on February 28, 2026. The company is currently focused on enhancing trading volumes and improving average revenue per client within its existing customer base.

Going forward, in the context of the ongoing market correction and evolving regulatory landscape, including the recent increase in securities transaction tax (STT) announced in the Union Budget, ARSSBL's ability to sustain its market share in terms of trading volumes and active client base 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. Sustainability of this will remain a key monitorable.

**Susceptibility towards regulatory changes 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. These include the requirement for brokers to upstream client funds to clearing corporations in the form of cash, fixed deposit (FD) liens, or pledged mutual fund units, leading to higher operational and compliance costs. Additionally, Securities and Exchange Board of India (SEBI) has mandated greater transparency and standardisation in the disclosure of client charges through "true-to-label" guidelines. Several risk management measures have been introduced in the derivatives segment, such as upfront collection of option premiums, withdrawal of certain margin offsets (including calendar spread benefits on expiry day), imposition of higher minimum contract sizes for index derivatives, restrictions on the number of weekly expiry contracts, and additional margins on short option positions. These measures are aimed at curbing excessive speculative activity and enhancing systemic stability, although they may impact trading volumes, particularly in the derivatives segment. Alongside regulatory changes, there has been an increase in transaction-related taxes, including securities transaction tax (STT), and revisions in long-term and short-term capital gains taxation. These changes have had a direct bearing on investor behaviour and, consequently, on the earnings profile of market intermediaries.

In addition, the Reserve Bank of India (RBI), through its amended directions dated February 13, 2026 (effective July 1, 2026), has introduced a comprehensive framework governing bank credit to capital market intermediaries, including stockbrokers. The revised norms mandate fully collateralised lending, prescribe higher collateral quality (with significant cash components), and impose minimum haircuts, particularly on equity securities. Bank funding for proprietary trading has been restricted, while margin trading facilities are required to be backed by high-quality liquid collateral. The impact on ARSSBL is expected to be limited, as its MTF funding is largely sourced through NBFCs and commercial paper (CP). Additionally, the existing bank guarantee arrangements are supported by similar collateral structures, mitigating the impact of the revised guidelines.

Separately, the company has reported an isolated incident in its depository operations involving ~₹13 crore, which is currently under investigation with a forensic review underway. While remedial measures have been initiated and insurance coverage is in place, the incident underscores the need for continued strengthening of internal controls.

Overall, while the evolving regulatory framework strengthens the resilience and transparency of the capital market ecosystem, it also necessitates continuous investments in systems, processes, and compliance infrastructure, and may moderate growth in trading volumes. 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: Strong**

At the standalone level, the funding requirement of ARSSBL is primarily towards margin placement with exchanges and funding of its MTF book. As on December 31, 2025, the company reported overall liquidity of ₹3,197 crore, comprising cash and cash equivalents (including encumbered balances) and unutilised bank lines of ~₹431 crore. Against this, scheduled debt repayments over the next six months remain modest at ~₹184 crore. On a net basis, unencumbered cash and cash equivalents stood at ₹41 crore.

Additionally, the company maintains margin with exchanges in excess of regulatory requirements, providing further liquidity comfort. The average margin utilisation remained moderate at ~36.50% in the period from January 2025 to December 2025, indicating adequate headroom in sanctioned limits. The MTF book, which stood at ₹1,232 crore as on December 31, 2025, is short tenor in nature and generates regular inflows, supporting liquidity.

Overall liquidity is further supported by the company's ability to monetise short-term assets and demonstrated access to funding lines. Additionally, its association with the Anand Rathi Group provides financial flexibility, if required.

## Environment, social, and governance (ESG) risks

ARSSBL's service-oriented, capital market-linked business model limits its direct exposure to environmental risks; however, the company has undertaken measures such as digitisation of processes and reduced reliance on paper-based operations to enhance resource efficiency and lower its environmental footprint.

Social risks, particularly those relating to cybersecurity threats and customer data privacy, remain key monitorable given the nature of its operations. The company has established IT security frameworks, data protection protocols, and investor awareness initiatives to mitigate such risks, and provides disclosures on its business ethics practices covering grievance redressal, related party transactions, fair practice code, whistle blower policy, and prevention of sexual harassment policy.

ARSSBL's board comprises of eight directors, including four independent directors and one female director. The governance framework is supported by key committees such as the Audit Committee, Nomination and Remuneration Committee, and CSR Committee, which provides adequate oversight and strengthens the overall governance structure.

## 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 97 branches and 1,243 authorised personnel.

### Standalone financials of ARSSBL:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total income	683	845	679
Profit after tax (PAT)	79	104	90
Tangible net worth (TNW)	385	495	1,335
Loan book (Margin Trading Facility)	617	686	1,232

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Overall gearing* (x)	3.19	2.59	0.90
Cost-to-income (%)	79.99%	79.79%	77.98%
Return on net worth (RONW) (%)	24.80%	23.57%	13.08%**

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

\*including non-fund-based limits utilised

\*\* Annualised

**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)	INE549H14024	21-11-2025	9.00%	20-05-2026	50.00	CARE A1+
Commercial Paper- Commercial Paper (Standalone) (Proposed)	-	-	-	-	150.00	CARE A1+
Debentures- Market Linked Debentures (Proposed)	-	-	-	-	50.00	CARE PP-MLD A; Stable
Fund-based/Non-fund-based-LT/ST	-	-	-	30-10-2028	1,275.00	CARE A; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST (Proposed)	-	-	-	-	125.00	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 2026-2027	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
1	Debentures-Market Linked Debentures	LT	50.00	CARE PP-MLD A; Stable	-	1)CARE PP MLD A-; Stable (31-Jul-25)	1)CARE PP MLD A-; Stable (26-Mar-25)	1)CARE PP MLD A-; Stable (27-Mar-24)
2	Commercial Paper-Commercial Paper (Standalone)	ST	200.00	CARE A1+	-	1)CARE A1 (31-Jul-25)	1)CARE A1 (26-Mar-25)	1)CARE A1 (27-Mar-24)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	1400.00	CARE A; Stable / CARE A1+	-	1)CARE A-; Stable / CARE A1 (31-Jul-25)	1)CARE A-; Stable / CARE A1 (26-Mar-25)	1)CARE A-; Stable / CARE A1 (27-Mar-24)

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 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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