August 07, 2026

SMC Global Securities Ltd.: [ICRA]A (Stable) assigned for non-convertible debentures; ratings reaffirmed for existing instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term/Short-term – Fund-based/Non-fund based bank lines	1,500.00	1,500.00	[ICRA]A (Stable)/[ICRA]A1+; reaffirmed	RBI
Non-convertible debentures	-	100.00	[ICRA]A (Stable); assigned	SEBI
Non-convertible debentures	400.00	400.00	[ICRA]A (Stable); reaffirmed	SEBI
Total	**1,900.00**	**2,000.00**		

**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 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 derive comfort from the diversification benefits associated with the Group's integrated presence across securities broking, insurance broking, distribution of financial products, advisory services, as well as the lending operations undertaken through its wholly owned subsidiary, Moneywise Financial Services Private Limited (MFSPL; rated [ICRA]A- (Stable)). The ratings are also supported by the Group's adequate capitalisation profile, characterised by a net worth of Rs. 1,341 crore and a consolidated gearing of 1.5 times as on June 30, 2026.

The Group witnessed a moderation in performance in FY2026 amid industry and regulatory headwinds, following a period of strong operating performance over the preceding years. During FY2026, the profitability was impacted by higher operating expenses, while lower net gains on fair value changes (investment gains) also weighed on the headline earnings. While the Group reported a recovery in performance in recent quarters with net profit of Rs. 37 crore and RoNW of 11% in Q1 FY2027 compared to the average levels of Rs. 29 crore and 9%, respectively, over the past eight quarters, the sustainability of the improvement would continue to be contingent on broader capital market activity. The lending segment's [non-banking financial company (NBFC) arm] performance remained largely adequate, with a return on managed assets of 1.8% in FY2026. The Group also derives income from proprietary trading operations. The recent hike in securities transaction tax (STT) on futures & options (F&O) and the Reserve Bank of India (RBI) circular (applicable from July 2026) restricting bank funding for proprietary trading operations could impact the Group's broking volumes and profitability. The same remains monitorable.

The ratings remain constrained by the Group's exposure to the inherent volatility in capital markets, the evolving regulatory and operating environment and the highly competitive and fragmented nature of the broking industry. It also faces credit and market risks due to 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 lending business' growth has remained muted in recent quarters due to the company's strategic shift towards higher yielding secured lending products. The growth trajectory and asset quality performance of the lending business would continue to have a bearing on the Group's overall credit profile. The asset quality faced pressure in the recent past on account of slippages from legacy exposures. As on June 30, 2026, the headline gross NPA stood at 2.99% compared to 3.55% as on March 31, 2025. Nevertheless, the asset quality will remain monitorable, given the limited seasoning of the evolving portfolio and the Group's ongoing transition towards secured product segments.

The Stable outlook reflects ICRA's expectation that the Group will continue to benefit from its diversified business mix leveraging its track record, franchise and established position in capital market-related businesses, while maintaining an adequate capitalisation profile.

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 198 branches and over 1,935 franchisees along with a National Stock Exchange (NSE) active client base of 1.6 lakh (market share of 0.35%) as on June 30, 2026. Further, discount broking services are offered by SMC's wholly owned subsidiary, Moneywise Finvest Limited (MFL), through the platform/application – Stoxkart (active NSE client base of ~76,000 as on June 30, 2026). However, its contribution to the Group's broking revenues and trading volumes remains marginal. Besides securities broking, it has an integrated presence across diverse business segments including margin trade financing (MTF), insurance broking, distribution of financial products, advisory services and lending 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 and gearing of Rs. 1,341 crore and 1.5 times, respectively, as on June 30, 2026, compared to Rs. 1,217 crore and 1.4 times, respectively, as on March 31, 2025. The growth in the broking operations in recent years was accompanied by a rise in the working capital requirement with the tightening of the regulatory framework and scale-up of the MTF book. As a result, SMC's standalone gearing also inched up to 1.3 times as on June 30, 2026, from 0.9 times on March 31, 2025. However, the financial leverage in the lending business under the NBFC arm declined marginally on account of the contraction in the assets under management (AUM), given the Group's conscious strategy. Going forward, its 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.

MFSPL's capitalisation profile is adequate with a reported gearing of 1.5 times as on June 30, 2026, down from 1.7 times as on March 31, 2025. Over the near-to-medium term, the company expects AUM consolidation, driven by re-anchoring the portfolio towards micro-loan against property (micro-LAP) and tightening credit policies in the unsecured segment. Given the tapered growth outlook, the NBFC's leverage is likely to remain within prudent limits, maintaining adequate capitalisation.

Adequate profitability despite industry-wide headwinds – SMC derives nearly 75% of its net income from capital market-related businesses, rendering its earnings profile closely aligned with market performance. The Group witnessed a moderation in performance in FY2026 amid industry and regulatory headwinds, following a period of strong operating performance over the preceding years. During FY2026 the profitability was impacted by higher operating expenses, while net gains on fair value changes (investment gains) also weighed on the headline earnings. Consequently, the Group reported net profit of Rs. 103 crore, profit before tax/ net operating income of 21.4% (20.6% in capital market businesses) and return on net worth (RoNW) of 8.2% in FY2026, compared with their five-year averages of Rs. 147 crore, 38.0% and 14.6%. While it witnessed a recovery in performance in recent quarters with net profit of ~Rs. 37 crore and RoNW of ~11% in Q1 FY2027 compared to the average levels of ~Rs. 29 crore and ~9%, respectively, over the past eight quarters, the sustainability of the improvement would continue to be contingent on broader capital market activity. The lending segment's (NBFC arm) performance remained largely adequate with a return on managed assets of 1.8% in FY2026.

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 market performance. Following the sizeable increase in the scale of broking operations between FY2020 and 9M FY2025, trading activity was impacted by regulatory changes and subdued market conditions. Nonetheless, it largely recovered to FY2024-FY2025 levels in FY2026 from the trough observed in Q4 FY2025. However, the possibility of a further moderation in broking income cannot be ruled out in light of the recent hike in STT on F&O and elevated global uncertainties. 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.

SMC has sizeable proprietary trading operations, exposing it to associated idiosyncratic risks and market cyclicality. While it witnessed a recovery in proprietary trading income in the recent quarters, the net revenues from proprietary trading operations could moderate in light of the recent hike in STT on F&O. Further, the RBI circular, effective from July 2026, which restricts bank funding for proprietary trading activities, could adversely impact trading volumes and return metrics of the Group's proprietary operations.

Intense competition and evolving regulatory environment; high dependence on technology – The securities broking sector remains characterised by intense competition and susceptibility to the entry of new players. In this regard, its market share contracted to 0.7% in the retail cash segment in FY2026 from 1.8% in FY2022. Securities broking companies rely heavily on technology for trade execution, fund management and other operations. 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. Their ability to ensure compliance with the evolving regulatory landscape is still crucial.

Regulatory changes, such as revisions in the tightening of the index derivatives framework, and higher working capital requirements for broking have impacted the profitability of securities brokers. Moreover, the recent tightening in bank lending to capital market intermediaries could further constrain the financial flexibility of capital market intermediaries. The industry could witness a moderation in derivatives trading volumes following the recent increase in STT on derivatives. Given that the Group derives around 40% of its gross broking income from derivatives, the possibility of pressure on its overall broking performance cannot be ruled out.

Asset quality risks stemming from modest borrower profile and unsecured lending – The Group's lending business (besides MTF) is housed under MFSPL, predominantly focuses on SME financing company (~68% of the AUM as on March 31, 2026). Accordingly, the portfolio remains exposed to the inherent risks associated with borrowers having relatively modest credit profiles, who are generally more vulnerable to economic shocks and possess limited income buffers. ICRA notes that the proportion of unsecured SME working capital demand loans (including off-book exposures) has declined to 25% as on June 30, 2026, from about 50% over the last 3-4 years, reflecting the management's conscious efforts to rebalance the portfolio towards secured lending.

The asset quality faced pressure in the recent past on account of slippages from legacy exposures. As on June 30, 2026, the headline gross NPA stood at 2.99% compared to 3.55% as on March 31, 2025. Going forward, MFSPL's ability to manage the asset quality while scaling up its operations remains monitorable. In this context, ICRA draws comfort from the management's stated plan to consolidate AUM over the next 1-2 years through calibrated growth, portfolio re-anchoring towards secured segments and tighter underwriting and 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 capital market-related lending and LAP account for majority of it of its consolidated lending operations. 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

SMC's funding requirement is primarily for managing its working capital requirements and scaling up the MTF book. The margins placed with the exchanges typically aggregate about Rs. 3,000 crore, with utilisation remaining adequate. SMC leverages both fund-based and non-fund based borrowings from banks and NBFCs. The borrowings outstanding at the standalone level aggregated Rs. 1,352 crore as on June 30, 2026, of which Rs. 624 crore is due in the next six months. Against this, it had drawable but unutilised lines of Rs. 152 crore (backed by MTF/non-MTF and fixed deposits) and unencumbered cash of Rs. 2 crore. Additionally, it had a margin funding book of ~Rs. 415 crore and receivables of over ~Rs.694 crore which may be liquidated at short notice to generate liquidity if required. The on-balance sheet liquidity, inflows from short-term, callable MTF book and unutilised fund-based bank lines remain adequate to cover debt repayment obligations.

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 enhancement 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)/net operating income (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)
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 198 branches and 1,935 franchisees along with an active NSE client base of 1.6 lakh (market share of 0.35%) as on June 30, 2026.

Key financial indicators

SMC (consolidated)	FY2025/ Mar-25	FY2026/ Mar-26	Q1FY2027/ Jun-26^
Net operating income (NOI)	608	628	169
Proprietary trading income*	117	138	51
Profit after tax (PAT)	147	103	37
Net worth (including minority interest)	1,220	1,306	1,341
Total assets	4,921	5,744	NA
Gearing (times)	1.4	1.6	1.5
Return on net worth	12.7%	8.2%	11.1%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; ^ un-audited; *net of security transaction tax; Amount in Rs. crore; Net operating income includes revenues from operations (excluding proprietary trading income, dividend income, gains on investments) less fees and commission expenses and finance costs*

SMC (consolidated excluding MFSPL)	FY2025/ Mar-25	FY2026/ Mar-26
Net operating income (NOI)	524	544
Proprietary trading income*	*117*	*138*
Profit after tax (PAT)	106	88
Net worth (including minority interest)	973	1,043
Gearing (times)	0.9	1.2
Return on net worth	11.5%	8.7%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; *net of security transaction tax; Amount in Rs. crore*

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							
				FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 07, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term – Fund-based/Non-fund based bank lines	LT/ST	1500.00	[ICRA]A (Stable)/ [ICRA]A1+	April 30, 2026	[ICRA]A (Stable)/ [ICRA]A1+	Jul 29, 2025	[ICRA]A (Stable)/ [ICRA]A1+	Dec 13, 2024	[ICRA]A (Stable)/ [ICRA]A1+	Jul 24, 2023	[ICRA]A (Stable)/ [ICRA]A1+
								Oct 10, 2024	[ICRA]A (Stable)/ [ICRA]A1+	-	-
								Jul 23, 2024	[ICRA]A (Stable)/ [ICRA]A1+	-	-
Non-convertible debentures	LT	500.00	[ICRA]A (Stable)	April 30, 2026	[ICRA]A (Stable)	Jul 29, 2025	[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
Non-convertible debenture	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

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Long-term/Short-term – Fund-based/Non-fund based bank lines**	NA	NA	NA	1,500.00	[ICRA]A (Stable)/ [ICRA]A1+	RBI
INE103C07025	**Non-convertible debenture (NCD)**	Aug 07, 2024	10.00%	Aug 07, 2026	29.11	[ICRA]A (Stable)	SEBI
INE103C07033	**NCD**	Aug 07, 2024	10.00%	Aug 07, 2026	8.10	[ICRA]A (Stable)	SEBI
INE103C07017	**NCD**	Aug 07, 2024	10.20%	Aug 07, 2027	23.59	[ICRA]A (Stable)	SEBI
INE103C07017	**NCD**	Aug 07, 2024	10.20%	Aug 07, 2027	13.82	[ICRA]A (Stable)	SEBI
INE103C07041	**NCD**	Aug 07, 2024	9.94%	Aug 07, 2029	15.10	[ICRA]A (Stable)	SEBI
INE103C07066	**NCD**	Aug 07, 2024	10.40%	Aug 07, 2029	19.81	[ICRA]A (Stable)	SEBI
INE103C07074	**NCD**	Apr 24, 2025	10.00%	Apr 24, 2027	15.24	[ICRA]A (Stable)	SEBI
INE103C07124	**NCD**	Apr 24, 2025	10.00%	Apr 24, 2027	10.27	[ICRA]A (Stable)	SEBI
INE103C07108	**NCD**	Apr 24, 2025	10.25%	Apr 24, 2028	28.06	[ICRA]A (Stable)	SEBI
INE103C07116	**NCD**	Apr 24, 2025	10.25%	Apr 24, 2028	5.96	[ICRA]A (Stable)	SEBI
INE103C07082	**NCD**	Apr 24, 2025	10.03%	Apr 24, 2030	26.38	[ICRA]A (Stable)	SEBI
INE103C07090	**NCD**	Apr 24, 2025	10.50%	Apr 24, 2030	37.92	[ICRA]A (Stable)	SEBI
INE103C07181	**NCD**	Oct 30, 2025	9.75%	Oct 30, 2027	28.71	[ICRA]A (Stable)	SEBI
INE103C07132	**NCD**	Oct 30, 2025	9.75%	Oct 30, 2027	19.34	[ICRA]A (Stable)	SEBI
INE103C07140	**NCD**	Oct 30, 2025	10.00%	Oct 30, 2028	25.37	[ICRA]A (Stable)	SEBI
INE103C07157	**NCD**	Oct 30, 2025	10.00%	Oct 30, 2028	10.30	[ICRA]A (Stable)	SEBI
INE103C07173	**NCD**	Oct 30, 2025	9.80%	Oct 30, 2030	30.77	[ICRA]A (Stable)	SEBI
INE103C07165	**NCD**	Oct 30, 2025	10.25%	Oct 30, 2030	26.56	[ICRA]A (Stable)	SEBI
NA	**NCD***	NA	NA	NA	125.59	[ICRA]A (Stable)	SEBI

*Source: Company, ICRA Research; *Proposed to be listed when be placed; # 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.*

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 Investech Pvt. Ltd. (Formerly SMC Real Estate Advisors Pvt. Ltd)	100.00%	Full consolidation

Source: ICRA Research, Company

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