

September 26, 2025

## Prabhudas Lilladher Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term fund-based/Non-fund based bank facilities	350.0	350.0	[ICRA]A2+; reaffirmed
Commercial paper programme	50.0	50.0	[ICRA]A2+; reaffirmed
<b>Total</b>	<b>400.0</b>	<b>400.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

While arriving at the rating, ICRA has considered the consolidated financials of Prabhudas Lilladher Advisory Services Private Limited (PLAD) or the PL Capital Group. It has taken a consolidated view of PLAD and its subsidiaries, including Prabhudas Lilladher Financial Services Private Limited (PLFS) and Prabhudas Lilladher Private Limited (PLPL), given the operational and business synergies in addition to the shared name and management oversight. PLPL is primarily engaged in securities broking while PLFS serves as the lending arm and primarily offers loan against shares (LAS) facilities to PLPL's retail clientele.

The rating factors in the PL Capital Group's long track record with diversified presence in capital market and allied businesses, and an improved profitability notwithstanding recent moderation amid industry-wide headwinds. The Group reported its best-ever performance in FY2025 supported by strong performance in H1FY2025. Thereafter, while the performance has moderated from Q3 FY2025 onwards, brokerage income showed early signs of recovery in Q1 FY2026. The rating is also supported by the Group's augmented capitalisation profile with a net worth of Rs. 296 crore and gearing of 0.8 times as of June 30, 2025, following an equity raise of Rs. 74 crore in FY2025. This provides headroom to support the near-to-medium-term growth.

The rating, however, remains constrained by the modest scale of operations and its exposure to the evolving regulatory environment, intense competition, and risks inherent in capital market-related businesses. While the Group's legacy asset quality issues pertaining to sticky debtors and non-performing loans have been cleaned up with write-off of stressed exposures in recent fiscals, its investment book comprising of mid and small cap companies (21% of consolidated net worth as of March 31, 2025) remains exposed to the inherently volatile capital markets. The rating also considers the credit and market risks associated with the margin trading facility (MTF) and capital market related lending businesses, given the nature of the underlying assets.

### Key rating drivers and their description

#### Credit strengths

**Long track record and diversified presence in capital markets** – The PL Capital Group has been engaged in the capital market space for over eight decades and is a prominent name in the securities broking industry. As of June 30, 2025, it was catering to over 1.6 lakh clients (47,761 National Stock Exchange (NSE) active clients) through a network of 14 branches and over 1,300 franchisees. Prabhudas Lilladher Private Limited (PLPL) also has an established institutional desk, catering to over 120 active clients as of June 2025, comprising mutual fund houses, insurance companies, domestic institutional investors (DIIs) and foreign portfolio investors (FPIs)]. The Group capitalises on its established research position, supported by 37 research professionals covering over 200 companies, to assist its broking operations. In addition to securities broking, the Group, through its various subsidiaries, offers a diversified portfolio of services such as equity & commodity broking, lending,

distribution of financial products, portfolio management services (PMS), wealth management, and merchant banking. The share of income from these services accounted for ~53% of its total income<sup>1</sup> in FY2025 (36% in FY2024).

**Improved profitability notwithstanding recent moderation amid industry-wide headwinds** - The Group reported its best-ever performance in FY2025. While the growth momentum from FY2024 continued in H1FY2025 amid industry tailwinds, the trading activity moderated in the second half due to subdued investor sentiment and regulatory changes in November 2024. Nonetheless, the Group reported a 34% y-o-y increase in NOI in FY2025. On the cost front, the cost-to-income ratio (including proprietary investment income) stood at 68% in FY2025, better than 89% reported in FY2023. Additionally, in FY2025 there were provision reversals following the write-offs<sup>2</sup> done in preceding four years. Overall, with higher revenues and improved operational efficiency, net profit rose to Rs. 57 crore in FY2025 (Rs. 26 crore in FY2024), with PAT/NOI improving to 27.6% (16.9% in FY2024) and RoE clocking 25.4%.

In Q1FY2026, brokerage income showed early signs of recovery following the moderation in preceding two quarters. However, profitability was lower than FY2025 level, as fee income remained muted amid ongoing market adjustments. Despite this, performance was satisfactory, with NOI of Rs. 46 crore, PAT of Rs. 6 crore, PAT/NOI at 14.0%, and annualised RoE of approximately 8.9%—notably higher than the average RoE of 3.6% recorded over FY2015–FY2023, a period during which the Group’s performance remained subdued.

The Group’s capitalisation remains adequate with an estimated consolidated net worth of Rs. 296 crore and gearing of 0.8 times as of June 30, 2025. The Group avails debt in the holding company (PLAD), broking business (PLPL) and lending business (PLFS). While borrowings were historically low, they have increased in recent years due to higher working capital needs and loan book expansion. In FY2024, in a bid to streamline its group structure and consolidate the borrowings for efficient debt management, PL Capital Group amalgamated Conviction Capital Private Limited (CCPL – an SPV held by promoter) with PLAD. This resulted in an increase in the Group’s indebtedness by Rs. 71 crore (due to borrowings previously held in CCPL) and a similar decline in its reserves (with an extinguishment of CCPL’s investments in PLAD). This led to a rise in gearing from 0.9 times in March 2023 to 2.2 times in April 2023. However, leverage improved to 0.9 time by March 2025, supported by partial debt repayment, an equity infusion of Rs. 74 crore, and a sizeable increase in internal accruals during FY2025.

## Credit challenges

**Modest scale of operations** – Notwithstanding the long track record and presence in multiple capital market related businesses, the Group’s scale of operations remains modest. It offers broking services to retail and institutional clients, accounting for 75% and 25%, respectively, of its gross broking income. While the cash ADTO has expanded considerably with a CAGR of ~30% during FY2020–FY2025, its cash market share<sup>3</sup> has remained modest at 0.4% since FY2023. The Group is also engaged in capital market funding through MTF at PLPL and LAS at PLFS. It scaled up its loan book to Rs. 304 crore (60% MTF and 40% Loan against shares (LAS)) as of June 30, 2025, 56% increase from March 31, 2024. However, it continues to be modest, leading to limited borrower diversification. Going forward, the Group’s ability to scale up its operations further while maintaining healthy asset quality and adequate capitalisation profile would remain critical from a credit perspective.

**Elevated competition, high dependence on technology, and evolving regulatory environment** – Securities broking companies rely heavily on technology for trade execution, fund management, etc. Thus, technical failures or disruptions pose operational and reputation risk. 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 remains crucial. The sector also remains characterised by intense competition with susceptibility to the entry of new players. Further, while PL Capital Group

<sup>1</sup> Total income is defined as the sum of net brokerage income, net interest income, advisory fee, distribution income, depository income, portfolio management fee, other fee, proprietary trading income, gains from investments, other income

<sup>2</sup> The Group had undertaken cleanup of legacy bad assets aggregating Rs. 77 crore during the four-year period ending March 2024.

<sup>3</sup> market share has been derived by considering industry volumes inclusive of both legs of the transactions.

has managed to synthesise healthy average revenue per client, supported by the cross-selling of wealth products and research-assisted advisory services, pricing pressure cannot be ruled out given the growing popularity of discount brokerage houses. Given the highly regulated nature of the industry, brokerage houses also remain vulnerable to regulatory risks. In recent years, regulatory changes have led to increased working capital requirements while more recent measures, such as the standardisation of exchange charges, hike in securities transaction tax (STT) and the regulator’s recent interventions in the derivatives segment, aimed at curbing excessive speculation have weighed on the profitability of brokerage firms.

**Exposure to inherently volatile capital markets** – The Group’s primary revenue profile remains exposed to inherently volatile capital markets with 55% of NOI from broking and advisory related income followed by 24% of NOI from capital market lending and allied activities. The collaterals in lending business comprising of MTF in PLPL and loan against shares in PLFS also remain exposed to the volatility in capital markets. With most of its revenues being linked to the inherently volatile capital markets, Group’s revenue profile and profitability remain vulnerable to market performance. In this backdrop, the possibility of pressure on profitability, especially during downturns, cannot be ruled out.

### Liquidity position: Adequate

PLPL’s funding requirement is primarily for managing its working capital requirements and scaling up the MTF book. It’s average margin utilisation (computed on a month end basis) stood at 51% during January-June 2025, with the average effective<sup>4</sup> monthly margin (basis month-end data, including client margin) placed on exchanges aggregating Rs. 1,027 crore during this period. Further, as on June 30, 2025, it had an unencumbered cash and bank balance of Rs. 7 crore and drawable but un-utilised working capital lines of Rs. 39 crore. Additionally, it has a MTF of ~Rs. 179 crore and T+5 receivable book of about ~Rs. 60 crore (which may be liquidated at short notice to generate liquidity if required) against external borrowings of Rs. 97 crore.

PLFS funds its loan book through a mix of own funds and short-term borrowings {overdraft (OD) facility, LAS and intercorporate deposits (ICDs)}. As of June 30, 2025, it had drawable but unutilised bank lines of ~Rs. 12 crore and short-term LAS of ~Rs. 125 crore against external borrowings of Rs. 48 crore.

### Rating sensitivities

**Positive factors** – A sustained scale up in the operations while achieving healthy profitability and asset quality, and comfortable capitalisation on a sustained basis.

**Negative factors** – A deterioration in the asset quality of the lending business or a sustained decline in the broking volumes and/or yields, resulting in the weakening of the profitability. Besides, calibrated growth while maintaining prudent capitalisation and liquidity will be imperative for the credit profile.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Stockbroking &amp; Allied Services</a> <a href="#">Non-banking Finance Companies (NBFCs)</a>
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of Prabhudas Lilladher Advisory Services Private Limited (PLAD) and taken a consolidated view of PLAD and its subsidiaries including PLFS and PLPL, given the operational and business synergies in addition to a shared name and management oversight.

<sup>4</sup> Considering non-cash collaterals to be not less than available cash collaterals placed

## About the company

Incorporated in 1983, Prabhudas Lilladher Private Limited (PLPL) is a wholly-owned subsidiary of the PL Capital Group's holding company – PLAD. PLAD offers corporate advisory services besides providing liquidity support to its subsidiaries. PLPL offers retail and institutional broking, margin funding and wealth distribution services. As on June 30, 2025, it was catering to 47,761 NSE active clients through a network of 14 branches and over 1,300 franchisees. In FY2025, PLPL reported a net profit of ~Rs. 31 crore on NOI of ~Rs. 155 crore and net worth of ~Rs. 128 crore.

### Key financial indicators

PLAD (Consolidated)	FY2024	FY2025	Q1FY2026^
Net operating income	153	205	46
Profit after tax	26	57	6
Net worth (including MI)	155	289	296
Total assets	902	1,038	NA
Gearing (times)	1.6	0.9	0.8
Return on average net worth	15.7%	25.4%	8.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; ^ provisional

PLPL	FY2024	FY2025	Q1 FY2026^
Net operating income	120	155	34
Profit after tax	18	31	6
Net worth (including MI)	94	128	134
Total assets	719	781	761
Gearing (times)	1.4	1.4	1.2
Return on average net worth	21.1%	28.1%	17.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; ^ Provisional

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026	Sep 26, 2025	FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)		Date	Rating	Date	Rating	Date	Rating
Short-term fund/Non-fund based facility	Short term	350.0	[ICRA]A2+	Sep-27-2024	[ICRA]A2+	Sep-07-2023	[ICRA]A2	-	-
Commercial paper programme	Short term	50.0	[ICRA]A2+	Sep-27-2024	[ICRA]A2+	Sep-07-2023	[ICRA]A2	-	-
Short-term non-fund based bank guarantee	Short term	-	-	-	-	-	-	Jan-23-2023	[ICRA]A2
Short-term fund-based overdraft facility	Short term	-	-	-	-	-	-	Jan-23-2023	[ICRA]A2
Short-term fund/Non-fund based bank lines (unallocated)	Short term	-	-	-	-	-	-	Jan-23-2023	[ICRA]A2

Source: Company

### Complexity level of the rated instrument

Instrument	Complexity indicator
Commercial paper programme	Very Simple
Short-term fund/Non-fund based bank lines	Very 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/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Short-term fund/Non-fund based bank lines	NA	NA	NA	350.0	[ICRA]A2+
NA	Commercial paper programme – Yet to be issued	NA	NA	NA	50.0	[ICRA]A2+

Source: Company

[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
Prabhudas Lilladher Advisory Services Private Limited	Parent (full consolidation)	ICRA has considered the consolidated financials of Prabhudas Lilladher Advisory Services Private Limited (PLAD). It has taken a consolidated view of PLAD and its subsidiaries, including PLFS and PLPL, given the operational and business synergies in addition to the shared name and management oversight.
Prabhudas Lilladher Private Limited	Rated Entity, 100%^ (full consolidation)	
Prabhudas Lilladher Financial Services Private Limited	PLAD, 100% (full consolidation)	
PI Capital Markets Private Limited	PLAD, 100% (full consolidation)	
PL Asset Management Private Limited	PLAD, 100% (full consolidation)	
PL Wealth Private Limited	PLAD, 100% (full consolidation)	
Prabhudas Lilladher IFSC Private Limited	PLAD, 100% (full consolidation)	

Source: Company, ^ 24% holding through wholly owned subsidiary-PLFS

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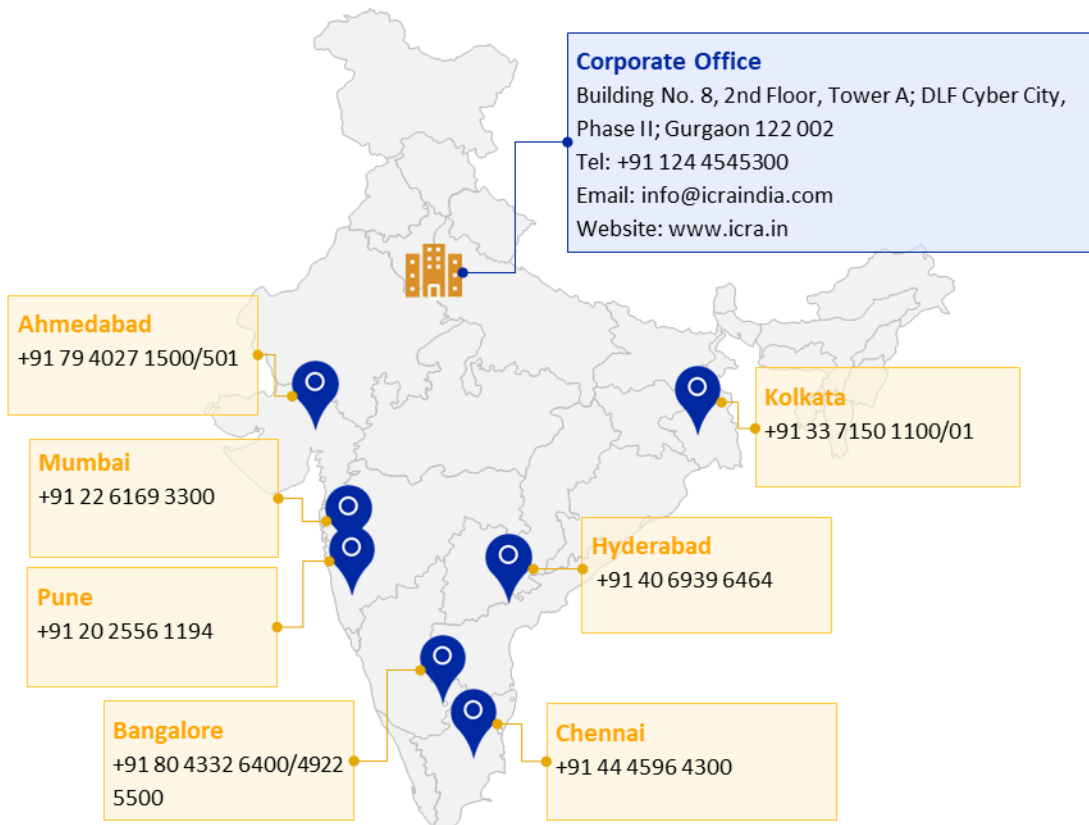
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