December 26, 2025

# Geojit Financial Services Limited: Ratings reaffirmed and withdrawn

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|---|---|---|
| **Long-term/Short-term fund-based/Non-fund based bank lines – Others** | 100.0 | - | [ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed and withdrawn |
| **Total** | **100.0** | **-** | |

**Instrument details are provided in Annexure I*

## Rationale

ICRA has taken a consolidated view of Geojit Financial Services Limited (GFSL) and Geojit Investments Limited (GIL), given the common promoters and senior management team, common franchise, and financial and operational linkages. To arrive at the ratings, the consolidated financials of GFSL have been considered. The assigned ratings factor in the Geojit Group's established position in the domestic market, long track record across market cycles, comfortable capitalisation and adequate profitability. The ratings also take into account the company's presence in an array of capital market-related products and services.

GFSL clocked healthy profitability with a 5-year average consolidated return on equity (RoE) of 17.7% during FY2021-FY2025, before reporting a moderation in H1 FY2026. Amid the regulatory changes in the equity broking space over the last 10-12 months and cautious investor sentiment in recent quarters, the overall broking industry registered a decline in profitability in the last 2-3 quarters, and GFSL was no exception. Performance in H1 FY2026 was further impacted by the elevated operating cost associated with the expansion of the company's distribution and wealth businesses. While these expenses are likely to continue in the near term, the profitability trend in this regard will remain monitorable.

Notwithstanding the recent moderation, the profitability trajectory thus far has been supporting the capitalisation profile, despite the growing working capital requirements and loan book. The rights issue of Rs. 199 crore in Q3 FY2025 further augmented the capital base. As on September 30, 2025, the consolidated capitalisation was characterised by a net worth of Rs. 1,255 crore and a gearing of 0.1 times. Moreover, the calibrated growth in the lending business has led to higher net interest income, while the focussed expansion of the distribution and wealth businesses has aided fee income. Accordingly, GFSL's revenue profile remains diversified with no segment accounting for more than 45% of the net operating income (NOI) in the last four years.

The aforesaid strengths are, however, partially offset by the company's relatively lower geographical diversification despite its long-standing experience, exposure to the inherently volatile capital markets, heightened competition in equity broking amid the growing popularity of discount brokerage houses, and vulnerability to regulatory risks in light of the evolving regulations and the operating environment. The ratings also consider the credit and market risks associated with capital market-related lending businesses, given the nature of the underlying assets. This is partially mitigated by the granular margin trade financing (MTF) loan book. However, maintaining adequate asset quality, capitalisation and profitability will remain imperative along with the ability to seamlessly align with the evolving regulatory landscape.

ICRA believes that the Geojit Group will continue to draw on its established franchise and its market position to grow as per its business plan while maintaining a diversified revenue profile. This will lend support to the profitability trajectory, notwithstanding the exposure to the inherent volatility in the capital markets or otherwise. Moreover, the calibrated growth in the lending business, coupled with the pace of cash accruals, is expected to support the capitalisation profile. Hence, the outlook on the long-term rating is Stable.

ICRA has withdrawn the ratings assigned to GFSL's Rs. 100.0-crore bank facilities programme on the request of the company as no amount is outstanding against the rated facility. This is in accordance with ICRA's policy on the withdrawal of credit ratings. In line with ICRA's policy on the withdrawal of credit ratings, the ratings assigned to various debt programmes of GFSL stand withdrawn.

## Key rating drivers and their description

### Credit strengths

**Established market position and long track record** – Incorporated in 1987, the Geojit Group has a long track record through market cycles and an established market position, especially in South India. It is among the leading traditional broking companies incorporated and operating out of South India, with a prominent presence in Kerala and Tamil Nadu. As on September 30, 2025, it had 504 branches/franchises in 20 states and 3 Union Territories. The company also has a presence in the Gulf countries. With 2.2-lakh National Stock Exchange (NSE) active retail clients as of September 2025, it is one of the top 20 broking companies in India.

**Diversified revenue mix and adequate profitability, notwithstanding the dip in H1 FY2026** – GFSL offers a wide array of capital market-related products and services. The focussed scaling-up of the distribution and wealth businesses augurs well for revenue diversification. Moreover, the calibrated growth in the lending business has led to higher net interest income. Accordingly, GFSL's consolidated revenue profile stands diversified with no segment accounting for more than 45% of the NOI in the last four years. Distribution income accounted for 33% of the consolidated NOI in H1 FY2026, followed by net broking income (31%), net interest income (24%), depository services (6%), portfolio management services (PMS; 5%) and others (1%).

Amid the regulatory changes in the equity broking space over the last 10-12 months and cautious investor sentiment in recent quarters, the overall broking industry registered a moderation in profitability in the last 2-3 quarters, and GFSL was no exception. Performance in H1 FY2026 was further impacted by the elevated operating cost associated with the expansion of its distribution and wealth businesses. GFSL reported consolidated profit before tax (PBT)/NOI of 24.4% in H1 FY2026 compared to the 5-year average consolidated PBT/NOI of 39.8% during FY2021-FY2025, while the RoE was 8.3% vis-à-vis the 5-year average of 17.7%. Notwithstanding the moderation in H1 FY2026, the performance remained adequate. While these expenses are likely to continue in the near term, the profitability trend in this regard will remain monitorable.

**Comfortable capitalisation; capital base augmented by recent rights issue** – GFSL's capitalisation stands comfortable with a consolidated net worth of Rs. 1,255 crore and a gearing of 0.1 times as on September 30, 2025. The net worth trajectory has been supported by healthy accretion to reserves, notwithstanding the track record of regular dividend payouts. The capital base was further augmented by the rights issue of Rs. 199 crore in Q3 FY2025. Currently, the company's funding requirements are largely managed through its net worth with modest dependence on fund-based borrowings, besides non-fund based lines from banks. However, with the scale-up in the broking and lending businesses, an increase in the borrowing level cannot be ruled out. Herein, it is noted that GFSL's net worth remains comfortable for scaling up the operations and provides adequate headroom for additional borrowings. The gearing is expected to remain under ~1 times over the medium term. ICRA also notes that GFSL does not intend to undertake proprietary trading operations.

### Credit challenges

**Modest scale of operations with high dependence on home territories; vulnerability to risks inherent in capital market-related businesses** – While the Geojit Group has a long-standing track record and offers several capital market services, its scale remains modest. As of September 2025, it had a market share of sub-1% in terms of NSE active clients while its market share in the retail cash segment (in terms of broking volume) and the MTF segment stood at 0.5% and 0.6%, respectively. GFSL is still in the expansion phase in the lending and distribution of financial products. Moreover, its dependence on the southern states of Kerala, Tamil Nadu, and Karnataka remains high. In this regard, ICRA notes the management's stated intent of scaling up the lending and distribution of financial products. This is reflected in the recent increase in the MTF book and income from the distribution of mutual funds, insurance and PMS, albeit on a low base.

Furthermore, GFSL's revenues remain dependent on capital markets, which are inherently volatile in nature. Accordingly, the possibility of pressure on profitability, especially during market downturns, cannot be ruled out. It is also exposed to credit and market risks on account of the MTF lending book, given the nature of the underlying assets, as any adverse event in the capital markets could erode the value of the underlying collateral. While this is partially mitigated by the granular MTF and loan against shares (LAS) books, the company's ability to maintain adequate asset quality and capitalisation while ramping up the lending book would remain monitorable. GFSL has pursued the calibrated ramp-up of its capital market lending book. The lending book stood at Rs. 678 crore as on September 30, 2025 compared to Rs. 291 crore as of March 2023.

**Exposure to intense competition and evolving regulatory environment; high dependence on technology** – Given the highly regulated nature of the industry, brokerage houses remain exposed to regulatory risk. Thus, their ability to ensure compliance with the evolving regulatory landscape remains crucial. The regulatory changes in the preceding years have necessitated higher working capital requirements and have also impacted volumes and profitability. However, most of the recent measures have primarily affected discount brokers and brokers with higher exposure to futures & options (F&O) volumes. Since the Geojit Group has a significant share of cash market volumes, it was relatively less impacted. Nonetheless, ICRA has taken cognisance of the consultation paper published by the regulator in October 2025, whereby the rationalisation of expense ratio norms for asset management companies is proposed. These proposals, if implemented in the current form, would impact the profitability of various business segments/participants in the capital market value chain to an extent, including distribution. Nonetheless, despite the potential impact of the regulatory changes, if implemented, the profitability trajectory is expected to remain adequate.

The sector also 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. However, the increasing financialisation of savings and the low share of wallet of the equity segment in household savings offer untapped potential for expansion in the broking sector over the longer term. Nevertheless, the possibility of pressure on profitability, especially during downturns, cannot be ruled out. Moreover, securities broking companies rely heavily on technology for trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputational risk. In this regard, it is noted that GIL encountered a technical glitch in H1 FY2026. Going forward, its ability to offer uninterrupted services will be imperative for maintaining customer experience.

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

**Social considerations:** Regarding 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. In this regard, while the company encountered a technical glitch[1] in H1 FY2026, it was not a material outlier compared to peers. Going forward, its ability to offer uninterrupted services will be imperative for maintaining customer experience. Moreover, 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 Geojit Group has been making investments to continue enhancing its digital interface with its customers

[1] *Interruption impacting trading for more than five minutes*

## Liquidity position: Strong

GFSL's funding requirement is primarily for placing margins at the exchanges and for funding the capital market lending book. Its margin utilisation (excluding client's non-cash collateral/margin) was in the range of 16-25% (basis month-end data) during August 2024 to July 2025, with the daily average cash margin placed on exchanges aggregating Rs. 390-700 crore during this period. As on September 30, 2025, GFSL had outstanding debt obligations of Rs. 84 crore while it had a cash balance of Rs. 20 crore and drawable but unutilised lines of ~Rs. 1,189 crore. Additionally, its short-term loan assets, which can be liquidated at short notice to generate liquidity if required, stood at Rs. 678 crore as on September 30, 2025.

## Rating sensitivities

**Positive factors** – A significant improvement in the scale of operations and market position while maintaining healthy profitability and comfortable capitalisation and asset quality on a sustained basis would be a positive factor.

**Negative factors** – A sustained decline in the scale of the broking business or a deterioration in the asset quality of the lending business, materially impacting the consolidated profitability with PBT/NOI falling below 25% on a continued basis, will be a credit negative. A deterioration in the consolidated capitalisation with the leverage exceeding 2 times and/or a weakening in the liquidity profile will also be credit negatives.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Stockbroking and allied services<br>Policy for withdrawal of credit ratings |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | Consolidation |

## About the company

GFSL was incorporated in 1987 and has more than three-and-a-half-decades of experience in capital markets. It underwent structural changes during 1987-1994 before it was converted to a public limited company in November 1994 and went public in October 1995. GFSL, along with its subsidiaries, has a presence in the retail broking segment (equity, currency, and commodity) through traditional and online channels. The Group's lending business comprises margin trade financing, loan against shares (LAS) and direct selling agents (DSAs) for personal loans. Additionally, its services portfolio includes the distribution of investment and insurance products encompassing mutual funds, initial public offerings (IPOs), portfolio management services (PMS), life insurance, health insurance, etc. In the advisory segment, the company offers fee-based services such as financial planning, investment analysis, and retirement planning, among others.

GFSL has an established presence in the southern states of India and the Gulf countries. As on September 30, 2025, it operated through 504 branches across 20 states and 3 Union Territories. The Group manages its international operations through four foreign set-ups. The assets under management and custody aggregated Rs. 1.1 lakh crore as on September 30, 2025.

GFSL reorganised its group structure in Q4 FY2025, whereby the broking, research and MTF lending businesses of the Group were transferred to Geojit Investments Limited (GIL; its wholly-owned subsidiary) through a slump sale.

### Key financial indicators (audited)

| GFSL – Consolidated | FY2024 | FY2025 | H1 FY2026^ |
|---|---|---|---|
| Net operating income (NOI) | 533.0 | 629.0 | 285.1 |
| Profit after tax (PAT) | 149.4 | 172.5 | 52.1 |
| Net worth | 911.5 | 1,243.5 | 1,255.2 |
| Total assets | 2,020.3 | 2,036.4 | 2,024.7 |
| Gearing (times) | 0.4 | 0.1 | 0.1 |
| Return on average net worth | 17.5% | 16.0% | 8.3% |

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

### 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) | Dec 26, 2025 | Date | Rating | Date | Rating | Date | Rating |
| Fund-based /Non-fund based bank lines – Others | Long term/ Short term | 100.0 | [ICRA]A+ (Stable)/ [ICRA]A1+; reaffirmed and withdrawn | Nov 15, 2024 | [ICRA]A+ (Stable)/ [ICRA]A1+ | - | - | - | - |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| Long-term/Short-term fund-based/Non-fund based bank lines – Others | 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 |
|---|---|---|---|---|---|---|
| - | **Long-term/Short-term fund-based/Non-fund based bank lines – Others*** | - | - | - | 100.0 | [ICRA]A+ (Stable)/ [ICRA]A1+; reaffirmed and withdrawn |

**Unallocated*

*Please click here to view details of lender-wise facilities rated by ICRA*

### Annexure II: List of entities considered for consolidated analysis

| Company name | GFSL ownership | Consolidation approach |
|---|---|---|
| **Geojit Financial Services Limited*** | Holding company | Full consolidation |
| **Geojit Investments Limited*** | 100.00% | Full consolidation |
| **Geojit Credit (Private) Limited** | 94.40% | Full consolidation |
| **Geojit Technologies (Private) Limited** | 65.00% | Full consolidation |
| **Geojit Fintech Private Limited (formerly Geojit Techloan (Private) Limited)** | 100.00% | Full consolidation |
| **Geojit IFSC Limited** | 100.00% | Full consolidation |
| **Qurum Business Group Geojit Securities LLC, Onam** | 51.00% | Full consolidation |
| **Barjeel Geojit Financial Services LLC** | 30.00% (joint venture) | Equity method |
| **BBK Geojit Consultancy and Information KSC(C) (formerly known as BBK Geojit Securities KSC)** | 30.00% (joint venture) | Equity method |

*Source: Company; As on March 31, 2025; *GFSL transferred its broking, MTF and capital market-related allied advisory services to the newly incorporated GIL in Q4 FY2025*

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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