

October 28, 2025

Sushil Financial Services Private Limited: Rating reaffirmed; assigned for enhanced amount

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term fund-based/ non-fund based bank facilities	-	83.50	[ICRA]A3+; reaffirm/ assign for enhanced amount
Short Term Fund Based Overdraft	3.50	-	-
Short Term Non Fund Based-Bank Guarantee	70.00	-	-
Total	73.50	83.50	

*Instrument details are provided in Annexure I

Rationale

The ratings continue to be supported by Sushil Financial Services Private Limited's (SFSPL) long-standing presence in capital market-related businesses, along with its improving financial profile marked by adequate capitalization and liquidity, along with healthy profitability—albeit some moderation seen in recent quarters from the peak levels seen in H1 FY2025. The company has demonstrated resilience in maintaining yields despite industry-wide pressures from discount brokerage models, aided by a shift in product mix towards higher-yielding segments and consistent gains from its proprietary/ investment book, which remains conservatively managed with no exposure to the F&O segment and low churn. However, the ratings remain constrained by SFSPL's modest scale of operations despite recent growth, its exposure to the evolving regulatory landscape, intense competition, and the inherent risks associated with capital market businesses. ICRA also notes that SFSPL has a sizeable proprietary investment book, which exposes it to the associated idiosyncrasies. Going forward, the company's ability to sustainably scale up operations, diversify revenue streams, and maintain its profitability and capitalisation will be key from a credit perspective.

Key rating drivers and their description

Credit strengths

Long track record in capital market related businesses – Incorporated in 1991, SFSPL was engaged in the underwriting and marketing of initial public offerings (IPOs) in its early years and gradually forayed into equity broking and allied businesses. It acquired membership at the National Stock Exchange (NSE) for the capital and wholesale debt market segments in 1994 and forayed into equity broking. At present, it is engaged in both retail and institutional equity broking, apart from having a small presence in the distribution of financial products. The promoters have been in this business for more than three decades with experience in capital market related activities.

As of March 31, 2025, SFSPL had 303 franchisees with a client base of ~1.20 lakh retail customers (50,293 NSE active clients). The company has consciously rationalised its partner network by weeding out the lower-yielding franchisees and selectively onboarding new franchisees, while prescribing minimum revenue criteria. This is in light of the evolving regulatory environment, which has necessitated a stronger compliance framework and risk management systems. Further, rationalisation of the franchises and focus on more value-accretive relationships would help the company cushion its margins in a highly competitive industry.

Healthy profitability – SFSPL sustained the growth momentum from FY2024 into in H1FY2025 amid industry tailwinds. The improvement in the profitability trajectory was also supported by a gradual shift in the product mix in recent years towards

higher-yielding products as well as sizeable gains on the proprietary investment book. However, the trading activity moderated in the second half following the implementation of new regulatory measures in November 2024. Nonetheless, the company reported a 28% y-o-y increase in NOI in FY2025. On the cost front, the cost-to-income ratio stood at 64% in FY2025, better than 71% reported in FY2024. Overall, with higher revenues and improved cost metrics, net profit rose to Rs. 26 crore in FY2025 (Rs. 21 crore in FY2024), with PAT/NOI remaining stable at to 38% (39% in FY2024) and RoE clocking 33% (38% in FY2024). In Q1FY2026, though the brokerage income showed early signs of recovery following the moderation in preceding two quarters, the profitability was lower than FY2025 level. Nonetheless, the performance was healthy, with PAT of Rs. 5 crore and annualised RoE of approximately 20.8%—notably higher than the average RoE of 18.5% recorded over FY2018–FY2023.

Adequate capitalisation - The improvement in profitability in recent years has resulted in sizeable net worth accretion, which has augmented the capitalisation. The net worth increased to Rs. 92 crore as on March 31, 2025 from Rs. 66 crore as on March 31, 2024 (Rs. 45 crore as on March 31, 2023), while borrowings have been range bound. The capitalisation profile remains adequate for the current scale of operations with a gearing of 0.2 times as on March 2025 (0.3 times as of March 2024). ICRA notes that a significant part of the debt is in the form of ICDs and shareholders' deposits, excluding which, the leverage is negligible. The funding requirement is largely limited to the margins placed on the stock exchanges, which is met through bank guarantees (BGs) and margins placed by the clients, leading to limited on-balance sheet borrowings. ICRA notes that a portion of the net worth is deployed in the proprietary investment book (Rs. 27 crore¹ as on March 31, 2025; invested in listed stocks across categories – large/mid/small caps), which may be liquidated, if required. In addition to non-fund-based bank lines, the company has fund-based lines, which can be utilised for placing margins at the exchanges.

Credit challenges

Modest scale of operations – SFSPL offers broking services to retail clients and institutional clients and had 1.2 lakh customers as of March 2025 (50,293 NSE active retail clients and ~51 empanelled institutional clients), although its market position remains modest. While buoyant capital market conditions since FY2021 have supported the company's business operations, the scale of operations remains modest with the cash segment's market share at 0.2% in the last 4 years (FY2022 – FY2025). It also has a presence in other capital market businesses like offering margin trade facility, institutional broking and the distribution of financial products, although the scale remains small. SFSPL's ability to achieve meaningful scale-up and revenue diversification would remain critical from a credit perspective.

Exposed to risks inherent in capital market-related businesses – The trading volumes and revenues of securities broking companies are susceptible to the inherently volatile capital markets, which are cyclical in nature. Net broking income accounted for 51% of SFSPL's total income in FY2025. Further, other revenue streams like interest income on fixed deposits lien marked with exchanges or banks, delayed payment charges on the T+5 book, investment income, and distribution and depository income are directly or indirectly linked to the performance of the capital markets. Thus, SFSPL's profitability remains dependent on the performance of the capital markets. ICRA also notes that SFSPL has a sizeable proprietary investment book (Rs. 27 crore as on March 31, 2025; ~29% of net worth), which exposes it to the associated idiosyncrasies. Thus, any downturn in the capital markets may impact SFSPL's financial performance and capitalisation profile.

Elevated competition, high dependence on technology, and evolving regulatory environment – Securities broking companies rely heavily on technology for trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputation risk. Moreover, given the highly regulated nature of the industry, brokerage houses remain exposed to regulatory risk. Their ability to ensure compliance with the evolving regulatory landscape remains crucial. The sector also remains characterised by intense competition with susceptibility to the entry of new players. Thus, pricing pressure cannot be ruled out given the growing popularity of discount brokerage houses. Given the highly regulated nature of the industry, brokerage houses also remain vulnerable to regulatory risks. In recent years, regulatory changes have led to increased working

¹ Carried at book value

capital requirements while more recent measures, such as the standardisation of exchange charges, hike in securities transaction tax (STT) and the regulator's recent interventions in the derivatives segment, aimed at curbing excessive speculation have weighed on the profitability of brokerage firms.

Liquidity position: Adequate

SFSPL's funding requirement is primarily for managing its working capital requirements and scaling up the MTF book. It's average margin utilisation (computed on a month end basis) stood at 26% during October-March 2025, with the average effective² monthly margin (basis month-end data, including client margin) placed on exchanges aggregating Rs. 548 crore during this period. The company's margin placement ability is supported by the non-fund-based bank lines as well as borrowings from related parties.

As of March 31, 2025, SFSPL's indebtedness aggregated to Rs. 18 crore, comprising Rs. 10.3 crore in inter-corporate deposits (ICDs), Rs. 5.3 crore in shareholder deposits, and Rs. 2.1 crore in overdraft/WCDL bank borrowings. Against this, SFSPL had unencumbered cash and bank balance of Rs. 9 crore. Additionally, the short-term, callable MTF book (Rs. 8 crore) and the proprietary investment book (Rs. 27 crore) offer financial flexibility, as these can be liquidated at short notice if required.

Rating sensitivities

Positive factors – A significant ramp-up in the scale of operations along with a meaningful diversification in the revenue profile and a sustained improvement in the financial performance would have a positive impact.

Negative factors – A sustained decline in the broking volumes, leading to weakening of the profitability and affecting the financial profile, or weakening of the capitalisation would be a credit negative.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Stockbroking & Allied Services
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in 1991, Sushil Financial Services Private Limited (SFSPL) is a closely-held private limited company promoted and managed by Mr. Sushil Shah. It is a securities broking company with a presence in retail and institutional segments. It also has a presence in other capital market businesses like the distribution of financial products. The company is a member of the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and is also a depository participant (DP) of Central Depository Services Ltd (CDSL). As of March 31, 2025, SFSPL had 303 franchisees with a client base of 1.21 lakh (67,791 active clients) compared to 294 franchisees with a client base of 1.25 lakh (~63,290 active clients) as of March 31, 2024.

² Considering non-cash collaterals to be not less than available cash collaterals placed

Key financial indicators

Sushil Financial Services Private Limited	FY2024/Mar-24	FY2025/Mar-25	Q1FY2026/ Jun-25
Net operating income	54	69	15
Profit after tax	21	26	5
Net worth	66	92	97
Total assets	342	326	NA
Gearing (times)	0.3	0.2	NA
Return on net worth	37.6%	33.2%	20.8%

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

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)	Oct 28, 2025	Date	Rating	Date	Rating	Date	Rating
Short-term fund-based/ non-fund based bank facilities	Short term	73.5	[ICRA]A3+	23-Aug-2024	[ICRA]A3+	26-Jun-2023	[ICRA]A3	21-Oct-2022	[ICRA]A3
Short-term fund-based/ non-fund based bank facilities	Short term	10.0	[ICRA]A3+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short-term fund-based/ non-fund based bank facilities	Very 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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short-term fund-based/ non-fund based bank facilities	NA	NA	NA	83.50	[ICRA]A3+

Source: Company

[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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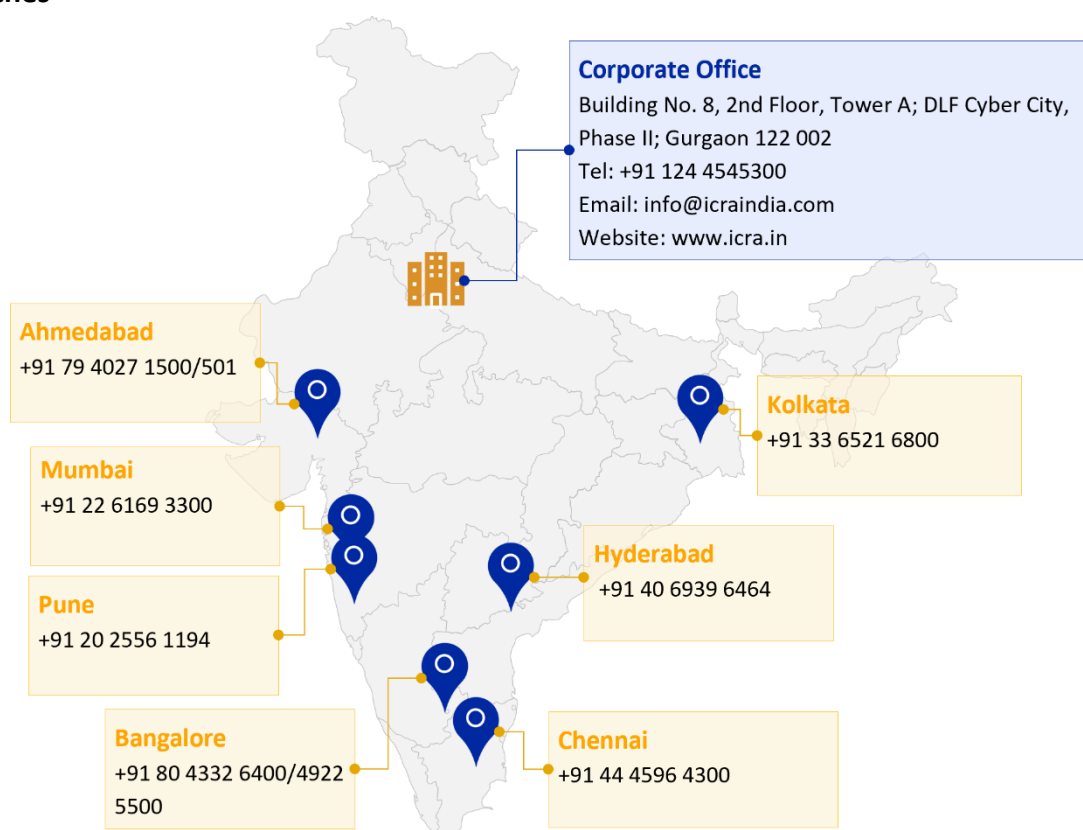
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