Crisil Ratings

Rating Rationale

November 21, 2025 | Mumbai

SMC Global Securities Limited

'Crisil A/Stable' assigned to Bank Debt; NCD Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	**Rs.1000 Crore**
Long Term Rating	**Crisil A/Stable (Assigned)**

Rs.175 Crore Non Convertible Debentures&	**Crisil A/Stable (Reaffirmed)**

& Proposed public/private issue for quantum of Rs 75.19 crore
Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its '**Crisil A/Stable**' rating to the bank loan facilities of SMC Global Securities Limited (SMC) and reaffirmed its 'Crisil A/Stable' rating on the existing non-convertible debentures (NCDs).

The ratings continue to factor in the established presence and track record of the group in capital market businesses, healthy diversification in revenue across multiple segments, adequate capital position and the extensive experience of the promoters in the business.

These strengths are partially offset by a moderate earnings profile and susceptibility to risks associated with capital market-related businesses.

The group has been in the broking business since 1994 with presence in both cash equity and derivatives market segments, including the currency and commodity derivatives division. The group's other key offerings include lending through a non-banking financial company (NBFC), insurance broking and wealth management services. The group also distributes third-party products such as mutual funds, corporate fixed deposits (FDs), bonds and initial public offerings. The broking business had a large retail client base of over 12.5 lakh customers as on September 30, 2025 (grew at 13.7%). Active clients for the broking business stood at 1.6 lakh as on September 30, 2025.

The group has adequate capitalization, with reported networth of Rs 1,259 crore as on September 30, 2025 (Rs 1,217 crore as on March 31, 2025). The group reported profit after tax (PAT) of Rs 149 crore and return on equity (RoE) of 12.7% for fiscal 2025 compared to Rs 188 crore and 18.6%, respectively, for the previous fiscal. The decline in profits was due to an impact on broking income on account of major regulatory changes in the industry, even as the company managed to maintain steady income from their proprietary trading business. For the half year ended September 30, 2025, the company reported PAT of Rs 51 crore and RoE of 8.4% (annualized).

Analytical Approach

For arriving at the ratings, Crisil Ratings has combined the business and financial risk profiles of SMC and its subsidiaries. That is because the entities, collectively referred to as the SMC group, have integrated operations and operate under a common brand name.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers - Strengths

Track record in capital market business, supported by experienced management and robust risk management systems

The group has been in the broking business since 1994 and has an established operational track record. The group's senior management team comprises the promoters -- Mr. Subhash Chand Aggarwal and Mr. Mahesh C Gupta, who have more than four decades of experience in the capital market industry. Further, the group has hired professionals having significant relevant expertise. The CEO and head of the broking division, Mr. Ajay Garg, has more than 25 years of experience in the capital market industry. The promoter and top management have witnessed several cycles in the capital markets business. This has led to building sound risk management systems that partially offset risks arising from uncertainties inherent in the trading and broking business.

All the Securities and Exchange Board of India (SEBI) and exchange-prescribed regulations have been adhered to by instilling requisite systems and processes. The group sets client trading limits upfront and monitors client exposure on a real-time basis. It also sets scrip-wise exposure limit to keep a check on illiquid scrips or scrips under any kind of surveillance. Upfront margin along with peak margin is collected necessarily and clients are required to maintain adequate margin as prescribed by exchanges. In case of adverse/volatile price movements real-time risk-based square off could be initiated at any time during the day.

On the trading side the group engages largely in arbitrage strategies, which limits likelihood of losses. A dedicated surveillance team monitors trader limits, outstanding exposures, and mark to market on real-time basis. The sound risk management system has resulted in nil quarterly losses since inception. The group also set up an in-house technology team in fiscal 2023 to strengthen their IT infrastructure.

Increasing diversification across financial services businesses, supporting stability in earnings profile

SMC is an established player in the retail equity broking segment. The market share of the combined volumes of the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in both the cash and derivatives segments stood at 0.1% for fiscal 2025, with higher market share in the retail cash segment at 0.59%. It has a modest presence in the commodity and currency segments as well. Furthermore, amidst high competition from discount brokers, the group started its own discount broking platform in 2019 under the brand name ‘Stoxkart’ where customers are charged only for profitable transactions (only for cash transactions - intraday). The platform has a client base of over 2.5 lakh customers as on September 30, 2025. With gradual scale up of fund-based businesses (NBFC) and the presence of fee-based businesses, such as insurance broking, distribution (financial products), wealth management, advisory, revenue streams have become more diverse. Contribution from these businesses to overall revenue has increased in the last few fiscals. The group is focusing on scaling up its insurance broking and distribution businesses by strengthening the technology infrastructure.

The wealth management business had assets under management (AUM) worth Rs 1,091 crore as on September 30, 2025 (Rs 948 crore as on March 31, 2025). The company’s has been growing their distribution business which is currently dominated by the fixed deposit product issued by several large non-banking finance companies (NBFCs). Mutual fund distribution AUM has also been on an increasing trend and stands at over Rs 4,459 crore as on September 30, 2025. For their insurance broking business, it has sold over 4.9 lakh policies worth Rs 1,364 crore of insurance premium for the half year period ended September 30, 2025.

The group provides lending through its wholly owned subsidiary, Moneywise Financial Services Private Limited (Moneywise). The lending business commenced operations in 2008 and offers a wide spectrum of financial products to small and medium enterprise (SME) like micro loan against property (LAP), equipment finance (Medical & Industrial Equipment), unsecured business loans, gold loans, onward-lending to NBFC and loan against securities. AUM was flat at Rs 1,290 crore in fiscal 2025 as against Rs 1,237 crore as on March 31, 2024, AUM contracted to Rs 1,088 crore as on September 30, 2025 as the company is running down its higher ticker LAP book. The asset quality has deteriorated as gross non-performing assets increased to 3.6% as on March 31, 2025 as against 2.2% as on March 31, 2024.The increase was mainly attributed to the LAP book which saw an uptick in GNPA due to issues like overleveraging in the sector. The subsidiary reported PAT of Rs 45 crore and returns on assets of 3.4% for fiscal 2025, compared to Rs 56 crore and return on assets of 4.8% for fiscal 2024.

Adequate capitalisation
The group's capitalisation is sufficient to support its current and planned scale of operations. As of September 30, 2025, the group reported a net worth of Rs 1,259 crore and a gearing ratio of 1.6 times, representing an increase from Rs 1,217 crore and 1.4 times, respectively, as of March 31, 2025. The absolute net worth includes an investment of Rs 377 crore in subsidiaries, with Rs 230 crore deployed in Moneywise. The group's capital augmentation has been primarily driven by internal cash accruals, as it operates in capital-light businesses where borrowing needs are largely limited to meeting working capital requirements and margin trade funding business. The planned expansion of the non-capital market related NBFC business is expected to lead to a gradual increase in gearing over the near to medium term. As of September 30, 2025, the current gearing of the NBFC business stands at a modest 1.6 times, indicating that the need for raising capital is not immediate in the near term. Therefore, the capital position is expected to remain adequate over the medium term, supported by the group's existing capitalisation and internal cash generation capabilities.

Key Rating Drivers - Weaknesses
Moderate earnings profile
The earnings profile of the group is well diversified on a consolidated basis. The income from traditional broking comprises ~32% of net total income[1] in fiscal 2025. The group earns 29% of its net total income through interest income (float and delayed interest charges, interest income from margin trade funding and NBFC business). Income from proprietary trading contributes another 21%. Contribution from other fee-based income streams, such as distribution of financial products, research, wealth management, portfolio management is around 12% while other miscellaneous income comprises the rest 6%.

The group reported total income of Rs 1,785 crore in fiscal 2025, vis-à-vis Rs 1,645 crore in the previous fiscal. In terms of expenses, variable expenses constitute 50-51% of the total expenses due to sub-brokerage model of various businesses (traditional broking, insurance broking, distribution). The rest 49-50% cost is fixed, of which ~31% comprises employee and finance costs and the rest includes other operational expenses. The cost to income (net of sub-brokerage expenses) ratio is elevated in comparison to similar or larger-size peers and stands at 74.5% in fiscal 2025 from 67.3% in fiscal 2024 owing to reduced broking income in line with the market volumes and higher operating expenses incurred in fiscal 2023 to strengthen the IT infrastructure. Operating efficiency is likely to remain in similar range over the next few years as technology infrastructure expenses will continue to remain a drag on earnings. The group reported net profit of Rs 146 crore in fiscal 2025 vis-à-vis Rs 188 crore in the previous fiscal. Going forward, the ability of the group to improve its operating leverage, and in turn profitability, will remain a key monitorable.

Highly competitive landscape, exposure to risks associated with capital market-related businesses
Most businesses of the group are confined to the capital market industry, which faces intense competition from multiple players offering low-cost products. Additionally, competition from various proprietary trading businesses has increased considerably. Given that trading volumes are the highest for most arbitrage players, trader retention will remain a challenge with the entrance of various players in the futures and options trading business.

The broking industry has seen a huge transformation in the last three years, with technology-based discount brokers entering and dominating the market. The key broking business remains exposed to economic, political and social factors that drive investor sentiments. Given the volatility in the business, brokerage volume and earnings are highly dependent on the level of trading activity in capital markets. Specifically, since March 2020, the stock markets have seen high retail participation and daily trading volume coinciding with the Covid-19 pandemic-led lockdown and people remaining at home. A significant proportion of client additions in the industry are of the 25-30 year age demographic, without significant savings surplus. The upward movement of the key benchmark indices during this period, too, has further contributed to the lure of stock market trading and potential gains. While this has benefited the group as well as other broking players, sustainability of this market momentum will remain a key monitorable.

Susceptibility to regulatory risks
Over the past couple of years, the broking industry has witnessed a dynamic regulatory environment. With the objective of enhancing transparency, limiting misuse of funds and safeguarding investor interests, SEBI has introduced a slew of measures on derivatives trading, such as hiking futures and options contract sizes, mandating upfront premium collections from option buyers, limiting weekly index derivatives offered by exchanges to one each, removing the margin benefit available on offsetting positions across different expiries on the expiry day and requiring additional margins on short options contracts on the expiry day.

Additionally, SEBI has introduced flat transaction charges vis-a-vis the slab-wise charge structure followed earlier. There has also been an increase in securities transaction tax that had a direct impact on the earnings profile of proprietary traders. Other tax increases were also levied as part of the budget on the long-term capital gains and short-term capital gains taxes.

Fundamentally, while these revised regulations will benefit the broking industry in the long term by increasing transparency and lowering risks for customers, the changes may reduce the trading opportunities for proprietary trades, along with increasing the compliance costs for brokers and require them to adapt their business models to keep pace. Thus, the group's ability to realign its trading strategies to absorb any long-term regulatory impact on transaction volumes and higher tax and compliance costs will remain monitorable over the medium term.

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[1] *Total income net of interest expense, client introduction charges and expense for distribution of financial products*

Liquidity Adequate

Liquidity is comfortable for the current scale of operations. The company had cash and cash equivalents, liquid investments and unutilised bank lines of Rs 2,169 crore as on August 31, 2025. Against this, company has scheduled repayments of Rs 313 crore over the next three months.

Liquidity of Moneywise is also comfortable as the asset liability management profile had positive cumulative mismatches across all buckets as on June 30, 2025. As on September 30, 2025, the company had cash and cash equivalents, unutilized bank lines and liquid investments aggregating to Rs 212 crore against the same the debt repayment were Rs 174 crore till January 31, 2026.

Outlook Stable

Crisil Ratings believes the SMC group will continue to maintain healthy capitalisation metrics while benefitting from the modest presence across the financial services businesses and its adequate risk management systems. The ability to improve its market position and profitability will have to be monitored.

Rating sensitivity factors

Upward factors

- Cost-to-income ratio (net of sub-brokerage expense) improving to below 60% on a steady-state basis
- Improvement in income diversity and profitability on a sustained basis
- Significant scale-up in market position of the NBFC businesses while maintaining asset quality and profitability

Downward factors

- Weakening of the earnings profile or sustained increase in cost-to-income ratio (net of sub-brokerage expense) to over 80%
- Impact on business risk profile, indicated by sustained drop in market share impacting revenue from the core broking operations
- Significant deterioration in asset quality of the NBFC business on a sustained basis impacting group's profitability

About the Company

SMC, the holding company of the SMC group, was incorporated in 1994. The group offers diversified financial services across different business segments such as brokerage, investment banking, wealth management, distribution of third-party financial products, research, financing, depository services, insurance broking and clearing services. The group had customer base of over 12.5 lakhs as on September 30, 2025. Apart from online presence, it has a well spread-out distribution network with 203 branches and 2,152 authorized persons across 412 cities in India as on September 30, 2025.

For fiscal 2025, the group reported PAT of Rs 146 crore on total income of Rs 1,785 crore, against Rs 188 crore and Rs 1,645 crore, respectively, for the previous fiscal. For the half year ended September 30, 2025, it reported a PAT of Rs 51 crore on total income of Rs 868 crore.

On a standalone basis, SMC reported PAT of Rs 105 crore on total income of Rs 956 crore, against Rs 141 crore and Rs 884 crore, respectively, for the previous fiscal. For the half year ended September 30, 2025, it reported a PAT of Rs 29 crore on total income of Rs 473 crore.

Key Financial Indicators (consolidated)

For the period ended	Unit	Sep 2025	March 2025	March 2024
Total assets	Rs crore	5242	4921	4747
Total income	Rs crore	868	1785	1645
PAT	Rs crore	51	146	188
Cost to income (net of sub-brokerage expenses)	%	82.1	74.5	67.3
Return on networth	%	8.4^	12.7	18.6
Gearing	Times	1.6	1.4	1.3

^ On an annualised basis

Key Financial Indicators: (standalone)

For the period ended	Unit	Sep 2025	March 2025	March 2024
Total assets	Rs crore	4112	3603	3611
Total income	Rs crore	473	956	884
PAT	Rs crore	29	105	141
Cost to income (net of sub-brokerage expenses)	%	86.7	76.5	66.8
Return on networth	%	6.0^	11.5	17.1
Gearing	Times	1.3	0.9	0.7

^ On an annualised basis

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
INE103C07017	Non Convertible Debentures	7-Aug-24	10.20	7-Aug-27	21.61	Simple	Crisil A/Stable
INE103C07025	Non Convertible Debentures	7-Aug-24	10.00	7-Aug-26	26.72	Simple	Crisil A/Stable
INE103C07033	Non-convertible debentures	7-Aug-24	10.00 (Cumulative)	7-Aug-26	6.80	Simple	Crisil A/Stable
INE103C07058	Non-convertible debentures	7-Aug-24	10.20 (Cumulative)	7-Aug-27	11.58	Simple	Crisil A/Stable
INE103C07041	Non-convertible debentures	7-Aug-24	9.94	7-Aug-29	14.98	Simple	Crisil A/Stable
INE103C07066	Non-convertible debentures	7-Aug-24	10.40	7-Aug-29	18.12	Simple	Crisil A/Stable
NA	Non Convertible Debentures#	NA	NA	NA	75.19	Simple	Crisil A/Stable
NA	Proposed long-term bank loan facility&	NA	NA	NA	1000	NA	Crisil A/Stable

 # - Yet to be issued (Quantum of Rs 75.19 crore to be issued by way of public/private issue)
& - Interchangeable with short term rating

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Pulin Comtrade Limited	Full	Subsidiary
SMC Insurance Brokers Private Limited	Proportionate	Subsidiary
SMC Comex International DMCC	Full	Subsidiary
SMC Capitals Limited	Full	Subsidiary
Moneywise Financial Services Private Limited	Full	Subsidiary
SMC Investment & Advisors Limited	Full	Subsidiary
SMC Real Estate Advisors Private Limited	Full	Subsidiary
Moneywise Finvest Limited	Full	Subsidiary
SMC Global IFSC Private Limited	Full	Subsidiary
SMC Global USA Inc.#	Proportionate	Subsidiary
SMC & IM Capitals Investment Manager LLP*	Proportionate	Joint Venture

 # It has been voluntarily dissolved w.e.f. December 20,2023
** It has been struck off w.e.f. November 05,2024*

Annexure - Rating History for last 3 Years

	Current				2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	1000.0	Crisil A/Stable		--		--		--		--	--
Non Convertible Debentures	LT	175.0	Crisil A/Stable		--	22-11-24	Crisil A/Stable	24-11-23	Crisil A/Stable		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility&	**1000**	**Not Applicable**	**Crisil A/Stable**

& - Interchangeable with short term rating

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation
Criteria for Finance and Securities companies (including approach for financial ratios)

Media Relations	Analytical Contacts	Customer Service Helpdesk
Ramkumar Uppara Media Relations **Crisil Limited** M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com **Kartik Behl** Media Relations **Crisil Limited** M: +91 90043 33899 B: +91 22 6137 3000 **kartik.behl@crisil.com** **Divya Pillai** Media Relations **Crisil Limited** M: +91 86573 53090 B: +91 22 6137 3000 **divya.pillai1@ext-crisil.com**	Ajit Velonie Senior Director **Crisil Ratings Limited** B:+91 22 6137 3000 ajit.velonie@crisil.com Subha Sri Sri Narayanan Director **Crisil Ratings Limited** B:+91 22 6137 3000 subhasri.narayanan@crisil.com AANCHAL VIJAY BIYANI Manager **Crisil Ratings Limited** B:+91 22 6137 3000 aanchal.biyani@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 3850 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com