

May 13, 2026

SBICAP Securities Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	4,600.00	4,600.00	[ICRA]A1+; reaffirmed
Total	4,600.00	4,600.00	

*Instrument details are provided in Annexure II

Rationale

The rating continues to factor in the strong parentage of SBICAP Securities Limited (SSL), which is a step-down wholly-owned subsidiary of State Bank of India {SBI; rated [ICRA]AAA (Stable)¹} through SBI Capital Markets Limited (SBICAP). The rating also considers SSL's robust retail franchise, supported by its position as a bank brokerage house, its diversified revenue profile given its presence in the loan distribution segment, and its healthy financial profile with strong profitability and comfortable capitalisation.

SSL's importance to the parent is evident from the support received by it in the form of senior management deputations/transfers from the SBI Group, board oversight, customer sourcing and cross-selling support, and access to the bank's retail clientele and branch network. The company also benefits from SBI's direct supervision through its Department for Associates and Subsidiaries. It complements the bank's product offering by providing broking services to its clients and also serves as its captive sourcing (for retail loans) partner. In FY2026, SSL forayed into exchange-traded funds (ETF) market making activity for SBI Funds Management Limited (its sister concern). The company also derives financial flexibility due to its strong linkages with the parent and the shared brand name.

SSL's healthy financial profile continues to be characterised by strong profitability. While the company has witnessed some moderation in its capital market performance in FY2026 because of the overall decline in capital market activity, ICRA notes that the metrics remain healthy despite being lower than the peak performance levels seen in preceding years. Further, although recent policy changes² are expected to weigh on derivatives trading volumes, the impact on SSL is likely to be limited given its relatively lower dependence on broking revenue from derivatives. The rating also considers the traction in SSL's margin trade funding (MTF) book and the simultaneous increase in its borrowings. Nevertheless, the company's capitalisation profile remains comfortable, aided by healthy accruals, with adequate headroom to support growth. As on March 31, 2026, SSL's reported net worth was Rs. 2,633 crore and the gearing stood at 1.1 times. ICRA notes the management's intent to operate at a maximum leverage of 3.0-3.5 times in the medium term. The rating also factors in the credit and market risks associated with the e-margin business, given the nature of the underlying assets, the volatility associated with capital market-related businesses and the intense competition in the retail broking space.

Key rating drivers and their description

Credit strengths

Strong parentage by virtue of being a step-down subsidiary of SBI – SSL is a subsidiary of SBICAP, which is a wholly-owned subsidiary of SBI. The company helps augment SBI's product portfolio by providing broking services to its clients and also serves as a captive sourcing (for retail auto and home loans) partner for the bank. Additionally, from April 2025, the company started

¹ Basel III Tier II bonds, infrastructure bonds and fixed deposit programme are rated [ICRA]AAA (Stable)

² Increase in securities transaction tax (STT) and RBI's circular on capital market exposure norms for banks

distributing high-ticket education loans for the bank. In addition to business sourced from the ultimate parent, SSL derives capital-market-complementing businesses from other SBI Group entities. The company forayed into ETF market making activity for SBI Funds Management Limited in FY2026, further strengthening its integration within the Group's financial services ecosystem. SSL's importance to the parent is evident from the support in the form of senior management deputations/transfers from the SBI Group, board oversight, access to the bank's retail clientele and branch network, as well as the receipt of complementary group business (including ETF market making). It also benefits from SBI's direct supervision through its Department for Associates and Subsidiaries. The strong parentage and shared brand name strengthen ICRA's assumption that SSL will receive timely and adequate support (both financial and operational) from SBICAP and SBI, if required. Further, the company derives significant financial flexibility due to the shared brand name, which is evident from the competitive cost of borrowings.

Diversified revenue mix – SSL is actively involved in the distribution of SBI's home loan and auto loan products. It earns a commission for the same without any loss-sharing arrangement as the underwriting is done by the bank. The share of loan distribution fees in the overall net operating income (NOI) has been in the range of 44-53% while broking income remains at 41-48%³. The presence of loan distribution income in the revenue mix provides stability to SSL's revenue profile that would have otherwise been completely dependent on capital markets, which are inherently volatile in nature. Further, the company's presence in the third-party financial product distribution business (accounting for 4-5% of NOI) helps cushion the revenue profile against market volatility to some extent.

SSL's net interest income was negligible/negative until FY2024 due to its largely interest-free MTF facility. However, the loss of interest income was offset by higher broking volumes and the consequent rise in broking income. From April 2023, SSL started charging interest on MTF facility availed for more than 30 days⁴ and it reported its first-ever meaningful quarterly net interest income (Rs. 12 crore in Q2 FY2025) after the launch of this segment. Nevertheless, it is noted that the average holding period in MTF tends to be closely linked to capital market sentiment, which is inherently volatile in nature. In FY2026, SSL had a 3% market share in the MTF segment, while its share in the cash segment was 0.8%.

Comfortable capitalisation – SSL's capitalisation profile remains comfortable with adequate headroom to support growth, considering the pace of internal accruals and low dividend payouts. As on March 31, 2026, the reported net worth was Rs. 2,633 crore and the gearing stood at 1.1 times. With the incremental growth in the MTF book being largely debt funded, the leverage may increase slightly in the medium term. In this regard, ICRA has noted the management's intent to operate at a maximum leverage of 3.0-3.5 times in the medium term.

Strong profitability despite recent moderation amid industry headwinds – SSL has reported strong profitability over the years with a 5-year average profit after tax (PAT)/NOI of 30.0% and a return on net worth (RoNW) of 35.9% during FY2021-FY2025. In FY2026, the moderation in the broking segment's performance, amid industry headwinds, had some bearing on the overall performance. Nevertheless, the same remained healthy, with PAT/NOI of 28.5% and RoNW of 25.2%. SSL's presence in the loan distribution business continues to lend additional support to its overall profitability.

Credit challenges

Exposed to risks inherent in capital market-related businesses as well as credit and market risks associated with MTF – The trading volumes and revenues of securities broking companies remain susceptible to the inherently volatile capital

³ Period under consideration: FY2022 to FY2026; Includes broking income, depository participant charges, account opening and subscription charges, and net interest income. Further, SSL's net interest income was negligible/negative until FY2024 due to its largely interest-free MTF facility. From April 2023, SSL started charging interest on MTF facility availed for more than 30 days (reduced to 23 days during the course of FY2024) and it reported its first-ever meaningful quarterly net interest income (Rs. 12 crore in Q2 FY2025) after the launch of this segment. This also impacted the share of broking income in the overall revenue mix in recent years

⁴ Subsequently reduced to 23 days in FY2024

markets, which are cyclical in nature. Nonetheless, SSL's presence in the loan distribution business partially shields its overall profitability during market downturns, as witnessed in recent periods. Further, its presence in the MTF segment exposes it to credit and market risks, given the nature of the underlying assets, as any adverse event in the capital markets could erode the value of the underlying collateral stocks. SSL forayed into the MTF business in FY2022 and it ramped up this book to Rs. 4,077 crore as of February 2026 (before it declined to Rs. 3,260 crore as on March 31, 2026, in line with industry trend) from Rs. 600 crore as on March 31, 2023. Its ability to maintain adequate asset quality while scaling up the lending book would remain monitorable.

Elevated competition, high dependence on technology, and evolving regulatory environment – Given the highly regulated nature of the industry, brokerage houses face significant regulatory risk. Ensuring compliance with evolving regulations is crucial. Recent regulatory changes, such as uniform exchange charges, increase in minimum holding value of basic service demat account, and measures to curb exuberance in the futures & options (F&O) segment, including increase in contract size, rationalisation of weekly index derivatives and higher margins on expiry days, were introduced in H2 FY2025. These, along with the recent hike in securities transaction tax (STT), and rationalisation of expense ratio slabs for mutual funds could impact the profitability of entities operating in the securities broking industry.

The sector is also characterised by intense competition and the entry of new players, leading to pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during downturns remains a concern. Additionally, reliance on technology poses operational and reputational risks, as seen with SSL's three technical glitches³ in 11M FY2026. Maintaining uninterrupted services will be crucial for customer experience.

Liquidity position: Strong

SSL's funding requirement is primarily for placing margins at the exchanges and funding of the MTF book. Its margin utilisation ranged between 26% and 41% (basis month-end data) during July-December 2025, with the daily average cash margin placed on exchanges aggregating Rs. 590-765 crore during this period. Outstanding borrowing of Rs. 3,116 crore, as on February 28, 2026, is falling due over the next two months while the company had an unencumbered cash and bank balance of Rs. 264 crore and drawable but unutilised lines of ~Rs. 333 crore as on February 28, 2026. Additionally, its short-term loan book, which can be liquidated at short notice to generate liquidity if required, stood at Rs. 4,077 crore as on February 28, 2026. SSL also enjoys financial flexibility, as a subsidiary of SBI, and the same is evident from the regular fund-raising at competitive borrowing costs.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A significant deterioration in the credit profile of the ultimate parent (SBI) or a major change in the company's shareholding or linkage with the parent could lead to pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Stockbroking and Allied Services
Parent/Group support	Ultimate parent: SBI Immediate parent: SBI Capital Markets Limited SSL is a step-down subsidiary of SBI. The strong parentage and shared brand name strengthen ICRA's expectation that SSL will receive timely and adequate support (financial as well as operational) from SBI if required.
Consolidation/Standalone	Standalone

About the company

Incorporated in FY2006, SBICAP Securities Limited (SSL) is a subsidiary of SBI Capital Markets Limited, which is a subsidiary of SBI. The company operates as the retail broking arm of the SBI Group. SSL provides trading facilities on Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Multi-Commodity Exchange (MCX). It is also a depository participant at National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL). Along with the broking business, SSL started sourcing and distribution activities in FY2015. It sources financial assets (home loans, auto loans and education loans) for the ultimate parent company – SBI. Another of its business verticals deals with the distribution of mutual funds, bonds, insurance, sovereign gold bonds, and corporate deposits to its retail customers.

As on December 31, 2025, SSL operated a network of 173 owned branches, in addition to having representatives at select SBI branches. The company's strategy is focussed on servicing small- and medium-ticket clients through digital channels while retaining the branch-led model largely for the higher-ticket clientele. Accordingly, further expansion in the branch network is expected to moderate over the medium term.

In the equity broking segment, it had an NSE active client base of 11.6 lakh customers, translating to a market share of 2.5%. SSL is also the largest loan sourcing agent for the ultimate parent in the home and auto loan segments. Its third-party financial product distribution assets under management (AUM) was ~Rs. 3,610 crore as on December 31, 2025. The company reported a profit after tax (PAT) of Rs. 594 crore on NOI of Rs. 2,086 crore in FY2026 compared to Rs. 592 crore and Rs. 1,910 crore, respectively, in FY2025.

Key financial indicators (audited)

SSL	FY2024	FY2025	FY2026
Net operating income (NOI)	1,576.5	1,910.1	2,086.3
Profit after tax (PAT)	452.1	592.3	593.6
Net worth	1,512.7	2,069.9	2,633.2
Total assets	4,853.5	5,188.4	6,536.2
Gearing (times)	1.7	1.2	1.1
Return on average net worth	34.8%	33.1%	25.2%

Source: SSL, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 13, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	4,600.00	[ICRA]A1+	Sep 30, 2025	[ICRA]A1+	May 07, 2024	[ICRA]A1+	Sep 04, 2023	[ICRA]A1+
						Sep 02, 2024	[ICRA]A1+	Oct 09, 2023	[ICRA]A1+
						Mar 28, 2025	[ICRA]A1+	Dec 29, 2023	[ICRA]A1+
								Jan 15, 2024	[ICRA]A1+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Instrument	FSR
1	Listed/proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
2	Unlisted/proposed to be unlisted bonds/debentures/preference share (all securities)	MCA
3	Listed PTCs /securitisation notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs /securitisation notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs /securitisation notes (originated by entities regulated by RBI) (*)	RBI
6	Listed commercial paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted commercial paper and NCDs with original maturity less than 1 year	RBI
8	Loan facilities (fund/non-fund based) from bank /NBFCs/ NHB/ FIs (\$)	RBI
9	External commercial borrowings/loans from overseas branches of Indian banks/other similar borrowings	RBI
10	Certificates of deposit	RBI
11	Fixed deposits raised by NBFCs, banks, HFCs, FIs	RBI
12	Fixed deposits raised by corporates other than NBFCs, banks, HFCs, FIs	MCA
13	Inter corporate deposits/loans extended by corporates	MCA
14	Listed security receipts	SEBI
15	Unlisted security receipts	RBI
16	Unlisted PTCs / securitisation notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Activity name	FSR
1	Credit ratings for capital protection oriented schemes (by mutual funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for mutual fund schemes and schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected loss ratings (for loan facilities [fund/non-fund based] from banks/NBFCs/NHB/FIs)	RBI
5	Expected loss ratings (listed / proposed to be listed bonds / debentures / preference shares (all securities))	SEBI
6	Expected loss ratings (unlisted / proposed to be unlisted bonds/ debentures / preference shares (all securities))	MCA

Sr. no.	Activity name	FSR
7	Credit rating of borrowing programme	(@)
8	Issuer ratings	(#)
9	Monitoring agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Complexity level of the rated instruments

Instrument	Complexity indicator
CP programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate (%)	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE212K14DH4	CP programme	Feb 20, 2026	7.46	May 22, 2026	200.0	[ICRA]A1+
INE212K14DK8	CP programme	Feb 23, 2026	7.65	May 25, 2026	100.0	[ICRA]A1+
INE212K14DL6	CP programme	Feb 24, 2026	7.65	May 26, 2026	100.0	[ICRA]A1+
INE212K14DM4	CP programme	Feb 25, 2026	7.65	May 27, 2026	100.0	[ICRA]A1+
INE212K14DM4	CP programme	Feb 26, 2026	7.65	May 27, 2026	100.0	[ICRA]A1+
INE212K14DN2	CP programme	Mar 06, 2026	7.56	Jun 05, 2026	100.0	[ICRA]A1+
INE212K14DO0	CP programme	Mar 10, 2026	7.61	Jun 09, 2026	350.0	[ICRA]A1+
INE212K14DP7	CP programme	Mar 12, 2026	7.70	Jun 11, 2026	350.0	[ICRA]A1+
INE212K14DQ5	CP programme	Mar 13, 2026	7.72	Jun 12, 2026	300.0	[ICRA]A1+
INE212K14DR3	CP programme	Mar 16, 2026	7.72	Jun 15, 2026	100.0	[ICRA]A1+
INE212K14DT9	CP programme	Mar 17, 2026	7.67	Jun 16, 2026	300.0	[ICRA]A1+
INE212K14DS1	CP programme	Mar 18, 2026	7.64	Jun 17, 2026	400.0	[ICRA]A1+
INE212K14DU7	CP programme	Mar 25, 2026	7.72	Jun 24, 2026	200.0	[ICRA]A1+
INE212K14DV5	CP programme	Mar 27, 2026	7.91	Jun 25, 2026	75.0	[ICRA]A1+
INE212K14DW3	CP programme	Mar 30, 2026	7.94	Jun 29, 2026	100.0	[ICRA]A1+
INE212K14DX1	CP programme	Apr 29, 2026	6.53	May 29, 2026	150	[ICRA]A1+
INE212K14DY9	CP programme	May 04, 2026	6.70	Jun 03, 2026	75.0	[ICRA]A1+
INE212K14DX1	CP programme	May 05, 2026	6.70	May 29, 2026	175.0	[ICRA]A1+
-	CP programme (yet to be placed)	-	-	7-365 days	1,325.0	[ICRA]A1+

Source: SSL; Commercial paper (CP) outstanding as on May 6, 2026

Annexure III: List of entities considered for consolidated analysis

Not applicable

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