Religare Broking Limited

November 05, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	500.00	CARE BBB+; Stable / CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings to bank facilities of Religare Broking Limited (RBL) factors in continued support from its ultimate promoter group (the Burman Group), RBL's long track record in the retail broking business, its experienced management team, comfortable capital structure, and diversified revenue profile.

On July 11, 2025, Religare Enterprises Limited (REL), the holding company of RBL, had announced the issuance of convertible warrants aggregating to ₹1,500 crore, of which ₹750 crore was committed by the promoters of REL (Burman group). Of the proceeds, REL has earmarked ₹200 crore for RBL; out of which, ₹100 crore was infused as equity capital in RBL in H1FY27 and the balance is expected to be infused by March 2027. This will enhance the financial capability of RBL to further expand its franchise and access funding at competitive terms. CareEdge Ratings takes note of the various initiatives undertaken by REL's management across the group businesses, including the strengthening of Board oversight. CareEdge Ratings is also engaging with the ultimate promoters to understand their support stance and impact of these initiatives on the group.

Ratings remain constrained by the company's moderate scale of operations and modest profitability. They also reflect RBL's exposure to the cyclical nature of capital market activities, intense competitive pressures, and regulatory risks. While the company is expected to continue strengthening its retail franchise and expanding its wealth distribution business and margin trading facility (MTF) portfolio, scalability of these initiatives and their contribution to improving the company's standalone earnings profile will remain key monitorable factors.

Rating sensitivities: Factors likely to lead to rating actions

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

- Strengthening of linkages with the ultimate promoters.
- Increase in 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 linkages with the ultimate promoters or their support philosophy.
- Significant deterioration in the market share impacting the company's broking income.
- Weakening capital structure leading to increase in gearing (including non-fund-based debt) beyond 3x on a sustained basis.

Analytical approach: Standalone

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

Outlook: Stable

The "Stable" outlook reflects CareEdge Ratings' expectation of steady improvement in operating and financial performance. The outlook also captures sustained capitalisation, adequate liquidity buffers, and expectation of financial support.

Detailed description of key rating drivers

Key strengths

Long-standing retail broking presence supported by experienced leadership

RBL has an established presence in the retail broking industry, supported by a network of branches and authorised persons across over 400 cities in India. As on June 30, 2026, the company had an active client base of ~2.39 lakh customers, out of a total client base of ~10.03 lakh customers.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

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

The company's distribution strategy leverages its branch network alongside an extensive network of authorised persons to expand its reach and customer base. To further enhance market penetration and increase its market share, RBL intends to strengthen its technology platform and digital capabilities. The recent capital infusion of ₹100 crore will enhance the company's capacity to scale up its MTF facility, enabling it to onboard new customers, reactivate dormant accounts, and support the growth of its lending and margin trading businesses.

The company is led by an experienced management team, with senior leadership possessing, on average, over two decades of experience in the financial services industry. This deep industry expertise supports the company's growth plans and strengthens its operational capabilities.

Adequate capitalisation levels

As on June 30, 2026, RBL's standalone tangible net worth improved to ₹269.23 crore from ₹264.74 crore as on March 31, 2026, and ₹249.35 crore as on March 31, 2025. Total borrowings (including non-fund-based facilities) stood at ₹628.02 crore as on June 30, 2026, compared with ₹655.05 crore as on March 31, 2026 and ₹364.06 crore as on March 31, 2025. As on June 30, 2026, fund-based, including overdraft against fixed deposit, borrowings constituted around 69% of the total borrowings, with the balance comprising non-fund-based facilities, primarily in the form of bank guarantees. The increase in borrowings during FY26 was largely driven by higher funding requirements amid improvement in business activity and trading volumes, following relatively subdued borrowing levels in FY25 due to lower market activity and reduced margin funding requirements across the broking industry.

The company's overall gearing ratio, including non-fund-based facilities stood at 2.33x as on June 30, 2026, and 2.47x as on March 31, 2026. Net gearing, after adjusting debt against lien-marked bank balances, stood at 1.11x as on June 30, 2026, and 1.23x as on March 31, 2026. While current leverage levels remain comfortable, capitalisation continues to be vulnerable to earnings volatility inherent in capital market-linked businesses. However, gearing is expected to remain ~1.5x – 2.0x level in the medium term, supported by need-based assistance from the parent entity.

With the Burman Group as REL's promoter, RBL is expected to benefit from enhanced financial flexibility and improved access to funding at competitive rates. REL has infused ₹100 crore capital in H1FY27 from the planned infusion of ₹200 crore into RBL. This has strengthened the company's capital base and is expected to support future business expansion and growth initiatives.

Diversified income streams

RBL is a trading member across multiple exchanges, including National Stock Exchange (NSE), Bombay Stock Exchange (BSE), National Commodity and Derivatives Exchange (NCDEX), Multi Commodity Exchange of India (MCX) and among others. The company offers a diversified suite of financial products and services, including equity, derivative, commodity, and currency broking, MTF lending, and distribution of third-party financial products such as mutual funds, insurance products, bonds, initial public offerings (IPOs), and corporate fixed deposits.

Over the years, the company focused on diversifying its revenue streams to reduce dependence on brokerage income, which remains sensitive to market activity. Brokerage income contributed 67.82% of total revenue in FY21 and declined to ~53% in FY26 and 56% in Q1FY27. Interest income accounted for 36% of total income in FY26 and 35% in Q1FY27, with remaining income was derived from depository services, NPS-POP income, commission income, transaction fee recoveries, and other ancillary sources.

Although the cost-to-income ratio increased in FY25, it remained broadly stable in FY26 at 92.92% compared to 90.95% in FY25 and further stood at 92.97% in Q1FY27. As RBL continues to scale up its operations, CareEdge Ratings expects further diversification of revenue streams through new business initiatives, reducing the company's dependence on brokerage income in the medium term.

Key weaknesses

Moderate scale of operations and modest profitability

Despite its established market presence, RBL continues to maintain a moderate market share relative to larger industry participants. The company's market share in the cash segment declined from 0.31% in FY25 to 0.26% in FY26, while its share in the F&O segment remained unchanged at 0.02%. Decline in market share reflects increasing competition from discount brokerage platforms. Consequently, the company's ability to improve its market share and trading volumes will remain a key monitorable factor.

On the earnings front, total income declined marginally to ₹315.04 crore in FY26 from ₹325.96 crore in FY25, while profit after tax decreased to ₹14.39 crore from ₹19.48 crore in the same period. The decline was primarily driven by subdued capital market activity, which led to an 11% reduction in brokerage income, partially offset by a 9% growth in interest income.

RBL's MTF book stood at ₹301.92 crore as on June 30, 2026, compared to ₹216.26 crore as on March 31, 2026, and ₹124.30 crore as on March 31, 2025. In FY26, profit after taxation (PAT) margin, return on net worth, and cost-to-income ratio stood at 4.57%, 5.60%, and 92.92%, respectively. Sustainability of earnings amid a volatile capital market environment will remain a key rating monitorable.

Vulnerability of earnings to market volatility and competitive pressures

Trading activity in capital markets are influenced by macroeconomic conditions, regulatory developments, geopolitical events, and investor sentiment. Given the nature of this business, the company's earnings remain susceptible to capital market activity and volatility. As brokerage income continues to contribute a significant proportion of revenues, management is actively pursuing revenue diversification initiatives to enhance earnings stability across business cycles.

The industry remains highly competitive, particularly with the continued growth of digital-first and low-cost brokerage platforms. However, traditional players such as RBL have strengthened their technology capabilities and digital offerings, enabling them to remain competitive while continuing to serve customers through a hybrid online and offline model.

Given challenging competitive landscape, the company's ability to maintain and improve its market share while enhancing profitability will remain a key monitorable factor.

Susceptibility to regulatory changes

The capital market industry has experienced continuous regulatory changes aimed at enhancing transparency and preventing misuse of funds. These include requirement for brokers to upstream client funds to clearing corporations in form of cash, fixed deposit (FD) liens, or pledged mutual fund units, leading to higher operational and compliance costs. SEBI has mandated greater transparency and standardisation in 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.

Through its amended directions dated February 13, 2026 (effective July 01, 2026), the Reserve Bank of India (RBI) 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.

The broking industry has experienced a moderation in trading volumes, particularly in derivatives, since H2FY25. This was due to these regulatory guidelines, global market volatility and implementation of closing auction session (CAS). Operating environment also remains highly competitive, with continued presence of low-cost brokerage firms exerting pressure on profitability of traditional players. Overall, while evolving regulatory framework strengthens resilience and transparency of capital market ecosystem, it also necessitates continuous investments in systems, processes, and compliance infrastructure, and may moderate growth in trading volumes.

CareEdge Ratings will continue to monitor RBL's ability to adapt its technology, systems, and risk management processes to evolving regulatory landscape while maintaining its business profile and competitive position.

Liquidity: Adequate

RBL's liquidity profile is adequate with total cash and bank balances stood at ₹822.14 crore as on June 30, 2026, of which ₹16.33 crore was unencumbered cash and bank balance and ₹805.80 crore was in the form of lien marked fixed deposits (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 undrawn sanctions of ₹141.16 (including overdraft against fixed deposit) crore as on June 30, 2026, providing additional comfort.

Environment, social, and governance (ESG) risks
Not applicable

Applicable criteria
Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Factoring linkages Parent Sub JV Group
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 and allied

A wholly owned subsidiary of REL, RBL was incorporated on July 20, 2016, and provides a comprehensive range of services to retail clients. The broking business was started by Religare group over 25 years ago and currently provides broking services such as equity, currency, and commodity derivatives and depository participant services. It is also involved in research and distribution of other financial products such as mutual fund, and insurance products, among others..

RBL is registered as stockbroker with Securities and Exchange Board of India (SEBI) and is a member of NSE, BSE, MSE, NCDEX and MCX. The company is also a depository participant with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). RBL is registered with SEBI as a Registrar to an Issue and Share Transfer Agent (RTA). It is also registered with Insurance Regulatory Development Authority of India (IRDAI), Pension Fund regulatory and Development Authority (PFRDA).

The company operates through a network of 51 branches, 1,100+ broking business partners and 65,000+ e-governance franchisees in 400+ cities across India. It has over 1 million broking clients. The company has 2 wholly owned subsidiaries Religare Commodities Limited (RCL) and Religare Digital Solutions Limited (RDSL). RBL had filed a Scheme of Arrangement with the Hon'ble National Company Law Tribunal (NCLT) on September 21, 2022, for transfer of its e-governance business to RDSL on a going concern basis through a slump sale. The scheme received NCLT approval on June 13, 2025. The appointed date of the scheme was April 01, 2022, while the effective date was August 19, 2025.

RBL - Standalone

Brief Financials (₹ crore)	March 31, 2025 (A)^	March 31, 2026 (A)	Q1FY27 (UA)
Total income	325.96	315.04	84.34
Profit after tax (PAT)	19.48	14.39	3.99
Tangible Net worth (TNW)	249.35	264.74	269.23
Loan Book (Margin Trading Facility)	124.30	216.26	301.92
Cost-to-Income (%)	90.95	92.92	92.97
Overall Gearing* (x)	1.46	2.47	2.33
Return on net-worth (RONW) (%)	8.11	5.60	6.11**

A: Audited; UA: Unaudited; Note: these are latest available financial results
^Post demerger of e-governance business from RBL to RDSL
*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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Not Applicable	-	-	-	15-09-2027	345.00	CARE BBB+; Stable / CARE A2
Fund-based/Non-fund-based-LT/ST – Proposed	RBI	Not Applicable	-	-	-	-	5.00	CARE BBB+; Stable / CARE A2
Fund-based/Non-fund-based-LT/ST	RBI	Not Applicable	-	-	-	27-07-2027	150.00	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 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	Fund-based/Non-fund-based-LT/ST	LT/ST	350.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (06-Aug-25)	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)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	150.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (06-Aug-25)	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)

LT/ST: Long term/Short term

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

Not applicable

Annexure-4: 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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