August 03, 2026

Emkay Global Financial Services Limited: Outlook revised to Stable from Positive; ratings reaffirmed and rated amount enhanced for bank lines; [ICRA]BBB+ (Stable) assigned to NCDs

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Non-convertible debenture	100.00	100.00	[ICRA]BBB+ (Stable); reaffirmed and Outlook revised to Stable from Positive	SEBI
Non-convertible debenture	-	100.00	[ICRA]BBB+ (Stable); assigned	SEBI
Short-term – Non-fund based bank lines	300.00	-	-	RBI
Long term/ Short term – Fund based/ Non-fund based bank lines	-	800.00	[ICRA]BBB+ (Stable); assigned /[ICRA]A2+; reaffirmed and assigned on enhanced amount	RBI
Total	**400.00**	**1,000.00**		

**Instrument details are provided in Annexure I*

 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The outlook revision reflects the persistence of performance metrics at levels weaker than earlier expectations amid industry and regulatory headwinds, with the durability of intermittent improvements yet to be established. Following a recovery in operating performance during FY2024 and FY2025, the company witnessed performance pressures in FY2026. A marginal moderation in net operating income (NOI) amid subdued market conditions, along with elevated employee expenses, weighed on the profitability in FY2026. Consequently, Emkay reported moderate profitability with net profit of Rs. 15 crore, profit before tax (PBT) (excluding mark-to-market gains)/NOI of 6% and return on net worth (RoNW) of 4% in FY2026 lower than the respective three-year averages of Rs. 35 crore, 11% and 13%.

The company's cost structure remains elevated on account of high employee-related expenses in the investment banking and institutional broking segments. Its gradual scale-up in the recently forayed clearing business is likely to support margins. However, a meaningful improvement in profitability will hinge on the timely and consistent execution of its sizeable pipeline of merchant banking mandates, with the recovery timeline remaining dependent on investor sentiment and prevailing market conditions.

The ratings reaffirmation and Stable outlook continue to factor in Emkay's established market position with a track record of over three decades in the capital markets, and its comfortable capitalisation profile for the current scale of operations, supported by the recent capital raise. The credit profile is, however, constrained by the company's modest scale of operations and its exposure to the inherently volatile capital markets, besides the high dependence on technology, the evolving regulatory environment and elevated cost structure.

Key rating drivers and their description

Credit strengths

Long track record in capital market-related business – Emkay has a track record of over three decades in the capital markets industry, with a diversified presence across institutional and retail securities broking, clearing services, margin trade financing, investment banking, wealth management and asset management. The company caters to more than 300 institutional clients, including foreign portfolio investors, domestic mutual funds, hedge funds, alternative investment funds and portfolio management services. Emkay's institutional equities franchise benefits from a research platform comprising 45 analysts with coverage across over 240 companies and spanning 22 sectors. The company remains an institutionally focussed brokerage house, deriving around 50% of its NOI from the institutional broking segment while maintaining a cash turnover market share of over 1%. The breadth of its institutional offering has been further enhanced by its recent foray into clearing services, under which it currently manages cash collateral of about Rs. 300 crore. Emkay also has an established investment banking franchise, with a differentiated focus on the small and mid-cap segment. In FY2026, it executed equity capital market transactions aggregating Rs. 4,178 crore, translating into net fee income of Rs. 31 crore. Additionally, the company caters to retail, high net worth (HNI) and ultra-high net worth (UHNI) clients. As on March 31, 2026, it had 11,147 active National Stock Exchange (NSE) clients.

Comfortable capitalisation for current scale of operations – As on June 30, 2026, Emkay's capitalisation profile remained comfortable, characterised by a net worth of ~Rs. 410 crore and a gearing of 0.3 times on a provisional basis. The company primarily utilises borrowings to support the working capital requirements of its broking, clearing and margin trade financing businesses. In line with industry trends, the working capital intensity increased in the recent period amid the evolving regulatory landscape. While the company has started availing fund-based borrowings in recent years, these are largely utilised towards availing bank guarantees and intraday facilities. With the recent tightening of use on intraday lines and associated collateral norms for availing it, effective July 2027, Emkay's reliance on fund-based borrowings is expected to increase, going forward. Nevertheless, the company's capitalisation profile is likely to remain comfortable, supported by the capital infusion of Rs. 89 crore during the September 2025 to June 2026 period. Further, the expected conversion of outstanding warrants over the next three quarters is likely to augment the capital base by ~Rs. 143 crore.

Credit challenges

Moderate scale of operations – Despite its well-recognised franchise in the institutional broking segment, the scale of the broking business, in terms of revenue, remains moderate. Emkay witnessed a moderation in broking income in FY2026 following record levels achieved in the preceding years amid industry headwinds. The company reported net broking income of Rs. 192 crore in FY2026, reflecting a 9% year-over-year (YoY) decline, although remaining 24% higher than the average levels witnessed over the past five years. While broking revenues have shown an uptick in recent quarters, the sustainability of the improvement is yet to be established. Further, notwithstanding its established track record in the investment banking business, the scale of operations remains moderate despite the recent scale-up. The company reported aggregate fee income of Rs. 101 crore during FY2024-FY2026, compared to Rs. 37 crore during FY2021-FY2023. While it maintains a healthy pipeline of merchant banking mandates, execution and revenue realisation remain dependent on capital market activity and overall market conditions. Moreover, ICRA takes of the company’s foray into the asset and wealth management businesses in recent years. The assets under management of the wealth management and asset management businesses increased to Rs. 15,458 crore and Rs. 1,595 crore, respectively, as on March 31, 2026, from Rs. 3,177 crore and Rs. 902 crore, respectively, as on March 31, 2024. However, despite the scale-up, the overall scale of these businesses remains modest and their contribution to the company's earnings profile continues to be relatively limited.

Moderate profitability with exposure to inherently volatile capital markets; cost structure remains elevated – Emkay’s core operating profitability remains vulnerable to fluctuations in capital market activity, reflecting its significant dependence on broking and investment banking businesses, which accounted for ~78% of its NOI in FY2026. The company reported a recovery in operating performance during FY2024 and FY2025, with average PBT (excluding mark-to-market gains) of ~Rs. 39 crore compared to loss-making operations during FY2022 and FY2023. However, it witnessed performance pressures in FY2026 amid industry industry headwinds. The profitability was impacted by an increase in operating expenses largely on account of higher employee-related costs. Consequently, Emkay reported moderate profitability with net profit of Rs. 15 crore, PBT (excluding MTM gains)/NOI of 6% and RoNW of 4% in FY2026, compared with their three-year averages of Rs. 35 crore, 11% and 13%.

During Q1 FY2027, while operating profitability remained subdued, supported by gains on treasury investments, Emkay reported a net profit of Rs. 9 crore and an annualised RoNW of 9% on provisional basis.

Emkay's cost structure remains elevated on account of high employee-related expenses in the investment banking and institutional broking segments, besides investments in wealth management businesses. While the company's gradual scale-up in the clearing business is likely to support margins, however, sustained profitability will also hinge on the timely and consistent execution of its broad pipeline of merchant banking mandates with strong fee generation potential, particularly in light of the elevated cost structure.

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. Regulatory changes, such as uniform exchange charges, and measures to curb exuberance in the futures and options (F&O) segment, including increase in contract size, rationalisation of weekly index derivatives and higher margins on expiry days and withdrawal of calendar spread margin benefits on the expiry day were introduced in FY2025. These, along with the recent hike in securities transaction tax (STT) could constrain the overall market activity, and subsequently, the profitability of entities operating in the securities broking industry. Moreover, the recent tightening in bank lending to capital market intermediaries could make more players tap money markets while exploring the debt market. Hence, an expansion in borrowing spreads for brokers cannot be ruled out completely, which may constrain the profitability trajectory of securities brokers. The sector is also characterised by intense competition and the entry of new players, causing pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during downturn remains a concern. Additionally, reliance on technology poses operational and reputational risks. Thus, ensuring uninterrupted service delivery continues to be critical for maintaining customer trust and a competitive edge.

Environmental and social risks

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 Emkay as its lending operations are primarily focussed on capital market-related lending. Further, the business activities are typically short-to-medium term in nature, which will allow it to adapt if required.

With regard to social risks, 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. Emkay did not witness any technical glitches in recent years. Going forward, its ability to offer uninterrupted services will be imperative for maintaining customer experience. It is noted that customer preference is increasingly shifting towards the digital mode of transacting, necessitating the adoption of technological advancements, besides providing an opportunity to reduce the operating costs. Emkay has been making investments to enhance its digital interface with its customers.

Liquidity position: Adequate

Emkay's liquidity requirement is primarily for placing margins at the exchanges. During January 2026 to June 2026, the average margin placed at the exchanges (basis month-end data, including client margin) stood at Rs. 1,842 crore, with average peak margin utilisation in the range of 55-74%. Overall, it has an Adequate liquidity profile with an unencumbered cash and bank balance of ~Rs. 28 crore and unutilised but drawable fund-based limits of ~Rs. 24 crore against Rs. 90 crore of debt repayment obligations falling due between March 2027 and December 2027 as on June 30, 2026.

Rating sensitivities

Positive factors – A sustained improvement in the profitability from core operations while maintaining healthy capitalisation will favourably impact the ratings.

Negative factors – Deterioration in the financial performance and/or liquidity profile on a sustained basis will be a credit negative.

Analytical approach

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

About the company

Emkay, along with its subsidiaries, is engaged in securities broking, capital markets lending, margin trade financing, investment banking, wealth and asset management services. The company caters to more than 300 institutional clients, including foreign portfolio investors, domestic mutual funds, hedge funds, alternative investment funds and portfolio management services. Supported by a 45-member research team covering over 240 companies across 22 sectors, Emkay has a prominent institutional equities franchise. It remains institutionally focused, deriving around 50% of its NOI from the institutional broking segment while maintaining a cash market share of over 1%. Additionally, the company caters to retail, HNI and UHNI clients. As on March 31, 2026, it had 11,147 active NSE clients.

Key financial indicators

Emkay Global Financial Services Limited (consolidated)	FY2025	FY2026	Q1 FY2027*
Net operating income (NOI)	297.9	287.4	76.9
Profit after tax	56.8	15.2	9.1
Net worth	303.2	380.7	410.0
Total assets	1,233.4	1,740.2	1,754.3
Gearing (times)	0.15	0.24	0.28
Return on average net worth	20.9%	4.4%	9.4%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 03, 2026	Date	Rating	Date	Rating	Date	Rating
Short term – Others – Non-fund based	Short term	-	-	Jul 25, 2025	[ICRA]A2+	Oct 22, 2024	[ICRA]A2+	Apr 06, 2023	[ICRA]A2+
				Aug 07, 2025	[ICRA]A2+	Apr 17, 2024	[ICRA]A2+	-	-
Non-convertible debenture programme	Long term	200.00	[ICRA] BBB+ (Stable)	Jul 25, 2025	[ICRA] BBB+ (Positive)	Oct 22, 2024	[ICRA] BBB+ (Positive)	-	-
				Aug 07, 2025	[ICRA] BBB+ (Positive)	-	-	-	-
Long term/ Short term – Fund-based/ Non-fund based bank lines	Long term/ Short term	800.00	[ICRA] BBB+ (Stable)/ [ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term/ Short term – Fund-based/ Non-fund based bank lines	Simple
Non-convertible debenture programme^	Simple

^ Complexity indicator mentioned for unplaced rated amount is subject to change when the terms are finalised

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	Financial sector regulator#
NA	**Long term/ Short term – Fund based/ Non-fund based bank lines**	-	-	-	800.00	[ICRA]BBB+(Stable)/ [ICRA]A2+	RBI
INE296H08024	**Non-convertible debenture**	Dec 18, 2025	11.25%	Dec 18, 2027	44.20	[ICRA]BBB+ (Stable)	SEBI
INE296H08016	**Non-convertible debenture**	Mar 24, 2025	12.00%	Mar 24, 2027	46.00	[ICRA]BBB+ (Stable)	SEBI
NA^	**Non-convertible debenture**	NA	NA	NA	109.80	[ICRA]BBB+ (Stable)	SEBI

Source: Company; ^ To be listed when placed

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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
Emkay Global Financial Services Limited	Parent, Rated Entity	Full consolidation
Emkay Fincap Limited	100.00%	Full consolidation
Emkay Investment Managers Limited	100.00%	Full consolidation
Emkay Wealth Advisory Limited	100.00%	Full consolidation
Emkay Commotrade Limited	100.00%	Full consolidation
EmkayGlobal Financial Services IFSC Private Limited	100.00%	Full consolidation
Emkay Global Financial Services Pte. Ltd., Singapore	100.00%	Full consolidation
Azalea Capital Partners LLP[1]	50.00%	Equity method
AES Trading and Consultants LLP[2]	40.00%	Equity method
Finlearn Edutech Private Limited[3]	35.97%	Equity method

Source: Company; 1.Associate of Emkay Wealth Advisory Limited, 2. Associate of Emkay Commotrade Limited), 3. Associate of Emkay Fincap Limited

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