

June 19, 2025

PhillipCapital (India) Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper programme	15.0	50.0	[ICRA]A1; reaffirmed and assigned for enhanced amount
Total	15.0	50.0	

*Instrument details are provided in Annexure I

Rationale

While arriving at the rating, ICRA has taken a consolidated view of PhillipCapital (India) Private Limited (PCPL), its subsidiaries and its Group company, Phillip Finance & Investment Services India Private Limited (PFISIPL), given the linkage between the companies with a common management and complementary product portfolios. PCPL is primarily engaged in securities broking while PFISIPL serves as the lending arm and provides loan against share (LAS) facilities to PCPL's retail clientele. The two companies are together referred to as the Phillip Group India (PGI) or the Group hereafter.

The rating continues to factor in PGI's experience in capital markets and the securities broking industry, its established position in the institutional segment, and the benefits accruing by virtue of being a part of the Singapore-based Phillip Group, which has significant experience in the financial services industry. Besides broking income, the Group's revenue profile remains supported by interest income, fee income and gains from the bond warehousing and investment-cum-trading book. PGI's profitability remains adequate with an average return on equity (RoE) of 14.4% in the last five years (FY2021 to FY2025). The rating also considers the Group's adequate capitalisation and liquidity profile.

The rating, however, remains constrained by the modest scale of operations and high dependence on capital markets, which are inherently volatile in nature. It also factors in the exposure to credit and market risks, given the nature of the underlying assets (LAS accounts for a predominant share of the portfolio), and the concentrated resource profile.

Key rating drivers and their description

Credit strengths

Part of PhillipCapital Group – PCPL and PFISIPL are a part of the Singapore-based Phillip Group, with Phillip (Mauritius) Private Limited holding a 75% equity stake in both companies. The Phillip Group has a global footprint and has been operating in capital markets since 1975. It offers an array of financial products and services including broking, exchange-traded funds, fund management, insurance planning, regular savings plans, investment research, equity financing, and property consultancy.

PCPL is the broking arm of the Phillip Group's Indian operations and is engaged in institutional and retail broking, portfolio management services, margin funding, clearing services and wealth distribution services. PFISIPL serves as the lending arm of PGI and complements PCPL's service portfolio by offering LAS facilities to its retail client base. Thus, PFISIPL enjoys operational synergies with PCPL in terms of a shared infrastructure along with ready access to the Group's client network.

Track record in securities broking with focus on institutional segment – PCPL has been operational in the Indian equity markets for more than 15 years. While it extends broking services to both retail and institutional clients, its business remains

focused on the institutional segment, which accounted for ~41% of its net operating income (NOI)¹ in FY2025 (70% of gross broking income). PCPL's clientele in the institutional segment remains diversified, comprising mutual funds, domestic and global banks, other domestic institutional investors (DIIs) and foreign portfolio investors (FPIs). The Group also offers clearing services to its institutional clients, though the number of such clients remains modest at present. It derives interest income on the float received from FPIs in this business.

Adequate profitability and capitalisation – PGI has maintained an adequate profitability trajectory with average RoE of 14.4% during FY2021-FY2024. Considering the volatile nature of capital markets, especially retail trading volumes, the presence of institutional brokerage in the revenue stream tends to reduce the overall fluctuations in brokerage income. Securities brokerage income reached a new high in FY2025, registering a YoY growth of 23% over the previous peak in FY2024 driven by higher activity in H1FY2025 by institutional investors. Net interest income, comprising earnings from float balances, margin trade funding (MTF), and LAS, grew by 11% YoY, primarily supported by higher interest income from float balances from FPIs. However, revenue from the debt instrument facilitation business declined by 40% YoY because of tepidness in the bond issuances in Q4FY2025 and spillover to the subsequent quarters. Non-operating income, which includes proprietary trading gains, remained broadly stable during the year. Profitability remained healthy in FY2025, though lower than the peak reported in FY2024, with estimated profit after tax (PAT) of Rs. 106 crore, PAT/NOI of 28.3% and RoE of 14.4% compared to Rs. 112 crore, 33.1% and 17.9%, respectively, in FY2024. ICRA notes that the healthy profitability for the full year was particularly supported by the performance in H1 FY2025, aided by industry tailwinds, while H2 FY2025 saw some moderation amid subdued investor sentiment and weaker market activity. Nonetheless, PGI's profitability is expected to remain adequate.

The Group's consolidated capitalisation profile remains adequate for its current scale of operations, with an estimated net worth of approximately Rs. 787 crore and a gearing of 0.5 times as on March 31, 2025. This provides headroom for incremental borrowings to support the near-to-medium-term growth. While PGI's modest lending book limits its overall borrowing requirements, it still needs external funding to meet its working capital needs in broking business and scale up its capital markets lending portfolio and debt instrument facilitation business. PGI meets these funding requirements primarily through money market borrowings. ICRA notes that the commercial paper (CP) investor base remains concentrated, consisting primarily of a few large family offices and high-net-worth individuals (HNIs). Going forward, ICRA expects incremental growth to be largely debt-funded. Nonetheless, the consolidated gearing is projected to remain below 1.0 times in the near term. The Group's ability to diversify its investor base as well as its funding sources will remain a key monitorable.

Credit challenges

Modest scale of operations – PGI's broking operations are predominantly focused on institutional clients, which accounted for 88% of its equity broking volumes and 70% of the segment's income in FY2025. In line with broader industry trends, PCPL witnessed a healthy uptick in its broking operations in H1 FY2025, with the cash average daily turnover (ADTO) reaching a new all-time high of Rs. 1,741 crore, though volumes moderated in H2 FY2025 due to industry headwinds. This led to a sequential decline of 21% and 5% in the in cash and futures & options (F&O) ADTO, respectively, in Q3 FY2025. Volumes remained stable in Q4 FY2025 on a sequential basis. PCPL's cash ADTO increased by 30% YoY to Rs. 1,553 crore in FY2025 while the F&O ADTO rose by 39% YoY to Rs. 4,220 crore. The market share remained broadly stable in FY2025 at 0.91% for the cash segment and 0.01%² for the F&O segment.

As on March 31, 2025, the capital market lending portfolio remained modest with margin trade facility (MTF) and LAS exposures at Rs. 39 crore and Rs. 112 crore, respectively. ICRA notes that though the portfolio has moderated from the previous peak due to regulatory changes and subdued investor sentiment in H2 FY2025, its scale has historically remained limited. The Group's wealth distribution assets under management (AUM) continues to be marginal. Going forward, PFISIP's

¹ Excluding proprietary trading income, dividend income and other non-operating income

² Given that the company's clientele is more active in the futures segment, though the options segment dominates the overall industry volumes, its overall F&O market share stands at 0.01%. However, its estimated market share in futures turnover alone is notably higher, exceeding 2% in FY2025

ability to grow its broking volumes and loan book, diversify its investor base and raise funds at competitive rates would remain critical for its profitability.

High dependence on capital markets; exposure to market and credit risks in the lending business – PGI's operations are inherently linked to the volatility of capital markets and are subject to considerable regulatory risk, given the highly regulated nature of the industry. As a result, its revenue and profitability remain vulnerable to market performance and changes in the regulatory landscape. The Group's revenue profile is also concentrated, with broking income contributing 50-60% to its NOI. On the lending side, PFISIPL's portfolio is heavily skewed towards LAS, which constituted approximately 90% of the loan book (excluding related-party exposures) as on March 31, 2025. This results in significant concentration risk, with the top 10 clients accounting for 79% of the loan book (excluding related-party loans) as of the same date. Given the nature of the underlying assets, PGI remains exposed to both credit and market risks. A sharp correction in capital markets could lead to a decline in the value of collateral stocks, potentially triggering loan call-backs or forced position closures, thereby impacting both asset quality and profitability. Although PGI has maintained satisfactory asset quality in recent years, its exposure to capital market-linked assets continues to lead to vulnerability. Moreover, adverse market events or a rise in systemic interest rates could erode the value of the Group's trading and investment portfolio, further affecting its profitability.

The industry is also characterised by intense competition and the frequent entry of new players, resulting in pricing pressure. In addition, reliance on technology introduces operational and reputational risks. Thus, ensuring uninterrupted service delivery remains critical for maintaining customer trust and a competitive edge.

Liquidity position: Adequate

PCPL's liquidity needs arise from margin requirements at stock exchanges, working capital for bond warehousing, and receivables in broking. Both PCPL and PFISIPL require capital to grow their capital market lending portfolios, including LAS and MTF. The Group primarily raises CP from a few large family offices and HNIs but plans to diversify via wealth advisors and instruments like non-convertible debentures (NCDs). PCPL and its subsidiaries also secure funding through inter-company loans and borrowings from non-banking financial companies (NBFCs).

As on April 30, 2025, PCPL had deployed day-end margin of ~Rs. 1,174 crore at the exchanges with the day-end utilisation at 30% and intraday peak utilization of 75-85% on expiry days, supported by Rs. 450 crore in intraday lines. At the consolidated level, PCPL had an unencumbered cash and bank balance of Rs. 150 crore and sanctioned but unutilised drawable fund-based borrowings of Rs. 141 crore, with no external debt and borrowings of Rs. 77 crore from PFISIPL. PFISIPL has Rs. 268 crore of CP borrowings of which Rs. 136 crore is due over six months, against which its unencumbered cash and bank balance stood at Rs. 27 crore with callable LAS facilities of Rs. 86 crore. The Group also held Rs. 111 crore in actively managed bond warehousing stock-in-trade.

Rating sensitivities

Positive factors – The Group's ability to scale up its operations and diversify its revenue stream and resource profile while improving its profitability and maintaining a comfortable capitalisation profile will be a credit positive.

Negative factors – A decline in PGI's profitability (profit before tax (PBT)/NOI declining below 20%) or a deterioration in the asset quality of the lending business on a sustained basis will be a negative for the credit profile. Moreover, a deterioration in the capitalisation profile with a material increase in the leverage will be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & allied services Non-banking finance companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of PCPL, its subsidiaries and PFISIPL, given the linkage between the two companies with a common management and complementary product portfolios.

About the company

PCPL is the broking arm of the Singapore-based Phillip Group's Indian operations. It is engaged in institutional and retail broking, portfolio management services, margin funding and distribution activities. The Singapore-based Phillip Group is a diversified financial services provider, which holds a 75% equity stake in the company through its subsidiary Phillip (Mauritius) Private Limited, while the balance is held by the trustees of PhillipCapital (India) Private Limited Management Employees Trust and others.

Phillip Capital is the flagship company, which has four subsidiaries – Phillip Commodities, Philip Services, a Dubai-based subsidiary, and a subsidiary at GIFT City. PCPL's estimated consolidated net profit was Rs. 95 crore in FY2025 on NOI of Rs. 353 crore and estimated net worth (including minority interest) of Rs. 704 crore as on March 31, 2025.

Phillip Finance & Investment Services India Private Limited

PFISIPL is the lending arm of the Singapore-based Phillip Group's Indian operations. It is registered as a non-banking financial company with the Reserve Bank of India (RBI) and primarily provides LAS. The Singapore-based Phillip Group holds a 75% equity stake in the company through its subsidiary – Phillip (Mauritius) Private Limited, while the balance is owned equally by two individuals from PFISIPL's senior management team. PFISIPL reported a net profit of Rs. 12 crore in FY2025 on total income of Rs. 41 crore and net worth of Rs. 84 crore.

Key financial indicators

PCPL (consolidated)	FY2023	FY2024	FY2025
	Audited	Audited	Estimated
Net operating income (NOI)	213	320	353
Profit after tax (PAT)	47	102	95
Net worth	507	609	704
Total assets	1,259	1,925	NA
Gearing (times)	0.1	0.3	0.3
Return on net worth	9.8%	18.2%	15.7%
PAT/NOI	22.0%	31.7%	27.0%

Source: Company, ICRA; Amount in Rs. crore

PGI (consolidated)	FY2023	FY2024	FY2025
Net operating income (NOI)	227	338	374
Profit after tax (PAT)	55	112	106
Net worth	568	681	787
Total assets	1,470	2,119	NA
Gearing (times)	0.3	0.4	0.5
Return on net worth	10.3%	17.9%	14.4%
PAT/NOI	24.2%	33.1%	28.3%

Source: Company, ICRA estimates; Amount in Rs. crore

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					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jun 19, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	50.0	[ICRA]A1	Nov 27, 2024	[ICRA]A1	Nov 27, 2023	[ICRA]A1	Nov 21, 2022	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very Simple*

*Subject to change based on terms of issuance

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
Yet to be placed	Commercial paper*	NA	NA	7-365	50.0	[ICRA]A1

Source: Company; *Proposed

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
PhillipCapital (India) Private Limited (PCPL)	Rated entity	Full consolidation
Phillip Commodities India Private Limited	100% subsidiary	
PhillipCapital (DIFC) Private Limited	100% subsidiary	
Phillip Ventures IFSC Private Limited	100% subsidiary	
Phillip Services India Private Limited	49% subsidiary	
Phillip Finance & Investment Services India Private Limited (PFISIPL)	Fellow subsidiary	

Source: Company

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