

September 08, 2025

AY Securities & Commodities Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term Bank Lines (Fund based/ non-fund based)	488.66	488.66	[ICRA]AA- (Stable); reaffirmed
Total	488.66	488.66	

*Instrument details are provided in Annexure-I

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the credit profiles of Globe Capital Market Limited (GCML), Globe Fincap Limited (GFL), AY Securities and Commodities Limited (AY; erstwhile Globe Commodities Limited) and Globe Derivatives and Securities Limited (GDSDL), hereafter referred to as the Group, owing to the common management and clientele, shared infrastructure, and synergistic benefits derived from the Group's integrated presence across securities broking, clearing, wealth management activities, besides the lending activities undertaken by its wholly-owned subsidiary, GFL. The consolidated financials include a few more subsidiaries (Globe Capital (IFSC) Limited and Globe Comex (DMCC) Limited¹), though their share in the consolidated financials is miniscule.

The ratings factor in the steady scale-up in the Group's operations and the consistently adequate profitability metrics, which led to a healthy increase in the consolidated net worth to Rs. 3,318 crore as on March 31, 2025. Further, the ratings continue to consider the Group's track record of more than three decades, its established branch and franchisee network, and market position. The consolidated on-balance sheet leverage was 0.3 times as on March 31, 2025. While margin placement for the broking and clearing businesses requires bank guarantees, the Group's borrowing needs largely arise for meeting the working capital requirement of broking activities and funding the capital market lending book through its non-banking financial company (NBFC). Accordingly, it needs to maintain some level of borrowings with the leverage typically remaining below 1.0 times.

The ratings also consider the Group's exposure to the evolving regulatory and operating environment, the highly competitive and fragmented nature of the broking industry and the inherent volatility in the capital markets, which led to a decline in the gains on the proprietary investment book. This impacted the profitability in FY2025. The Group reported a healthy performance over FY2021-FY2024, with an average consolidated return on equity (RoE) of 17.6%. The momentum continued in 9M FY2025 but was interrupted in Q4 FY2025 by headwinds amid the decline in trading activity. Further, the lending segment's (NBFC arm) AUM growth remained moderate, leading to subdued revenues from this segment. This, combined with elevated operating expenses and credit costs, resulted in a contraction in the operating profitability of the NBFC arm.

Despite the moderation in the lending business' operating profitability and the challenges in capital market allied businesses in Q4 FY2025, the Group delivered a consolidated profit after tax (PAT) of Rs. 432 crore with RoE of 13.9% in FY2025, primarily supported by the healthy performance of the capital market allied businesses in 9M FY2025. The liquidity profile is adequate, supported by sufficient client margins taken for placing at the exchanges and the comfortable level of margin utilisation with the exchanges. Moreover, the proprietary investment book can be liquidated, if needed.

The ratings, however, remain constrained by the Group's revenue concentration towards brokerage and gains from the proprietary investment book, which accounted for 61% of the profit before tax (PBT) in FY2025 (84% in FY2024). These could be inherently volatile because of the cyclicity in the capital markets. Further, GFL's loan book is concentrated, with the top 20 exposures accounting for 92% of its total net worth as on March 31, 2025 (98% as on March 31, 2024). This exposes the company to the risk of lumpy slippages in the asset quality. However, it has been able to maintain adequate asset quality indicators so far with limited slippages. Gross and net non-performing assets (NPAs) remained under control and stood at 1.3% and 0.6%, respectively, as on March 31, 2025, for GFL.

¹ Till May 2022

The Stable outlook reflects ICRA's opinion that the Group will be able to maintain a steady credit profile while expanding its scale of operations with low gearing and adequate earnings.

Key rating drivers and their description

Credit strengths

Long track record and established market position of brokerage and clearing businesses – The Group enjoys an extensive track record of over three decades in capital market and allied services across the equity, currency and commodities segments with a focus on high net-worth individual (HNI) clients. It operates through ~30 branches and had over 350 retail franchises across the country with a market share of 0.7% as of March 2025 in the industry turnover as a trading member. Its total market share was ~12% in the clearing segment in FY2025 (~18% in FY2024).

Comfortable capitalisation profile – The capitalisation position, on a consolidated basis, is comfortable with a gearing of 0.3 times and a net worth of Rs. 3,318 crore as on March 31, 2025 (0.2 times and Rs. 2,887 crore, respectively, as on March 31, 2024). ICRA takes comfort from the management's stated intention of maintaining a conservative consolidated leverage. The Group's liquidity profile is also adequate, supported by the healthy level of margin utilisation with the exchanges and the sizeable proprietary investment book, which can be liquidated if needed. Its borrowing needs mainly arise for meeting the working capital requirement of broking activities and funding the capital market lending book through its NBFC arm, which are largely funded borrowings. The broking and clearing businesses require non-funded limits like bank guarantees, mainly for maintaining the margin above the client margins.

Adequate profitability – On a consolidated basis, the Group's net operating income (NOI) rose by 26% in FY2025 (27% in FY2024), driven by the healthy 32% increase in the net interest income (up 24% in FY2024). The Group reported a healthy performance over FY2021-FY2024 with an average consolidated RoE of 17.6%. The momentum continued in 9M FY2025 but was interrupted in Q4 FY2025 by headwinds amid the decline in trading activity. Further, the lending segment's (NBFC arm) AUM growth remained moderate, leading to subdued revenues from this segment. This, combined with elevated operating expenses and credit costs, resulted in a contraction in the operating profitability of the NBFC arm. Despite the moderation in the lending business' operating profitability and the challenges in the capital market allied businesses in Q4 FY2025, the Group delivered a consolidated PAT of Rs. 432 crore with RoE of 13.9% in FY2025, primarily supported by the healthy performance of the capital market allied businesses in 9M FY2025. It is also to be noted that the Group continues to benefit from the synergies arising from operational linkages in the form of shared infrastructure, sourcing of clients, common management, etc., across the four entities, resulting in a healthy cost-to-income ratio (41% in FY2025 vis-à-vis 42% in FY2024).

Credit challenges

Vulnerable income profile owing to concentration in capital markets – The Group is exposed to the inherent volatility associated with the capital markets as its businesses are directly or indirectly linked to their performance. While income from the brokerage and trading book accounted for 43% of the total income in FY2025 (59% in FY2024), a sizeable portion of the net interest income is also generated by the margin requirement, which is linked to capital markets. Also, interest income is earned in the form of interest on loans given for investing in the capital markets through the NBFC arm, delayed payment charges, or the margin trading facility (MTF), which are complementary to capital market activities.

Concentration risk in NBFC book – GFL's loan book is concentrated, with the top 20 exposures accounting for 92% of the total net worth as on March 31, 2025 (98% as on March 31, 2024), which is unlikely to change in the near to medium term. Hence, the portfolio is vulnerable to lumpy slippages in the asset quality. However, the Group has been able to maintain adequate asset quality indicators so far with limited write-offs and slippages in the capital market operations. The gross and net NPA ratios were 1.3% and 0.6%, respectively, as on March 31, 2025 (2.0% and 1.1%, respectively, as on March 31, 2024) for GFL. Capital market loans will continue to occupy a dominant share in the NBFC segment, with some share of non-capital market loans, which are of longer tenure and have lower seasoning. Therefore, the Group's ability to maintain the asset quality across segments and gradually reduce the concentration in the NBFC book would be a key monitorable.

Elevated competition, high dependence on technology and evolving regulatory environment – The sector remains characterised by intense competition and susceptibility to the entry of new players. In this regard, heightened competition in the equity broking segment and the growing popularity of discount brokerage houses have led to pricing pressure in recent years. The Group has ceded some market share to competition in the cash and futures & options (F&O) segments, in terms of clearing volumes in FY2025 (~12% and ~18% market share in FY2025 and FY2024, respectively). Though it has managed to

generate healthy average revenue per client, pricing pressure cannot be ruled out given the growing popularity of discount brokerage houses.

Securities broking companies rely heavily on technology for trade execution and fund management, among other services. Thus, technical failures or disruptions pose operational and reputational risks. Moreover, given the highly regulated nature of the industry, brokerage houses remain exposed to regulatory risk. Hence, their ability to ensure compliance with the evolving regulatory landscape remains crucial. In this regard, the regulatory proposals/changes over the last 12 months led to increased working capital requirements. The standardisation of exchange charges, hike in securities transaction tax and the regulator's recent interventions in the derivatives segment aimed at curbing excessive speculation have weighed on the industry-wide revenue and the profitability of brokerage firms. These shifts dampened capital market activities in FY2025, impacting the Group's performance as well (major impact seen in Q4 FY2025). It is also to be noted that the increasing financialisation of savings and the low wallet share of the equity segment in household savings offer untapped potential for expansion in the broking sector over the longer term. Still, the possibility of an unfavourable impact on profitability, especially during downturns because of regulatory interventions, cannot be ruled out.

Liquidity position: Adequate

At the consolidated level, the Group has an adequate liquidity position with a free unencumbered cash and bank balance of ~Rs. 759 crore (0.6 times of external borrowings) sanctioned but unutilised fund-based bank lines of ~Rs. 417 crore and an intraday limit of Rs. 2,359 crore as on March 31, 2025. These, along with the arbitrage book of ~Rs. 713 crore (which can be liquidated at short notice to generate liquidity) and collections from the home loan book, are adequate for covering the external borrowings of ~Rs. 1,239 crore till March 31, 2026. ICRA notes that the Group's consolidated unencumbered investment book, comprising investments in preference and equity instruments (~Rs. 233 crore as on March 31, 2025), also boosts its financial flexibility. In the broking business, the Group had placed an average margin (including client margins) of Rs. 27,922 crore at the exchanges during April 2024 to March 2025, with the average margin utilisation standing at 40% (basis day-end figures).

The liquidity position of the NBFC arm also remains adequate, as reflected by the positive cumulative mismatches 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. 191 crore in FY2026 compared to scheduled inflows from advances of Rs. 738 crore. Additionally, it carried on-balance sheet liquidity (including investments) of Rs. 50 crore as on March 31, 2025. The liquidity profile is also supported by financial flexibility by virtue of GFL's parentage. ICRA expects support from the parent to be forthcoming, if needed.

Rating sensitivities

Positive factors – A significant increase in the scale of operations, while maintaining/improving the profitability across segments on a sustained basis and maintaining a prudent capitalisation profile, could positively impact the rating.

Negative factors – A significant deterioration in the Group's profitability, or leverage indicators, thereby adversely affecting its financial risk profile or a significant deterioration in the asset quality of the NBFC could negatively impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Stockbroking & Allied Services ICRA's Credit Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated

About the company

The Globe Group is engaged in broking and clearing activities in the equity, commodities and currency segments with a track record of about 30 years in the capital market segment. The Group is a member of the National Stock Exchange (NSE), the Bombay Stock Exchange (BSE) and the Metropolitan Stock Exchange (MCX-SX). It is also a member of the Multi Commodity Exchange (MCX), the National Commodity & Derivatives Exchange Limited (NCDEX). It holds depository registrations with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) besides being a Securities and Exchange Board of India (SEBI) registered portfolio manager.

The equity and currency broking, proprietary, and clearing activities are carried out under the flagship entity, Globe Capital Market Limited (GCML), which is also the holding company of the Group. The commodity broking business was previously conducted by AY Securities and Commodities Limited (a wholly-owned subsidiary of GCML) but was gradually shifted to GCML, and AY currently operates as a professional clearing member (PCM). Additionally, the Group has a presence in the lending business through a wholly-owned subsidiary, Globe Fincap Limited, which is a non-banking financial company (NBFC) that provides loan against property (61% of the portfolio as on March 31, 2025), loan against shares (22%) and unsecured loans (17%).

On a consolidated basis, the Group reported a PAT of Rs. 432 crore in FY2025 on a net worth of Rs. 3,318 crore as on March 31, 2025 against a PAT of Rs. 623 crore in FY2024 on a net worth of Rs. 2,887 crore in FY2024.

Key financial indicators (audited)

GCML- Consolidated	FY2024	FY2025
Net operating income*	635	799
Profit after tax	623	432
Net worth	2,887	3,318
Total assets	15,003	14,719
Gearing (times)	0.2	0.3
Return on average net worth	24.2%	13.9%

Source: Company, ICRA Research; *Excluding trading income; All ratios as per ICRA's calculations; Amount in Rs. crore

AY- Standalone	FY2024	FY2025
Net operating income*	24	30
Profit after tax	69	45
Net worth	407	452
Total assets	613	576
Gearing (times)	0.2	0.0
Return on average net worth	18.6%	10.4%

Source: Company, ICRA Research; * Excluding trading income; 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 (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs Crore)	SEP-08-2025	Date	Rating	Date	Rating	Date	Rating
Long term-others-fund based/non fund based	Long term	488.66	[ICRA]AA-(Stable)	SEP-12-2024	[ICRA]AA-(Stable)	APR-04-2023	[ICRA]A+(Positive)	OCT-31-2022	[ICRA]A+(Positive)
						OCT-30-2023	[ICRA]AA-(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term bank lines (fund based/ non-fund based)	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

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term bank lines (fund based/non-fund based)	NA	NA	NA	488.66	[ICRA]AA- (Stable)

Source: Company

[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
Globe Fincap Limited	100.00%	Full Consolidation
AY Securities and Commodities Limited	100.00%	Full Consolidation
Globe Derivatives and Securities Limited	100.00%	Full Consolidation
Globe Capital (IFSC) Limited	100.00%	Full Consolidation
Globe Comex (DMCC) Limited [^]	100.00%*	Full Consolidation

Source: GCML's consolidated annual report FY2024; [^] Wholly-owned subsidiary of AY; * Until May 2022

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Branches



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