July 29, 2025

SMC Global Securities Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/short-term fund based/ non-fund based bank lines	2,200	2,200	[ICRA]A (Stable)/ [ICRA]A1+; reaffirmed
Commercial paper	25	0	[ICRA]A1+; reaffirmed & withdrawn
NCD	400	400	[ICRA]A (Stable); reaffirmed
Total	**2,625**	**2,600**	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to factor in SMC Global Securities Ltd.'s (SMC or the Group) long track record in the capital market and allied businesses, as well as its established market position and franchise. The ratings also consider the synergistic benefits derived from the Group's integrated presence across securities broking, clearing, wealth management, advisory, insurance broking, distribution of financial products, besides the lending activities undertaken by its wholly-owned subsidiary, Moneywise Financial Services Private Limited {MFSPL; rated [ICRA]A- (Stable)}.

The Group, supported by favourable capital market activity, reported a healthy performance over FY2021–FY2024, with an average consolidated ROE of 15.8%. The momentum continued in H1 FY2025, but was interrupted in H2 FY2025, on account of headwinds amid decline in trading activity. Further, in the lending segment (NBFC arm), AUM growth remained subdued, contributing to subdued revenues from this segment. This, combined with elevated operating expenses and credit costs, resulted in a contraction in operating profitability for the NBFC arm. Despite moderation in the lending business's operating profitability and the challenges in the capital market allied businesses in H2 FY2025, SMC delivered a satisfactory consolidated performance for FY2025, with a consolidated PAT of Rs. 147 crore, a PAT/NOI ratio of 21.1%, and an ROE of 12.7%, primarily supported by healthy performance of the capital market allied businesses in H1 FY2025. Its capitalisation remains adequate, with a consolidated net worth of Rs. 1,220 crore and gearing of 1.4 times as on March 31, 2025.

These strengths are, however, tempered by the Group's exposure to the inherent volatility in the capital markets, the evolving regulatory and operating environment, and the highly competitive and fragmented nature of the broking industry. The Group also faces credit and market risks from its capital market lending activities, as well as idiosyncratic risks linked to proprietary trading. Additionally, the Group has a presence in small and medium enterprise (SME) financing (secured as well as unsecured) and onward lending to NBFCs through MFSPL. The performance of the lending business, in terms of growth and asset quality is yet to be established and would continue to have a bearing on the Group's overall credit profile. In FY2025, the NBFC's reported headline asset quality indicators moderated due to higher delinquencies. Going forward, the asset quality will remain a monitorable, given the limited portfolio seasoning and the evolving business model with the foray into new product segments.

The Stable outlook reflects ICRA's expectations that SMC will continue to grow as per its business plans while sustaining the financial profile, benefitting from its track record, franchise, and established position in the capital market-related businesses.

ICRA has reaffirmed and withdrawn the rating for the Rs. 25 crore commercial paper programme with no amount outstanding against the same. The rating has been withdrawn as per ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Long track record and established market position – SMC has a track record of over three decades in the capital market and allied businesses. Its full-service stockbroking operations (primarily engaged in retail equity broking segment) had an extensive network of 208 branches and 2,147 franchisees along with a National Stock Exchange (NSE) active client base of ~2 lakh (market share of 0.4%) as of March 2025. Further, discount broking services are offered by SMC's wholly-owned subsidiary, Moneywise Finvest Limited (MFL), through the platform/application Stoxkart. However, its contribution to the Group's broking revenues and trading volumes remains marginal (NSE active client base of ~13,031 as of March 2025). Besides securities broking, the Group has an integrated presence across diverse business segments including margin trade financing (MTF), clearing, wealth management, advisory, distribution of financial products, insurance broking and financing activities. It undertakes SME financing (secured as well as unsecured) and onward lending to NBFCs through MFSPL.

Adequate capitalisation – SMC's capitalisation profile is characterised by a consolidated net worth of Rs. 1,220 crore and a consolidated gearing of 1.4 times as on March 31, 2025 compared to Rs. 1,098 crore and 1.3 times, respectively, as on March 31, 2024. The growth in the broking operations in recent years has been accompanied by a rise in the working capital requirement with the tightening of the regulatory framework. As a result, SMC's gearing at the standalone level also inched up to 0.9 times on March 31, 2025 from 0.8 times as on March 31, 2024 (consolidated gearing, excluding MFSPL, stood at 0.9 times as on March 31, 2025). However, the financial leverage in the lending business under the NBFC arm witnessed mild decline on account of subdued AUM growth in FY2025. Going forward, the Group's growth is likely to be debt funded to meet additional capital requirements for placing margins at the exchanges in the broking business and for funding growth in financing activities. Nonetheless, the capitalisation level is expected to remain adequate.

As far as MFSPL is concerned, its capitalisation profile is adequate with a managed gearing and a capital-to-risk weighted assets ratio (CRAR) of 1.9 times and 37%, respectively, as on March 31, 2025. Over the near to medium term, the company expects AUM consolidation, driven by re-anchoring the portfolio towards Micro-LAP and tightening credit policies in the unsecured segment. Given the tapered growth outlook, the Group's NBFC's leverage is expected to remain within prudent limits, maintaining adequate capitalisation.

Adequate profitability, notwithstanding recent moderation amid industry-wide headwinds – SMC derives 70–80% of its total income from capital market-related businesses, making its profitability closely aligned with market performance. In H2 FY2025, trading activity declined due to new regulatory measures introduced in November 2024 and a softening in investor sentiment. As a result, SMC experienced a 16–18% decline in total income from its capital market segments in the second half of the fiscal year. Operating expenses remained elevated at H1 levels, driven by ongoing branch expansion and higher exchange-related charges, including an increase in Securities Transaction Tax (STT). The impact was more pronounced in Q4 FY2025, with the Group reporting its lowest consolidated PAT in 19 quarters—Rs. 4 crore—significantly below the 19-quarter average of Rs. 39 crore. Further, in the lending segment (NBFC arm), the subdued revenues due to tapered AUM growth, coupled with elevated operating expenses and credit costs, resulted in a contraction in operating profitability for the NBFC arm. Despite moderation in the lending business's operating profitability and the challenges in the capital market allied businesses in H2 FY2025, SMC delivered a satisfactory consolidated performance for FY2025, reporting a consolidated PAT of Rs. 147 crore, a PAT/NOI ratio of 21.1%, and an ROE of 12.7%—all above its 10-year averages of Rs. 80 crore PAT, 22.1% PAT/NOI, and 10.9% ROE (FY2014–2024). This was primarily supported by healthy performance of the capital market allied businesses in H1 FY2025.

Credit challenges

Exposed to inherent volatility in capital markets and idiosyncratic risks associated with proprietary trading – SMC's broking revenues remain closely tied to investor sentiment and capital markets' performance. While the company scaled-up significantly since FY2020, regulatory changes in November 2024 and weakening sentiment led to a sharp decline in trading volumes—cash ADTO fell 33% and F&O ADTO dropped 20% in Q3 FY2025 over H1 FY2025, with further decline in Q4 FY2025. Nonetheless, despite this volatility, cash ADTO grew 7% YoY in FY2025 to Rs. 736 crore, while F&O ADTO fell 56% to Rs. 32,388 crore. The Group is also exposed to credit and market risks associated with capital market lending activities, given the nature of the underlying assets, as any adverse event in the capital markets could erode the value of the underlying collateral stocks. Reflecting this sensitivity, the margin trading facility (MTF), which had peaked at Rs. 315 crore in December 2024, moderated to Rs. 280 crore by March 2025 amid market headwinds. Nonetheless, it remained 20% higher than the March 2024 level.

SMC also has sizeable proprietary trading operations, exposing it to the associated idiosyncratic risks and market cyclicality. In Q4 FY2025, trading income declined by 7% QoQ amid industry headwinds though performance remained in line with the historical average. For full fiscal, proprietary desk's contribution to PBT moderated to Rs. 8–9 crore in FY2025 (partially driven by increase in STT) compared to Rs. 35–40 crore in FY2024. Moreover, Q4 FY2025 marked the first investment book loss in eight quarters, with a Rs. 9 crore loss compared to an average gain of Rs. 10 crore over the preceding 13 quarters.

Intense competition and evolving regulatory environment; high dependence on technology – The securities broking sector remains characterised by intense competition and susceptible to entry of new players. In this regard, its growth has lagged broader industry trends. As a result, the company's market share has been on a declining trajectory, falling to 0.6% in the retail cash segment and 0.3% in the retail F&O segment in FY2024, down from 1.2% and 0.9%, respectively, in FY2022.

Given the highly regulated nature of the industry, brokerage houses remain vulnerable to regulatory risks. In recent years, regulatory changes have led to increased working capital requirements, while more recent measures—such as the standardisation of exchange charges, hike in securities transaction tax and regulator's recent interventions in the derivatives segment, aimed at curbing excessive speculation—have weighed on industry-wide revenue and profitability of brokerage firms. These shifts have dampened capital market activity in FY2025, impacting SMC's performance as well, given that the F&O segment contributes 40-45% of its gross brokerage revenue.

Moreover, securities broking companies rely heavily on technology. Thus, any technical failure or disruption can pose operational and reputational risk. In this regard, it is favourably noted that SMC did not encounter any technical glitches in FY2025. Its ability to continue to offer uninterrupted services will be imperative for maintaining customer experience.

Asset quality risks stemming from modest borrower profile and unsecured lending – The SMC Group's lending business (besides MTF) is housed under MFSPL, which is primarily an SME financing company (~75% of the AUM as of March 2025). Thus, it is susceptible to the asset quality risks associated with modest borrower profile, who are vulnerable to economic shocks and have limited income buffers. Additionally, nearly 40% of the AUM comprises unsecured SME working capital demand loans (SME-WCDL), further elevating portfolio risk. In FY2025, asset quality came under pressure due to stress from legacy Covid-era exposures and incremental slippages in both the SME-LAP and SME-WCDL segments, the former having a relatively high concentration in the portfolio. As a result, Gross Stage-3 (GS III) assets increased to 3.6% (NS-III of 2.2%) as of March 2025 from 2.2% (NS-III of 1.0%) as of March 2024. Credit costs remained elevated at FY2024 levels, despite a reduction in Stage-III provisioning to 38.3% in FY2025 from 52.6% in FY2024 close to the historical level. Going forward, MFSPL's ability to manage asset quality while scaling operations remains monitorable. In this context, ICRA draws comfort from the management's stated plan to consolidate AUM over the next one to two years through calibrated growth, portfolio re-anchoring towards Micro-LAP, and tighter credit norms in the unsecured segment.

Environmental and social risks

Environmental considerations: While financial institutions do not face any material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. Nonetheless, such risk is not material for the Group as 55% of its consolidated lending operations are primarily focused on capital market-related lending and loan against property. Further, the business activities are typically short-to-medium term in nature, which will allow it to adapt, if required.

Social considerations: Data security and customer privacy are among the key sources of vulnerability for financial institutions as material lapses could be detrimental to their reputation and invite regulatory censure. Also, it is noted that customer preferences are increasingly shifting towards the digital mode of transacting, necessitating the adoption of technological advancements, besides providing an opportunity to reduce the operating costs. The Group has been making investments to enhance its digital interface with its customers.

Liquidity position: Adequate

At the standalone level, SMC's funding requirement is primarily for placing margins at the exchanges and for funding the capital market lending book. The average margin placed on the exchanges aggregated ~Rs. 2,301 crore during this period (excluding non-cash collateral). Its margin utilisation ranged between 60% and 70% during the twelve-month period of April 2024 to March 2025. To meet these requirements, SMC leverages both fund-based and non-fund-based borrowings from banks and NBFCs. The borrowings outstanding at the standalone level aggregated Rs. 870 crore as on March 31, 2025, of which Rs. 378 crore is due in the next six months. Against this, SMC had unencumbered cash of Rs. 31 crore as on that date.-Additionally, its short-term loan assets, which can be liquidated at short notice to generate liquidity, if required, stood at Rs. 280 crore as on March 31, 2025. Further, T+5 receivables stood at Rs. 525 crore. The on-balance sheet liquidity, inflows from short-term, callable MTF book and drawable sanctioned but unutilised fund-based bank lines of ~Rs. 300 crore (backed by T+5 receivables; aggregate unutilised sanctions of Rs. 474 crore) are available to cover these debt repayment obligations.

The liquidity position of the NBFC arm also remains adequate, as reflected in positive cumulative mismatch across the near-term buckets as per the asset liability maturity (ALM) statement as on March 31, 2025. The company has debt repayments of Rs. 214 crore in H1 FY2026 compared to expected inflows from advances of Rs. 256 crore. Additionally, the company carried on-balance sheet liquidity of Rs. 59 crore as on March 31, 2025. The liquidity profile is also supported by financial flexibility by virtue of MFSPL's parentage. ICRA expects support from the parent to be forthcoming, if needed.

Rating sensitivities

Positive factors – An improvement in the scale of operations and market position while achieving healthy profitability and asset quality on a sustained basis would be a positive. Strengthening of the capitalisation profile would also be imperative for an improvement in the credit profile.

Negative factors – The sustained weakening of profitability and/or capitalisation, affecting the financial risk profile, would be a credit negative. The ratings could also face pressure, if the asset quality of the lending business deteriorates. Specific metrics that could exert pressure on the ratings include profit before tax PBT/NOI of less than 20% in the capital market segment and consolidated gearing of more than 2.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Stockbroking & allied services Non-Banking Finance Companies (NBFCs) Policy On Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidation (details in Annexure II)

About the company

SMC Global Securities Ltd., incorporated on December 19, 1994, is a Delhi-based securities broker. It is the flagship company of the SMC Group with its subsidiaries providing financial services such as securities broking, insurance broking, distribution of third-party products, lending, real estate advisory, wealth management, investment banking, clearing and depository services. The Group has a presence in 424 cities with 208 branches (including one in Dubai) and 2,147 franchisees along with an active client base of ~2 lakh (market share of 0.4%) as of March 2025.

On a consolidated basis, SMC reported a PAT of Rs. 147 crore in FY2025 on an asset base of Rs. 4,921 crore as on March 31, 2025 compared to a PAT of Rs. 188 crore in FY2024 on an asset base of Rs. 4,748 crore as on March 31, 2024.

On a standalone basis, SMC reported a PAT of Rs. 105 crore in FY2025 on an asset base of Rs. 3,603 crore as on March 31, 2025 compared to a PAT of Rs. 141 crore in FY2024 on an asset base of Rs. 3,613crore as on March 31, 2024.

Key financial indicators

SMC (consolidated)	FY2024/Mar-24	FY2025/Mar-25
	Audited	Audited
Net operating income (NOI)	649	696
Proprietary trading income	170	170
Profit after tax (PAT)	188	147
Net worth	1,098	1,220
Total assets	4,748	4,921
Gearing (times)	1.3	1.4
Return on net worth	18.5%	12.7%

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

SMC (standalone)	FY2024/Mar-24	FY2025/Mar-25
	Audited	Audited
Net operating income (NOI)	425	463
Proprietary trading income	161	163
Profit after tax (PAT)	141	105
Net worth	884	963
Total assets	3,613	3,603
Gearing (times)	0.8	0.9
Return on net worth	17.1%	11.4%

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

SMC (consolidated; excl. MFSPL)	FY2024/Mar-24	FY2025/Mar-25
Net operating income (NOI)	563	613
Proprietary trading income	170	170
Profit after tax (PAT)	134	107
Net worth	689	877
Total assets	3,720	3,834
Gearing (times)	0.8	0.9
Return on net worth	16.4%	11.5%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	July 29, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	ST	25	[ICRA]A1+; reaffirmed & withdrawn	Dec-13-2024	[ICRA]A1+	Jul-24-2023	[ICRA]A1+	Nov-04-2022	[ICRA]A1+
				Oct-10-2024	[ICRA]A1+	-	-	Aug- 30-2022	[ICRA]A1+
				Jul-23-2024	[ICRA]A1+	-	-	-	-
Long-term/Short-term fund-based/Non-fund based bank lines	LT/ST	2,200	[ICRA]A (Stable)/ [ICRA]A1+	Dec-13-2024	[ICRA]A (Stable)/ [ICRA]A1+	Jul-24-2023	[ICRA]A (Stable)/ [ICRA]A1+	Nov-04-2022	[ICRA]A (Stable)/ [ICRA]A1+
				Oct-10-2024	[ICRA]A (Stable)/ [ICRA]A1+	-	-	Aug- 30-2022	[ICRA]A (Stable)/ [ICRA]A1+
				Jul-23-2024	[ICRA]A (Stable)/ [ICRA]A1+	-	-	-	-
NCD	LT	400	[ICRA]A (Stable)	Dec-13-2024	[ICRA]A (Stable)	Jul-24-2023	[ICRA]A (Stable)	-	-
				Oct-10-2024	[ICRA]A (Stable)	-	-	-	-
				Jul-23-2024	[ICRA]A (Stable)	-	-	-	-

Source: ICRA Research; LT – Long term; ST – Short term

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper	Very Simple
NCD	Simple
Long-term/Short-term fund-based/Non-fund based bank lines	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 I: Instrument details as on June 30, 2025

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Long-term/Short-term fund-based/Non-fund based bank lines**	NA	NA	NA	2,200.00	[ICRA]A (Stable)/ [ICRA]A1+
Yet to be placed	**Commercial paper**	NA	NA	NA	25.00	[ICRA]A1+; withdrawn
INE103C07025	**NCD**	Aug-07-2024	10.00%	Aug-07-2026	26.72	[ICRA]A (Stable)
INE103C07033	**NCD**	Aug-07-2024	10.00%	Aug-07-2026	6.80	[ICRA]A (Stable)
INE103C07017	**NCD**	Aug-07-2024	10.20%	Aug-07-2027	21.61	[ICRA]A (Stable)
INE103C07058	**NCD**	Aug-07-2024	10.20%	Aug-07-2027	11.58	[ICRA]A (Stable)
INE103C07041	**NCD**	Aug-07-2024	10.40%	Aug-07-2029	14.98	[ICRA]A (Stable)
INE103C07066	**NCD**	Aug-07-2024	10.40%	Aug-07-2029	18.12	[ICRA]A (Stable)
INE103C07074	**NCD**	Apr-24-2025	10.00%	Apr-24-2027	14.97	[ICRA]A (Stable)
INE103C07124	**NCD**	Apr-24-2025	10.00%	Apr-24-2027	9.18	[ICRA]A (Stable)
INE103C07108	**NCD**	Apr-24-2025	10.25%	Apr-24-2028	27.54	[ICRA]A (Stable)
INE103C07116	**NCD**	Apr-24-2025	10.25%	Apr-24-2028	5.31	[ICRA]A (Stable)
INE103C07082	**NCD**	Apr-24-2025	10.50%	Apr-24-2030	26.10	[ICRA]A (Stable)
INE103C07090	**NCD**	Apr-24-2025	10.50%	Apr-24-2030	37.20	[ICRA]A (Stable)
Yet to be placed	**NCD**	NA	NA	NA	179.89	[ICRA]A (Stable)

Source: Company, ICRA Research

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
SMC Global Securities Ltd.	Parent (rated entity)	Full consolidation
Pulin Comtrade Limited	100.00%	Full consolidation
SMC Investments & Advisors Limited	100.00%	Full consolidation
Moneywise Financial Services Private Limited	100.00%	Limited consolidation
SMC Capitals Limited	100.00%	Full consolidation
SMC Insurance Brokers Pvt. Ltd	90.00%	Full consolidation
SMC Comex International DMCC	100.00%	Full consolidation
Moneywise Finvest Limited	100.00%	Full consolidation
SMC Global IFSC Private Limited	100.00%	Full consolidation
SMC Real Estate Advisors Pvt. Ltd	100.00%	Full consolidation

Source: ICRA Research, company

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Anil Gupta
+91 124 4545 314
anilg@icraindia.com

Deep Inder Singh
+91 124 4545 830
deep.singh@icraindia.com

Niharika Tomar
+91 124 4545 324
niharika.tomar@icraindia.com

Subhrajyoti Mohapatra
+91 80 4332 6406
subhrajyoti.mohapatra@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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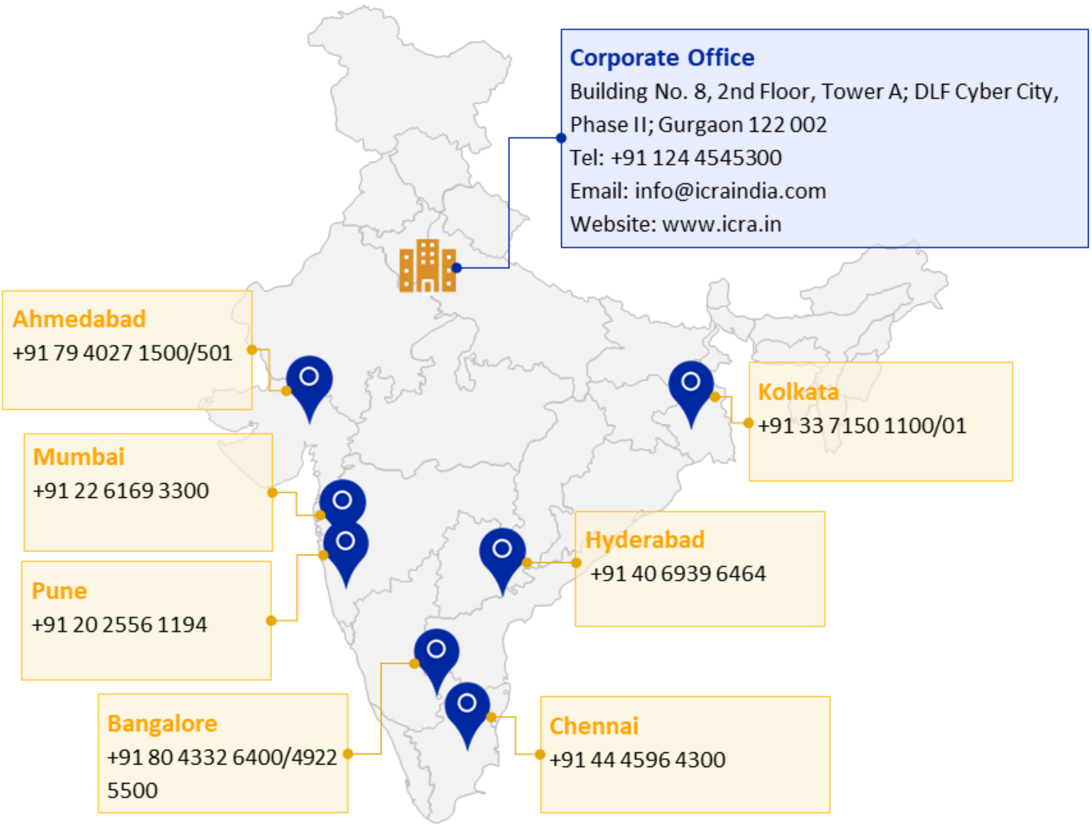
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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