July 29, 2025

Moneywise Financial Services Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based/non-fund-based bank lines	1,000	1,000	[ICRA]A- (Stable); reaffirmed
Principal protected market-linked debenture programme (PP-MLD)	25	0	PP-MLD[ICRA]A- (Stable); reaffirmed & withdrawn
Total	**1,025**	**1,000**	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to factor in Moneywise Financial Services Private Limited's (MFSPL) parentage by virtue of being a wholly owned subsidiary of SMC Global Securities Ltd. [SMC; rated [ICRA]A (Stable)/[ICRA]A1+]. MFSPL is strategically important to SMC as the lending business is a key focus area for the Group (hereafter referred to SMC and its subsidiaries). While reaffirming the ratings, ICRA has also taken cognisance of the improvement in the scale of operations over the years with the AUM standing at Rs. 1,291 crore as of March 2025. However, the pace of expansion moderated in FY2025, registering a year-on-year growth of only 4–5%. The rating also favourably factors in the adequate capitalization profile with the net worth of Rs. 471 crore and a managed gearing of 1.9 times as of March 31, 2025. The gearing levels witnessed moderation from 2.1 times as of March 31, 2024, in line with the subdued AUM growth in FY2025. A tapered growth trajectory is expected in the near-to-medium term, given the company's plans to re-anchor the portfolio towards Micro-LAP and tighten credit policies in the unsecured segment.

The ratings are, however, constrained by the limited portfolio seasoning (given the recent evolution of the product mix) and the modest borrower profile. Around 75% of the AUM, as on March 31, 2025, comprised the small and medium enterprises (SME) segment, which is inherently susceptible to economic shocks and has limited income buffers. Additionally, 37% of the AUM, as on March 31, 2025, was unsecured, increasing the risk associated with the portfolio. MFSPL's asset quality came under pressure in FY2025, with Gross Stage-3 (GS-III) assets rising to 3.6% and Net Stage-3 (NS-III) assets to 2.2% as of March 2025, compared to ~2.2% and 1.0%, respectively, as of March 2024. The increase was primarily driven by incremental slippages in the SME-LAP (Loan Against Property) and unsecured SME segments, wherein the company has ceased incremental disbursements in the SME-LAP segment and is strategically shifting focus towards Micro-LAP, while also implementing stricter credit norms in the unsecured SME segment. ICRA also notes that MFSPL's operating profitability came under pressure in FY2025 due elevated credit costs and operating costs, amidst subdued AUM growth. Nonetheless, gains from IPO investments supported the net profitability as reflected by the return on average managed assets (RoMA) of 3.2% in FY2025 (4.5% in FY2024). Going forward, sustaining healthy profitability will depend on MFSPL's ability to scale up its AUM while maintaining optimal Net Interest Margins (NIMs) and effectively managing both operating and credit costs.

The Stable outlook reflects ICRA's expectation that MFSPL will remain strategically important to the SMC Group and would be able to grow its business profitably while maintaining prudent capitalisation levels.

ICRA has reaffirmed and withdrawn the rating for the Rs. 25 crore long-term market linked debenture 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

Parentage in the form of SMC Group – MFSPL is a wholly-owned subsidiary of SMC. It benefits from being a part of the SMC Group, which has a long track record of over three decades in the capital market and allied businesses. The Group's full-service stockbroking operations primarily cater to retail securities broking clients with an extensive network of 208 branches and 2,147 franchisees and an active National Stock Exchange (NSE) client base of ~2 lakh (market share of 0.4%) as of March 2025. The non-banking financial company (NBFC) business is strategically important to the Group and is a key focus area. Thus, ICRA expects support from the parent to be forthcoming, as and when required. In addition to operational and capital support from the parent, MFSPL benefits from management support and oversight, and access to the Group's pan-India presence.

Adequate capitalisation profile – MFSPL's capitalization has historically been characterised by low financial leverage, supported by regular capital infusion by the parent, especially in the years preceding FY2020. While the dependence on borrowings has increased with expansion in scale of operations in recent years, the capitalisation has remained adequate. As on March 31, 2025, the net worth stood at Rs. 471 crore, while managed gearing declined to 1.9 times from 2.1 times as on March 31, 2024. This reduction was driven by subdued growth in AUM during FY2025. The CRAR and Tier-1 stood at 37.0% and 36.5%, respectively, as on March 31, 2025 compared to 35.4% and 34.8%, respectively, as on March 31, 2024. Looking ahead, portfolio expansion is expected to be largely debt funded. 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.

While MFSPL's capitalisation remains adequate, the borrowing profile remains moderate with reliance primarily on bank borrowings. Nonetheless, MFSPL has, over the years, expanded its borrowing relationships to 30 lenders including several reputed and established banks. Given the ambitious growth plans of the company, MFSPL would need to continuously expand its borrowing relationships.

Credit challenges

Evolving portfolio mix, modest borrower profile, and moderate asset quality; high share of unsecured loans – MFSPL's AUM expanded across a diversified product mix by 38% y-o-y to Rs. 1,239 crore as on March 31, 2024. Subsequently, however, the company recorded a modest AUM growth of 4–5% y-o-y to Rs. 1,291 crore as of March 2025, with the growth tapering in the latter part of the year due to policy tightening driven by asset quality pressures and a strategic shift in the portfolio mix, with increased focus on the Micro-LAP segment.

While the overall portfolio mix continues to evolve, the pace of expansion is expected to be tapered in the near-to-medium term. Also, as MFSPL primarily provides finance to SMEs (~75% of the AUM as on March 2025), it is susceptible to the underlying risk of the borrowers, who are susceptible to economic shocks and have limited income buffers. Additionally, 37% of the AUM comprises unsecured SME working capital demand loans (SME-WCDL), further elevating portfolio risk, though most of this is now backed by CGTMSE cover. In FY2025, asset quality came under pressure due to incremental slippages in the SME-LAP and SME-WCDL segments, with the former having a relatively high portfolio concentration, though incremental disbursements in SME-LAP have since been halted. 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. The credit costs in FY2025 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 will remain critical. In this context, ICRA notes adequate provisioning of the SME-LAP portfolio and the management's 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.

Sustainable profitability trajectory yet to be established – MFSPL recorded an average Return on Managed Assets (RoMA) of 3.9% during FY2022 to FY2024, though this has been partially supported low leverage and sizeable non-operating income, particularly gains from IPO investments. The profitability from core lending operations[1] averaged ~2.6% of AMA over the same period. Excluding operating expenses related to investment activities, operating profitability stood at ~3.2%. However, profitability moderated in FY2025, with the operating profit as a percentage of AMA declining to 0.8% (1.9%, adjusted for operating expenses related to investment activities). This decline was driven by a combination of factors, including moderation in Net Interest Margins (NIMs), elevated operating expenses, and sustained credit costs.

Despite stable lending spreads of 3.6%, the margins contracted to 5.9% in FY2025 from 6.7% in FY2024, primarily due to fewer Direct Assignment (DA) transactions, resulting in lower upfront income. In FY2025, operating expenses increased by 24% YoY, primarily driven by increased operating expenses (opex) on account of expansion into the micro-LAP segment. Meanwhile, AUM growth remained subdued, with March 2025 levels largely unchanged from March 2024, primarily due to slower disbursements. As a result, in contrast with the sharp increase in opex, the growth in operating income remained limited. Further, credit costs remained elevated at Rs. 17 crore in FY2025, consistent with FY2024 level, due to increased write-offs amid asset quality pressures. The gains from investments in IPOs partially offset the moderation in operating profitability, resulting in a PAT of Rs. 46 crore and a RoMA of 3.2% in FY2025, lower than the Rs. 56 crore PAT and 4.5% RoMA recorded in FY2024. The returns remain susceptible to capital market volatility. In Q4 FY2025, challenging market conditions and muted trading activity led to a net loss of Rs. 2 crore from the investment portfolio, resulting in a Return on Managed Assets (RoMA) of -0.6% for the quarter. Going forward, MFSPL's ability to scale-up its operations, while maintaining optimal NIMs and exercising adequate control over the operating and credit costs, would be imperative for sustaining healthy profitability.

Liquidity position: Adequate

As per the asset liability maturity (ALM) statement as on March 31, 2025, the liquidity position remains adequate as reflected in positive cumulative mismatch across the near-term buckets. 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, given the company's strategic importance to the SMC Group.

Rating sensitivities

Positive factors – An improvement in the scale and vintage of operations across products, while demonstrating good control on the asset quality and achieving healthy profitability, would be a positive. Meaningful diversification in the resource profile and a comfortable capital profile on a sustained basis would also be a credit positive. The rating will also remain sensitive to the credit profile of the parent.

Negative factors – A significant increase in the leverage or a sustained weakening in the asset quality would be a credit negative. Pressure on the ratings could also arise on a deterioration in the parent's credit profile or on lower-than expected support from the parent group.

[1] Operating income (excludes gains from investment in IPOs) – operating expenses – credit cost = profitability from core lending operations

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Non-Banking Finance Companies (NBFCs) Policy On Withdrawal of Credit Rating
Parent/Group support	Parentage: SMC Global Securities Ltd.
Consolidation/Standalone	Standalone

About the company

Moneywise Financial Services Private Limited (MFSPL), a non-banking financial company (NBFC) incorporated in 2008 and registered with the Reserve Bank of India (RBI), is a wholly-owned subsidiary of SMC Global Securities Ltd. It offers a diverse set of products including unsecured business loans (37%), loan against property (LAP; 26%), receivables financing (19%), equipment financing (asset-backed financing; 9%), capital market financing (CMF; 3%), gold loans (4%) and Micro-LAP (1%) as on March 31, 2025.

The company reported a profit after tax (PAT) of Rs. 46 crore in FY2025 on AUM of Rs. 1,291 crore as on March 31, 2025 compared to PAT of Rs. 56 crore in FY2024 and AUM of Rs. 1,239 crore as on March 31, 2024. As on March 31, 2025, MFSPL operates through a network of 41 branches across nine states with 488 employees.

About the group

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 1 in Dubai) and 2,147 franchisees as of March 2025 and 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

MFSPL (standalone)	FY2024/Mar-24	FY2025/Mar-25
	Audited	Audited
Total income	206	223
Profit after tax (PAT)	56	46
Total managed assets	1,431	1,447
Return on managed assets (RoMA)	4.5%	3.2%
Reported gearing (times)	1.9	1.7
Managed gearing (times)	2.1	1.9
Gross stage 3	2.2%	3.6%
CRAR	35.4%	37.0%

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

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: ICRA notes that the asset quality pressures as reflected in elevated headline metrics has resulted in a breach in asset quality linked covenant set by a few lenders. In this regard, the lenders have taken an accommodative stance and have not recalled the facilities. As per the management, it has apprised the lenders, who have taken a cognizance of the recent industry-wide trends and projections/outlook for the near term.

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated	Jul-29-2025	Date	Rating	Date	Rating	Date	Rating
Long-term fund-based/non-fund based bank lines	Long Term	1,000	[ICRA]A- (Stable)	Jul-23-24	[ICRA]A- (Stable)	Sep-05-23	[ICRA]A- (Stable)	Nov-02-22	[ICRA]A- (Stable)
				-	-	Jul-24-23	[ICRA]A- (Stable)	-	-
Market Linked Debenture	Long Term	25	PP-MLD [ICRA]A- (Stable); withdrawn	Jul-23-24	PP-MLD [ICRA]A- (Stable)	Sep-05-23	PP-MLD [ICRA]A- (Stable)	Nov-02-22	PP-MLD [ICRA]A- (Stable)
				-	-	Jul-24-23	PP-MLD [ICRA]A- (Stable)	-	-

Source: ICRA Research, Amount in Rs. crore

Complexity level of the rated instruments

Instrument	Complexity Indicator
Principal protected market-linked debenture programme	Moderately complex
Long-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 July 29, 2025

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based/non-fund-based bank lines	NA	NA	NA	1,000	[ICRA]A- (Stable)
INE956L07068	Principal protected market-linked debenture programme (PP-MLD)	Jan-27-2022	10-year G-Sec linked	Mar-27-2025	25	PP-MLD [ICRA]A- (Stable); withdrawn

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 – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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