



## EQUITY BROKERAGE INDUSTRY

### Competitive pressures & structural changes point to near term challenges for the broking industry

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The turnover in the Indian equity markets (BSE and NSE combined) registered a strong 46% growth in FY10-11 (36% CAGR over the last 5 year). However, the markets have witnessed a structural change over the last few quarters with a decline in the higher yielding cash volume and a sharp rise in the lower yielding options volume. On the back of sustained high competitive environment and the change in trading pattern, the blended broking yields declined in FY11 leading to only a moderate growth in broking revenues. However, expenses increased sharply with higher employee costs and costs associated with building capacities in existing as well as new business lines. Consequently the brokerage houses' profitability declined in FY10-11.

Some of the larger brokerage houses have reasonably well diversified revenue streams but still remain largely vulnerable to capital markets environment. Given the current challenging outlook for the equity markets over the short term, ICRA expects pressures on the revenue growth over the next few quarters and consequently the overall profitability indicators.

Notwithstanding pressures on profitability the liquidity profile of most of the ICRA rated brokerage houses remained comfortable with strong networth on account of adequate though declining accruals and the fresh capital mobilized over the past few years. However, with increasing borrowings to ramp up the capital market financing business, the risks of refinance has increased with only few investors/ lenders to this segment.

Over the medium to long term, the outcome of various impending structural changes in the industry could have crucial bearing on brokerage houses' profitability. Accordingly, the companies' ability to stabilize the earning profile, improve profitability, maintain adequate liquidity & capital and strengthen the risk management systems would remain the key rating considerations.

**Website:**  
[www.icra.in](http://www.icra.in)

## SUMMARY

### Strengths

- Huge market potential given the under-penetration of equities as an investment avenue amongst Indian investor community and an increasing investor interest in new market segments like commodities, currency futures, interest rate derivatives.
- Adequate capitalization levels, at least for larger players provides cushion to absorb potential losses resulting from the short term challenges in the operating environment.
- A relatively diversified revenue profile at least for the larger players.
- A more flexible cost structure arising from the increasing reliance on franchisee model.

### Challenges

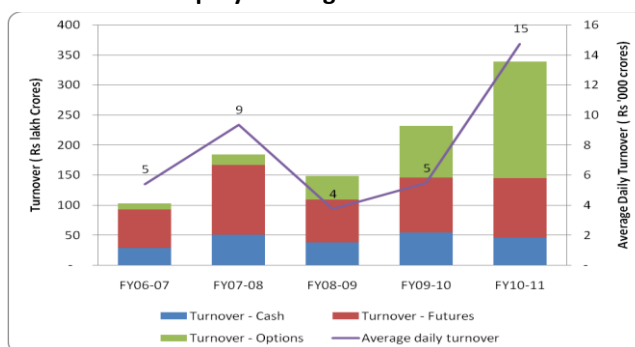
- Protecting brokerage yields and market share in the highly competitive and fragmented equity brokerage industry; further accentuated by the rising share of the low yielding options segment.
- Volatility in earnings and profitability due to linkages with vagaries of capital market and increasing cost of regulatory compliances.
- Achieving a critical scale of operations and managing costs to sustain profitability even in a prolonged dull phase.
- Managing the inherent refinancing risk as players scale up capital market funding book.
- Continue investing in upgrading the risk management systems and monitoring policies to mitigate associated risks, especially during periods of extreme market volatility
- Scaling up the non broking business lines to diversify revenue streams while containing risks.
- Greater dominance of the foreign brokerage houses in the institutional broking segment

In this note the financials of 16<sup>1</sup> entities constituting ~29% of equity broking market volumes and an estimated ~39% of industry equity broking revenues. As per NSE website top 20 broking entities contribute ~41% of the turnover at the exchanges.

### Strong growth in options trading drive industry broking volumes in FY11

The domestic equity brokerage turnover (BSE and NSE combined) registered an increase of 46% in FY10-11 to Rs 339 lakh crore led by a sharp 127% growth in the options segment<sup>2</sup>. The derivatives segment contributed to 86% of the overall turnover in FY11 as compared to 76% in FY10 while the options segment accounted for 58% in FY11 (37% in FY10) and futures segment for 29% during the same period (39% in FY10). Within the Options segment, the index option based on NIFTY alone accounted for nearly 95% of the total options volume, providing adequate liquidity and further fueling investor appetite. The strong growth of the options segment may be partly attributable to the fact that beginning FY09, the brokerage and Securities Transaction Tax (STT) in the options segment are charged on the premium portion and not on the entire open interest. The activity levels were further supported by the increasing comfort of traders/investors dealing with these products coupled with higher participation in the Indian equities market by sophisticated investors such as Foreign Institutional Investors (FIIs). While the FII participation increased to 15% in FY11 from 12% in FY10 and the proprietary trading segment participation declined to 22% from 26%, the Retail and Domestic Institutional Investor participation remained stable at around 56% and 7%, respectively in the same period.

**Chart 1: Equity Broking Turnover – Year wise**



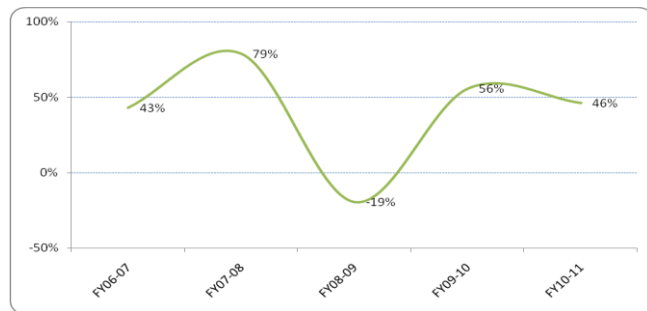
Source: NSE and BSE website

<sup>1</sup> The 16 brokerage houses analyzed in the note are Angel Global Capital Limited, Bonanza Portfolio Limited, Edelweiss Capital Limited, Emkay Global Financial Services Limited, Geojit BNP Paribas Limited, HDFC Securities Limited, ICICI Securities Limited, Indiabulls Securities Limited, India Infoline Limited, JM Financial Limited, Karvy Stock Broking Limited, Kotak Securities Limited, Motilal Oswal Limited, Reliance Securities Limited, Sharekhan Limited and Religare Enterprises Limited

<sup>2</sup> It is important to note that exchange reports the volumes in the futures and options segment in terms of notional turnover.

The year-on-year changes in the brokerage volumes at the exchanges have been quite volatile indicating the inherent volatile nature of the capital markets. The average daily turnover<sup>3</sup> in the equities segment stood at Rs 1.32 lakh crores witnessing a growth of 38% in FY11. As the number of trading days was higher in FY11 than in FY10, the rise in the total volumes at the exchanges is higher than the rise in the average daily turnover.

**Chart 2: Y-o-Y growth – Equity Brokerage Turnover**

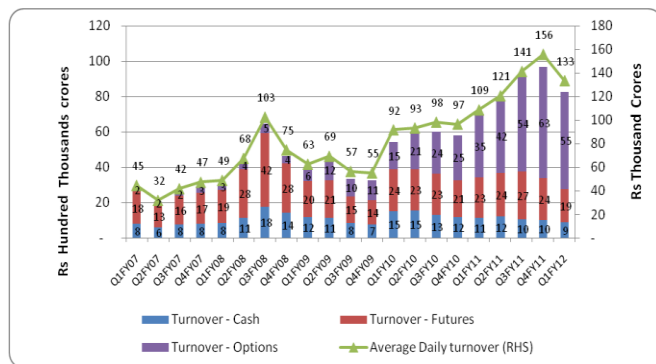


Source: NSE and BSE website

**However the more lucrative cash market volumes continue to fall**

Equity brokerage volumes in the cash market have seen a continuous decline from its peak in Q2FY10 with the average daily trading volumes (BSE and NSE combined) in the cash segment at Rs 16,115 crores in Q4FY11 as compared to Rs 24,085 crores in Q2FY10. Accordingly, the share of the cash segment at the exchanges declined from 26% in Q2FY10 to ~10% in Q4FY11. In Q4FY11, the options segment contributed to 65% of the total turnover while the futures segment contributed the balance 25%. The total volumes declined in Q1FY12 with further fall in the proportion of cash trades.

**Chart 3: Equity Brokerage Turnover – Quarter wise**

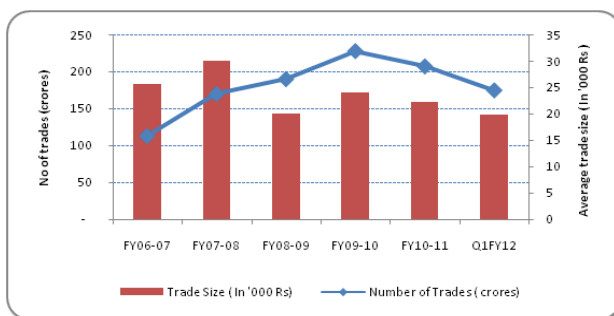


Source: NSE and BSE Website

**Similar trend seen in number of trades as well**

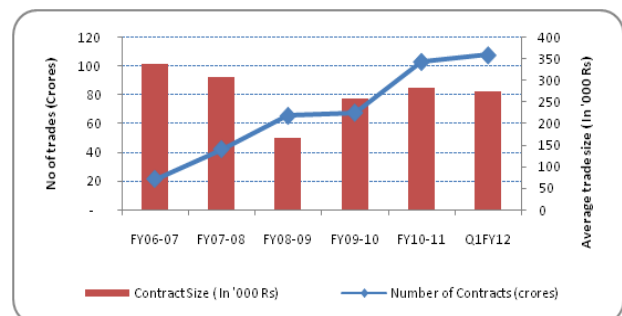
In terms of trading activity in the market, it declined in the cash segment with both decline in the number of trades and the trade size at the NSE and BSE. The average trade size declined 7.3% y-o-y and stood at Rs 22,365 in FY11 as compared to Rs 24,115 in FY10.

**Chart 4: Total number of trades– cash segment**



Source: NSE and BSE Website

**Chart 5: Total number of trades– derivative segment**



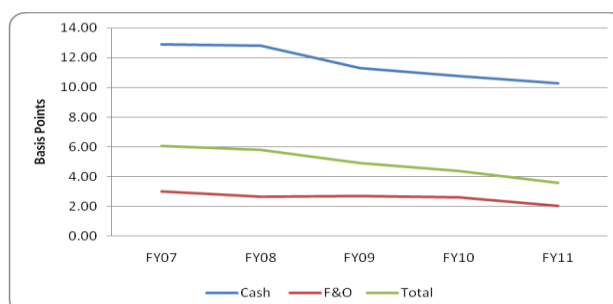
In the derivatives segment at the exchanges, number of contracts jumped by 52% in FY10-11, while the average trade size reported an increase of 9% during the period. Derivative segment witnessed higher activity level in FY10-11 on account of larger proportion of trading in the options segment driven by the impact of STT and the volatility in the capital markets.

<sup>3</sup> Equity brokerage turnover at National Stock Exchange and Bombay Stock Exchange.

### Blended equity brokerage yield continues to decline

The Industry brokerage yields have been declining over the years with increasing competition both in the retail and the institutional broking segment in a bid to garner a large chunk of the market share and a marked increase in the proportion of options trading wherein the yields are the lowest. The blended broking yields for brokerage houses depend on the volume of cash, futures and options trading at the exchanges. ICRA estimates of the blended broking yields for the broking industry, as per the data available for the listed companies and ICRA rated clients is less than 4 bps for FY11. While ICRA expects brokerage yield to remain under pressure with increasing competition and changed market dynamics, there may not be much scope for further decline in average brokerage yields.

Chart 6: Brokerage Yields – Segment wise

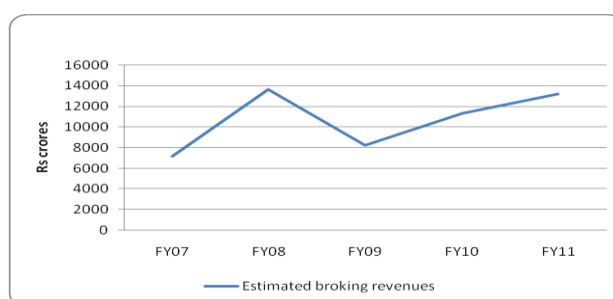


Source: ICRA Research

### Industry revenue pool from equity broking is estimated at ~Rs 13,000 crores for FY11

As per ICRA estimates (based on segment wise market volumes and segment wise average yields of the industry adjusted for the proprietary volumes), the overall revenue pool of the equity broking industry grew by only 13% to around Rs 13,000 crore for FY11 as compared to the 46% growth in exchange trading volumes. Unless there is a material pick up in cash volumes and increased activity from of retail investors, the industry revenue pool is likely to grow at a moderate pace.

Chart 7: Estimated Industry Broking Revenue



Source: ICRA Research

### New trading classes to add diversity and volume to brokerage turnover; Nevertheless equity broking to remain the dominant revenue driver...

- **Commodities volumes picking up...**

Commodity volumes on NCDEX, MCX and NMCEIL in aggregate have grown by more than 110% from Average Daily Turnover (ADTO) of ~Rs 22,000 crore in FY09 to ~ Rs 46,000 crore in FY11 (annualized). Amongst commodity exchanges, MCX accounts for more than 85% of the overall commodity volumes followed by NCDEX and NMCEIL. Precious metals, non-precious metal products and energy products in aggregate contribute to more than 95% of the overall commodity volumes. Amongst commodity asset classes, precious metals (gold, silver) contribute to more than 60% of overall volumes followed by non-precious metal products which contribute to ~ 20% of volumes. Energy products contribute to 17% of overall volumes. For FY 2011, commodity ADTO is observed at 35-45% of equity volumes. However, yields on commodity broking, at 1-2 bps are much lower than for equity markets. Going forward this segment is expected to be a significant source of support for volumes for broking companies.

- **Currency segment also growing...**

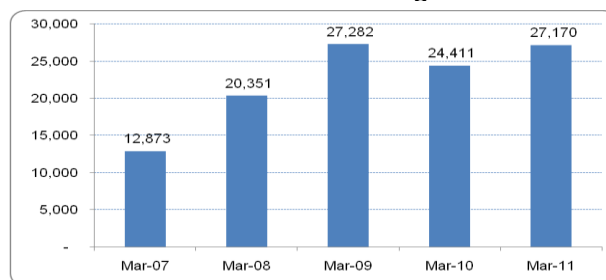
Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have allowed exchange based trading in currency futures of USD – INR in September 2008 and since then its monthly volume has grown to Average Daily Turnover of ~Rs 45,000 crore in FY 2011 at NCDEX, NSE and United Stock Exchange (USE) combined. Yields on currency broking, currently is low - in the range of 0.6-0.8 bps.

In ICRA's view, trading in the relatively new segments would provide diversity to brokerage houses' product portfolio and also add to their business volumes. Established brokerage houses with large geographic penetration and client base would be better placed to capitalize upon new opportunities while keeping the incremental expenses low.

### Footprint expansion being driven largely by the franchisee route...

Brokerage houses have been scaling up their retail network to increase reach and garner market share. A large part of the recent network expansion has been in form of acquisition of franchisees (FY10 was an exception during which the broking house belonging to Reliance [ADA] group significantly downsized its franchisee count) During FY11, ICRA's sampled 16 brokerage houses added around 3000 branches/ franchisees. While this model helps the brokerage houses to retain a flexible cost structure which is important on account of the inherently cyclical nature of the brokerage industry, ICRA believes that it increases the operational and reputational risk for these brokers and consequently the need to select with due caution.

**Chart 8: Network of brokerage houses**



Source: ICRA Research

### Other non-broking business fee based activities at moderate levels...

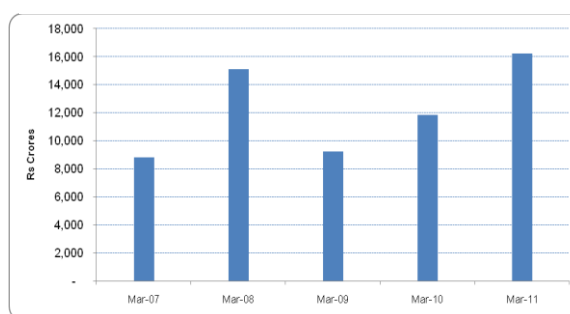
While the investment banking business was good in FY11 due to favourable capital market regime for most part of the year, the growth in distribution income was moderate as companies realign their business model post the regulatory rulings on distributor payouts. The other non-broking business operations like wealth management and portfolio management services have gained traction but the revenue contribution remains dwarfed by the broking revenues and net interest income. With markets remaining volatile and dependent on FII flows, increasing the non broking revenues will remain a challenge in FY12 as well.

### Capital market related<sup>4</sup> funding activities ramped up; however, spreads decline with rising cost of funds....

The capital market financing book consists of margin funding, Loan Against Shares and Promoter Funding. Promoter funding is considered more risky with higher ticket size, higher concentration risk and higher impact cost in case of necessary liquidation of the underlying share collateral. In addition to the interest income, margin funding also helps in increasing the broking revenues by increasing the higher yielding cash volumes. Cash segment has a higher average broking yield of 10-12 bps as compared to that of 3-5 bps for the derivative segment. However, with the increasing cost of funds the spreads from the capital market financing business is declining due to their inability to pass on the increased cost to the clients in the highly competitive business environment.

Many brokerage houses have scaled up their capital market financing book through the group's Non Banking Financial Companies (NBFCs) to increase their offerings to the clients and diversify the revenue profile. The capital market financing book of the 19 companies tracked by ICRA increased to over Rs 16,000 crore as on March 2011 (around Rs 12,000 crores as on March 2010). However, on account of rising cost of funds over the past few months and the inability of the broking entities to pass on the entire costs to the clients, the spreads have been declining. The industry average gross spreads have declined from ~450 bps to ~350 bps. Accordingly, considering a ~3 times leverage, the Return

**Chart 9: Capital Market Funding by few NBFCs**



Source: ICRA Research

on Equity from the financing business is estimated to have declined from 15% to 12% (not considering operating expenses and credit costs). Going forward, the growth in the capital market financing business may be muted on account of the decline in the price of the shares which is given as collateral, increase in the interest rates which is likely to reduce demand for this product as well as the rising cost of funds which has made the business less remunerative for capital market financing entities.

### Refinancing risk increases as capital market financing business gains traction...

While the capital market entities do have borrowing facilities with banks, these remain small in relation to the total borrowing programme on account of restriction on banks' exposure to capital markets. However banks

<sup>4</sup> Capital market related funding book includes promoter funding, loan against shares and margin funding for the 16 broking houses as well as IL&FS Financial Services Ltd, Aditya Birla Finance Limited (erstwhile Birla Global Finance Ltd) and IDFC Ltd.

continue extending non-fund based lines to the broking companies—which the broking entities place at the exchanges for margin requirements—within their capital market exposure norms. The larger broking houses with higher credit rating levels have been able to access the debt market as an additional funding source. The borrowings of the capital market entity at the consolidated levels have increased in the recent past as the capital market financing book has been ramped up post the revival of the markets from FY10 onwards. The ability of the NBFC arms of the brokerage houses to refinance the borrowings at competitive rates, especially in the current higher interest rate scenario remains to be seen. As Mutual Funds are the main investor segment in the debt issuance of capital market entities, their risk appetite would remain a key element for determining the availability of funds to the capital market entities. It will remain critical for the broking companies to maintain adequate liquidity and financial flexibility at all times for meeting increased margin requirements during adverse market movements. In addition, companies' capital would be critical in absorbing any short term earning volatility during market downturns.

#### **Net Interest Income supported by growth in IPOs and related IPO financing opportunities....**

During FY11 a total of 91 initial Public Offers (IPO) or Follow on Public Offers (FPO) hit the market and mobilized around Rs 67,000 crore as compared to 76 issues in FY10 that accounted for around Rs 57,000 crore. Some of the big sized IPOs in FY11 that saw a lot of IPO funding activities included Coal India Limited, Power Grid Corporation of India, MOIL Limited, The Shipping Corporation of India, SJVN Limited and Engineers India Limited. This benign and favorable capital market environment during the first 3 quarters of FY11 helped capital market entities improve on their Investment Banking and distribution revenue streams.

For IPO funding, NBFCs raise 10-15 days funds from the mutual funds through the issuance of Commercial Papers (CP). The profitability in IPO funding has declined with lower spreads on account of the higher interest rate regime, decrease in the number of days for which funding is done and possibility of negative carry, with the NBFCs tapping the Commercial Paper market for funds post RBI closing the DPC arbitrage window. ICRA believes that the opportunities for IPO financing in FY11 would have helped these entities report stronger net interest income levels during the year. The IPO funding business remains opportunistic in nature and issuances by Government entities or entities with strong fundamentals at good valuation may provide support for the same.

#### **Arbitrage trading activities to give lower returns on account of lower opportunities...**

The returns from arbitrage trading activities are expected to be lower with lesser market opportunities and higher cost of funds. However, many broking entities continue with the arbitrage trading desks as they utilize the excess capital (if any) while maintaining adequate liquidity for the firm.

#### **Expenses expected to remain relatively high; Profitability to remain moderate over short to medium term...**

ICRA expects brokerage houses' operating expenses to remain high in proportion to their revenues on account of expected muted income levels in various business lines, rising employee expenses, hardening of interest rates, adoption of new technology and expansion in new business lines. However, ICRA expects that the expansion of the retail network by franchisee route by most of the broking entities post the difficult times in FY08, has imparted a variable cost structure to the entities which will help in arresting decline in the margins to some extent. ICRA consequently expects a moderate profitability for most of the brokerage houses over the next few quarters.

#### **Risk management systems remain important on account of volatile nature of business**

ICRA positively views the improvement in the risk management systems in terms of policy framework, up gradation of systems and processes and frequency of client monitoring at the brokerages over the last few years. However as the market dynamic change and more sophisticated transactions are routed through these brokerages, it is imperative for them to continuously upgrade their systems. Monitoring client wise, scrip wise exposure across various businesses; monitoring timely margin top up from clients in view of increasing share of derivatives segment; maintaining stringent square-off policies are few of the important parameters ICRA takes into account while assessing the risk management systems of the broking entities.

While brokerage houses have deployed adequate policy based monitoring and squaring off for mass retail clients, ICRA has observed some relaxations given by brokerage houses to high networth clients, which in ICRA's view pose threat to brokerage houses' capital. The risk is even more intensive for the brokerage houses focused largely on small set of high networth clients / promoter funding as compared with companies having relatively small exposures on well diversified client base. Notwithstanding the adequate cover based on the

share collateral ICRA still believes that brokerage houses need to be more careful while accepting shares as collateral due to concerns of overleveraging by clients and realisability of the total value on liquidating the stocks. Going forward, the adherence to risk mitigation measures & policies for handling large transaction volumes, and volatility relating to top clients would be the key variable in maintaining the financial health of the brokerage house.

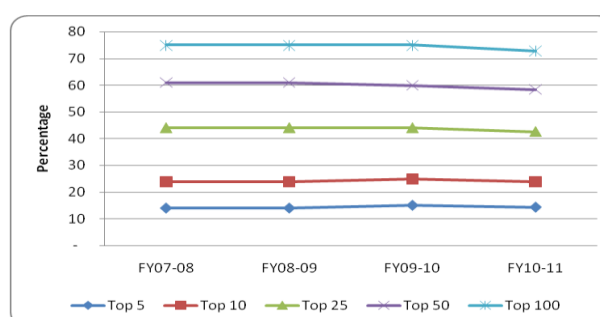
#### Highly fragmented industry with strong competitive pressures...

Indian brokerage industry, particularly the retail broking, is highly fragmented with ~ 37,000 registered brokers / sub-brokers. Retail broking segment which accounts for ~56% of the total turnover as compared to ~58% earlier is non-differentiated and players having wide branch network and offering brokerage services at competitive rates are able to capture larger market share and increase participation of the investors. Riding on the booming capital market, especially during FY05-06 to FY07-08, large brokerage houses had significantly scaled up their retail presence thereby intensifying the competition.

However, post the downturn in the capital markets in FY08-09, most of the broking entities have consolidated the branch network and increased presence primarily through franchisee base. This imparts a variable cost structure to the broking entities which is important keeping in view the inherent cyclical nature of the broking industry.

The institutional broking segment has been witnessing stiff competition from the foreign broking entities for some time. With the increasing presence of foreign broking houses, ICRA expects higher impact on the domestic broking entities with higher share of revenues from institutional broking segment.

**Chart 10: Equity broking Market Share**



Source: NSE Website

#### Challenging operating environment may speed up the industry's consolidation...

Indian equity brokerage industry is fragmented with around 15,000 brokers and 37,000 SEBI registered sub-brokers. Among these, there are over 1,200 active brokers on NSE and over 600 on BSE. The industry is witnessing challenging times with the top brokers losing market share with competition from foreign brokerage houses and declining volumes in the cash segment. On a three-year basis, the size of the commission pool for stockbrokers has remained stagnant, although operational costs and competition have increased. From ~Rs 14,000 crores in FY08, the commission pool went down to ~Rs 9,000 crores in FY09 and is limping back. It would be ~Rs 13,000 crores currently.

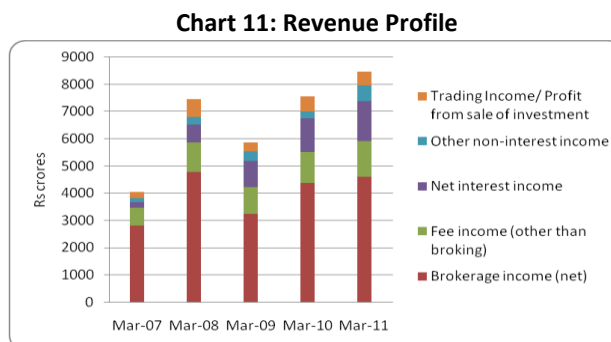
The reasons for the Mergers and Acquisitions in the capital market space have been diverse. While some broking players acquired entities with complementary strength (Edelweiss was a dominant institutional player and has increased retail presence by acquiring Anagram Securities), bigger business groups are entering into broking space by acquisition (Aditya Birla took over Chennai-based Apollo Sindhoori). However, the most dominant trend seems to be acquisition of broking entities by banks (HSBC bought IL&FS Investsmart, Standard Chartered Bank acquired UTI Securities, Axis is acquiring Enam Securities). The banks with broking entities as subsidiary can offer 3 in 1 account (savings account from the bank linked with Demat and Broking account from broking entity) which helps in increasing product offering for the bank's customers and higher CASA for the bank. The customer acquisition cost for the broking entity also declines with better risk management systems and better profitability on account of synergy with the bank.

There have been media reports of a few broking companies exiting from some lines of business, general downsizing in the industry and even some brokerage houses closing down. In ICRA's view, the current weak operating environment could speed up the consolidation if the market turmoil continues for long as small brokers may then find it difficult to sustain their profitability. Further in ICRA's view, large brokerage houses have adequate cushion of capital for further expansion of their branch network while absorbing any losses in stressful times.

**PERFORMANCE UPDATE: FY11**

**Financing book supports revenue growth in FY11**

The ICRA analyses of 16 brokerage houses<sup>5</sup> reveals that the total revenues increased by modest 12% in FY11 driven largely by rise in net interest income. The net interest income increased by ~19% led by ramping up of the capital market financing book (including the IPO financing done during this period) and higher interest income on the Fixed Deposits placed by the broking entities. However the net brokerage income (net of sub brokerage commission) increased by a nominal 5% in FY11 despite the sharp rise in broking volumes during the period. The growth will be lower if we adjust for the rise in the commodity broking income and inorganic growth by a few entities.

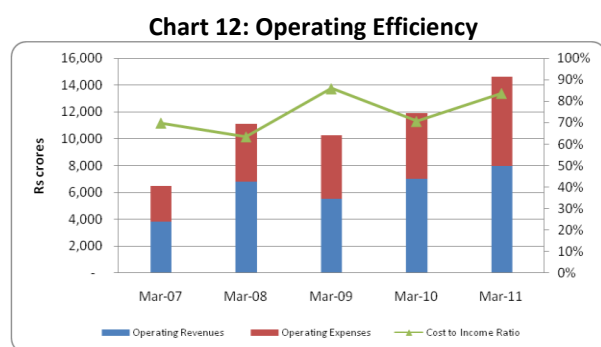


Source: ICRA Research

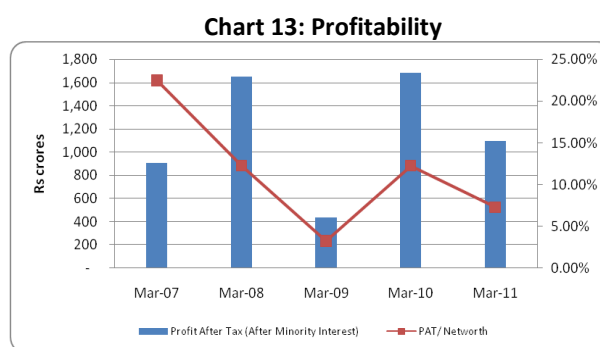
Despite continuous efforts of diversification net broking income (net of sub brokerage commission) contributed ~54% of the total revenues of the 16 companies analyzed, while the balance was being majorly contributed by net interest income (17%), fee income from investment banking, distribution, PMS etc (16%), and trading income (6%). The main avenues for diversifying have been distribution of third party financial products like IPOs, mutual funds, insurance, margin funding and wealth management. Entities with strength in institutional broking have expanded into investment banking, promoter funding, institutional research etc. Further, broking entities have been offering trading platforms in various asset classes like commodities, currency and debt. While these various lines of business help in reducing the dependence of business revenues on equity broking, it helps in achieving better cost to income ratio on account of synergies with existing businesses; they are not completely isolated from the vagaries of the capital markets.

**Higher expenses pull down profitability in FY11**

Operating expenses increased by 35% on account of higher employee expenses amidst competitive pressures and the costs associated with increasing compliance requirements. With a benign H1FY11, the companies had scaled up capabilities in existing and new businesses. However, in Q4FY11 with continued fall in cash volumes leading to pressures on revenues, majority of the brokerage houses reported sharp decline in profitability with some also reporting losses. Overall, during FY11 the cost to income ratio for the entities analysed increased to 83% in from 70% in FY10.



Source: ICRA Research



Brokerage houses' net profitability declined in FY11 with moderate growth in revenues but with costs increasing sharply. The return on networth stood at ~7.2% in FY11 as compared to ~12.3% in FY10 on account

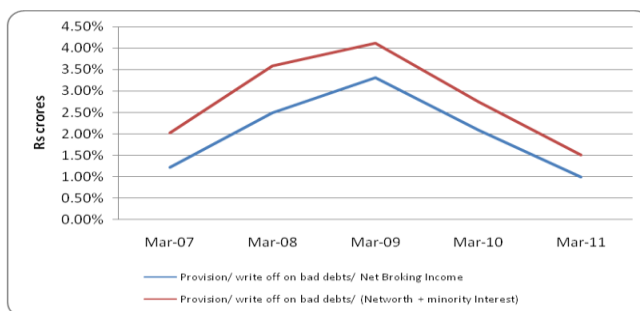
<sup>5</sup> Revenue profile has been consolidated for the 16 brokerage houses (on consolidated group basis) having an accumulated equity broking market share of ~29% in FY11 (32% in FY10). For our analysis of market share, we have only considered non-proprietary trading turnover of brokerage companies while the market universe includes proprietary trading. So to that extent, their market share could be higher than quoted here.

of lower net profits. Going forward, ICRA expects the profitability of the brokerage houses to remain muted in the next few quarters.

**Assessing asset quality of a brokerage house remains a challenge**

ICRA notes that in absence of regulatory asset classification and credit provisioning policy, brokerage houses have different provisioning policy for doubtful debtors and as such the asset quality is not comparable across players and thus challenging to ascertain the credit quality of the trade receivables from the annual report and attendant disclosures. ICRA believes based on interactions with many players that these firms have tightened their risk policies in the last few years and also draws comfort that many brokerage houses claim that they have been able to recover margin shortfall from the clients and they have made necessary provisions on doubtful cases as on date, Accordingly the improvement in some metrics like provisions/ write off on bad debts as a proportion of percentage of networth and net broking income provide some comfort. While we believe the larger brokerage houses are more conservative, it is very important to closely assess the risk and accounting policies of the smaller brokerage houses.

**Chart 14: Asset Quality indicators**

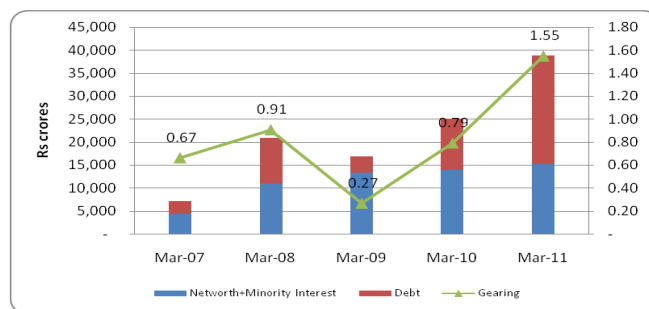


Source: ICRA Research

**Gearing levels increase with pick up in the financing book; but well under control**

The capitalization of most broking entities remains comfortable for the current scale of operations with many of them having raised capital prior to the capital market fall in FY09, healthy accretion to the reserves in FY10, adequate margins placed at the exchanges and decline in volumes in the cash market. A number of entities have been expanding their capital market financing book (some of the groups have also expanded non capital market financing such as home loans, loans against property and financing real estate companies) in an attempt to boost their revenue profile and also deploy the surplus capital while improving their overall profitability indicators at a consolidated level. Nevertheless, the gearing of 16 broking entities analyzed by ICRA increased to only 1.55 times as on 31<sup>st</sup> March 2011 from 0.79 times as on 31<sup>st</sup> March 2010. While ICRA expects the leverage levels to increase going forward as these entities scale up their lending business, the gearing levels are expected to be within comfortable levels at least over the medium term.

**Chart 15: Gearing Levels**



Source: ICRA Research

## Annexure 1: ICRA rated entities engaged in broking related business operations as on July 20, 2011

S.No.	Company <sup>6</sup>	Rating	
1	Anand Rathi Shares and Stock Brokers Ltd	LA-	A2+
2	Anand Rathi Commodities Limited		A2+(SO)
3	Angel Global Capital Pvt Ltd (formerly known as Angel Inffinn Pvt Ltd)		A1
4	Bonanza Commodity Brokers Pvt Ltd		A2
5	Bonanza Portfolio Limited		A2
6	CD Integrated Services Ltd		A3+
6	Crosseas Capital Services Pvt. Ltd.		A4+
7	Dalmia Securities Private Limited		A1
8	Dimensional Securities Private Limited	LBBB-	Stable A3
9	East India Securities Limited	LBBB+	Stable A2
10	Edelweiss Capital Limited	LAA-/ LAA-pp/ LAA- pn	Stable
11	Emkay Global Financial Services Ltd		A2+
12	Gandhi Securities and Investment Private Limited		A3
13	Gupta Equities Private Limited	LBB+	A4+
14	HDFC Securities Limited		A1+
15	IDBI Capital Market Services Ltd		A1+
16	IDFC-SSKI Securities Private Limited		A1+
17	IL&FS Securities Services Ltd		A1+
18	India Infoline Limited	LAA-	Stable A1+
19	Infinity.Com Financial Securities Limited	LBBB	Stable A2
20	Intime Spectrum Securities Limited	LBBB-	A3
21	Inventure Growth & Securities Limited		A3+
22	Investsmart Financial Services Ltd		A1+
23	Jhaveri Securities Ltd	LBB+	Stable A4+
24	Joindre Capital Services Pvt. Ltd.	LBBB-	A3
25	Kantilal Chhaganlal Securities Pvt Ltd	LBB+	Stable A4+
26	Karvy Stock Broking Limited		A1+
27	KIFS Securities Limited(erstwhile KIFS Securities Private Limited)		A2+
28	Kotak Commodities Services Limited		A1+
29	Kotak Securities Limited	LAA/ LAApp	Stable A1+
30	Master Capital Services Limited		A3+
31	MCS Trading Company Private Limited		A4
32	Nirmal Bang Securities Pvt Ltd	LBBB+	Stable A2+
33	Pashupati Capital Services Private Limited	LBBB-	Stable A3
34	Pioneer Investcorp Limited	LBBB	Stable A2
35	Prabhudas Lilladher Financial Services Pvt Ltd		A2
37	Pragya Securities Services Ltd		A4+
38	Progressive Share Brokers Pvt. Ltd.	LBB+	Stable A4+
39	Quant Commodities Private Limited		A1+
40	Real Growth Securities Pvt Ltd	LBBB-	Stable
41	Reliance Securities Ltd		A1+
42	Religare Securities Limited		
43	Sharekhan Limited		A1+
44	Shilpa Stock Brokers Private Limited	LBB	Stable A4
45	Shreepati holding & Finance Pvt Ltd.	LBB+	Stable A4+
46	Standard Chartered - STCI Capital Markets Limited (formerly UTI Securities Limited)		A1+
47	Sushil Financial Services Pvt. Ltd.		A3
48	Systematix Shares & Stock (I) Limited	LBBB-	Stable A3
49	Techno Shares & Stocks Limited	LBBB-	Stable A3
50	Transglobal Securities Limited		A3

<sup>6</sup> Please refer to ICRA website for the Rationale and/ or Credit Perspective of the respective companies



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