

**November 27, 2025**

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

### **Summary of rating action**

| <b>Instrument*</b>                | <b>Previous rated amount<br/>(Rs. crore)</b> | <b>Current rated amount<br/>(Rs. crore)</b> | <b>Rating action</b>                                  |
|-----------------------------------|--|---|---|
| <b>Commercial paper programme</b> | 50.0   | 100.0                                       | [ICRA]A1; reaffirmed and assigned for enhanced amount |
| <b>Total</b>                      | <b>50.0</b>                                  | <b>100.0</b>                                |   |

*\*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% over FY2021–FY2025, though some moderation was observed in H1FY2026, where RoE declined to an estimated 9.1%, reflecting the lingering impact of subdued trading volumes following industry-wide headwinds in H2FY2025. 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 with limited revenue diversification. 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 ~47% of its net operating income (NOI)<sup>1</sup> in H1FY2026 (73% 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** – The Group's consolidated capitalisation profile remains adequate for its current scale of operations, with an estimated net worth of approximately Rs. 823 crore and a gearing of 0.6 times as on September 30, 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.

PGI's profitability in H1FY2026 moderated amid lingering impact of subdued capital market activity and lower trading volumes compared to strong performance in FY2024 and FY2025. NOI stood at Rs. 172 crore for the half-year, indicating a marginal decline on an annualized basis compared to FY2025. Brokerage income continued to dominate the revenue mix, contributing nearly 65% of NOI, though growth momentum slowed as institutional activity normalized and retail participation remained subdued. Debt facilitation and advisory segment showed a sequential recovery from FY2025, aided by spillover transactions from Q4FY2025, but remained below FY2024 levels. On the cost front, operating expenses stayed elevated as PGI adapts to changing market dynamics, with cost rationalization expected over time. Overall, while profitability moderated—with PAT of Rs. 37 crore, PAT/NOI of 21.2%, and RoE of 9.1% versus Rs. 104 crore, 27.9%, and 14.2% in FY2025—it remained satisfactory and above pre-FY2021 levels.

### 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. PCPL's broking performance in FY2026 began on a subdued note, with Q1 FY2026 reflecting industry-wide softness post industry-wide headwinds witnessed in H2 FY2025; though the F&O volumes remained relatively resilient. Sequentially, Q2 FY2026 witnessed a healthy recovery, driven by a rebound in cash segment. Market share witnessed some moderation in cash segment in H1FY2026 to 0.85% from 0.91% in FY2025, while F&O market share remained steady at 0.01%<sup>2</sup>.

As on September 30, 2025, the capital market lending portfolio remained modest with margin trade facility (MTF) and LAS exposures at Rs. 42 crore and Rs. 79 crore, respectively. ICRA notes that the scale of PGI's capital market lending has historically remained limited. The Group's wealth distribution assets under management (AUM) continues to be marginal. Going forward, PFISIP's 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

<sup>1</sup> Excluding proprietary trading income, dividend income and other non-operating income

<sup>2</sup> 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

regulatory landscape. ICRA notes that if SEBI's proposals released on October 28, 2025, proposing draft mutual fund regulations are implemented, the Group could experience a decline in broking revenues from mutual fund segment within institutional broking. This could erode net operating income by upto 5%.

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 89% of the loan book (excluding related-party exposures) as on September 30, 2025. This results in significant concentration risk, with the top 10 clients accounting for 79% of the loan book (excluding related-party loans). 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 September 30, 2025, PCPL had deployed day-end margin of ~Rs. 2,450 crore at the exchanges with the day-end utilisation at 18% and intraday peak utilization of 75-85% on expiry days, supported by Rs. 450 crore in intraday lines. As of September 30, 2025, at the consolidated level, PCPL had an unencumbered cash and bank balance of Rs. 96 crore and sanctioned but unutilised drawable fund-based borrowings of Rs. 141 crore, with Rs. 185 crore external debt and borrowings of Rs. 80 crore from PFISIPL. PCPL's liquidity is also supported by short tenured callable MTF facilities of Rs. 42 crore. Also, as of September 30, 2025, PCPL held Rs. 431 crore actively managed bond warehousing stock-in-trade.

PFISIPL has Rs. 283 crore of CP borrowings of which Rs. 167 crore is due over six months, against which its unencumbered cash and bank balance of 66 crore and callable LAS facilities of Rs. 79 crore. PFISIPL also held Rs. 139 crore in actively managed bond warehousing stock-in-trade.

### Rating sensitivities

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

**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 leverage will be a credit negative.

## Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable Rating Methodologies | <a href="#">Stockbroking &amp; allied services</a><br><a href="#">Non-Banking Finance Companies (NBFCs)</a>  |
| Parent/Group Support            | Not Applicable   |
| Consolidation/Standalone        | ICRA has considered the consolidated financials of PhillipCapital (India) Private Limited (PCPL), its subsidiaries and Phillip Finance & Investment Services India Private Limited (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 consolidated net profit was Rs. 92 crore in FY2025 on NOI of Rs. 351 crore and net worth (including minority interest) of Rs. 702 crore as on March 31, 2025. In H1FY2026, PCPL's net profit is estimated to be ~Rs. 30 crore on NOI of Rs. 164 crore and net worth (including minority interest) of Rs. 732 crore.

### 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. In H1FY2026, PFISIPL's net profit is estimated to be ~Rs. 6 crore on total income of Rs. 25 crore and net worth of Rs. 88 crore.

## Key financial indicators

| PCPL (consolidated)        | FY2024  | FY2025  | H1FY2026*   |
|----------------------------|---------|---------|-------------|
|                            | Audited | Audited | Provisional |
| Net operating income (NOI) | 320     | 351     | 164         |
| Profit after tax (PAT)     | 102     | 92      | 30          |
| Net worth                  | 609     | 702     | 732         |
| Total assets               | 1,925   | 1,905   | NA          |
| Gearing (times)            | 0.3     | 0.3     | 0.3         |
| Return on net worth        | 18.2%   | 14.0%   | 8.4%        |
| PAT/NOI                    | 31.7%   | 26.1%   | 18.4%       |

Source: Company, ICRA; Amount in Rs. Crore; \*estimated basis provisional financials

| PGI (consolidated)         | FY2024 | FY2025 | H1FY2026* |
|----------------------------|--------|--------|-----------|
| Net operating income (NOI) | 338    | 373    | 172       |
| Profit after tax (PAT)     | 112    | 104    | 37        |
| Net worth                  | 681    | 786    | 823       |
| Total assets               | 2,119  | 2,193  | NA        |
| Gearing (times)            | 0.4    | 0.5    | 0.6       |
| Return on net worth        | 17.9%  | 14.2%  | 9.1%      |

| PGI (consolidated) | FY2024 | FY2025 | H1FY2026* |
|--------------------|--------|--------|-----------|
| <b>PAT/NOI</b>     | 33.1%  | 27.9%  | 21.2%     |

Source: Company, ICRA estimates; Amount in Rs. Crore; based on provisional estimates

**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) | Nov 27, 2025 | Date  | Rating   | Date         | Rating   | Date         | Rating   | Date         | Rating   |
| <b>Commercial paper</b> | Short term | 100.0                    | [ICRA]A1     | Jun 19, 2025                                      | [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 |
|-------------------------|----------------------|
| <b>Commercial paper</b> | 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    | 100.0                    | [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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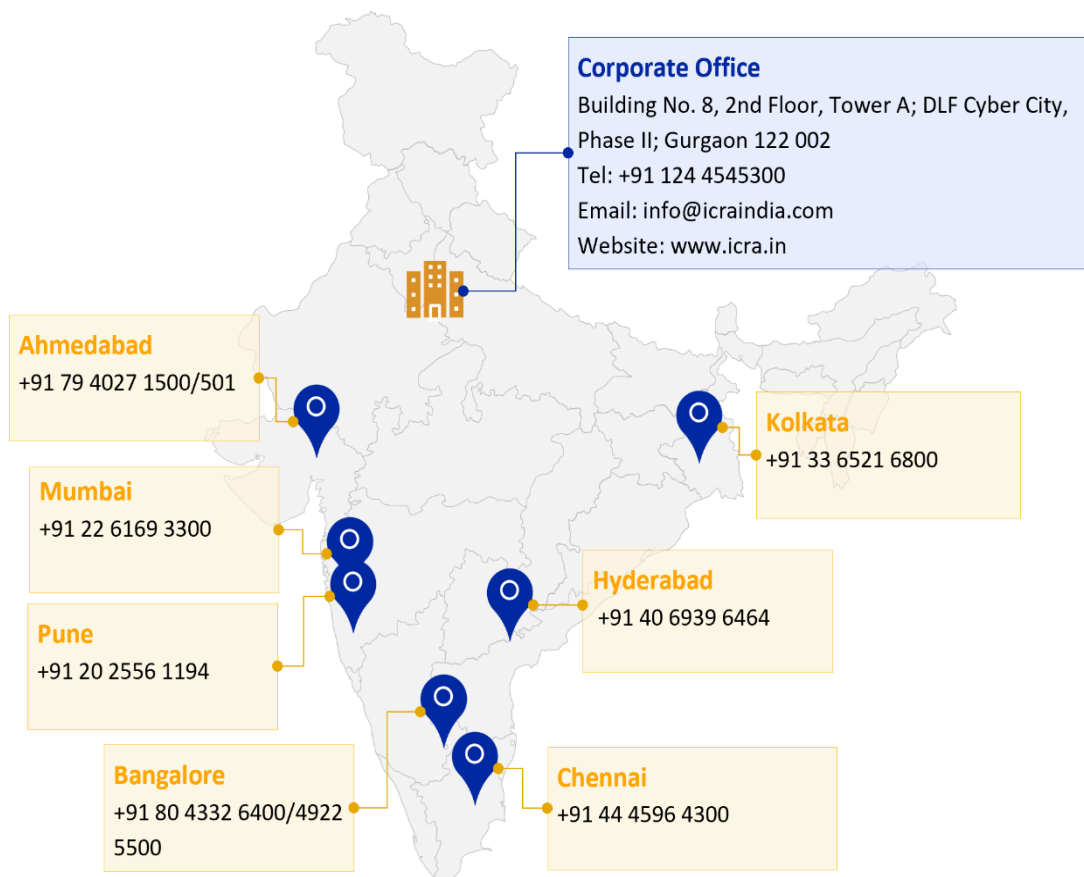
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