

March 31, 2026

Prabhudas Lilladher Private Limited: Rated amount enhanced for bank line facilities; rating reaffirmed and withdrawn for commercial paper

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	350.00	350.00	[ICRA]A2+; reaffirmed
Long term/Short-term fund-based/ Non-fund based bank facilities	-	250.00	[ICRA] BBB+ (Stable)/[ICRA]A2+; assigned
Commercial paper	50.00	-	[ICRA]A2+; reaffirmed and withdrawn
Total	400.00	600.00	

*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 mainly offers loan against shares (LAS) facilities to PLPL's retail clientele.

The rating factors in the Group's long track record, with a diversified presence in capital market and allied businesses, and its adequate profitability as well as capitalisation. It witnessed a moderation in its performance amid industry headwinds in the current fiscal, following the improvement in preceding years. Profitability from core operations was impacted in 9M FY2026 primarily by the increase in employee-related expenses amid the scale-up of teams and senior-level additions. Additionally, subdued market trends impacted gains/trading income on proprietary investments, which weighed on the headline profit. Notwithstanding the moderation in profitability, it remained adequate with profit after tax (PAT)/net operating income (NOI; net broking and fee income (after reducing for referral and commission payouts) along with net interest income, but excluding trading income, fair value gains, dividend income, and other non-operating income) of 14% and an annualised return on equity (RoE) of 9%. This was better than the average RoE of 3.6% recorded over FY2015-FY2023, a period during which the Group's performance remained subdued. The rating is also supported by the Group's augmented capitalisation profile with a net worth of Rs. 322 crore and gearing of 1.0 times as on December 31, 2025, following the equity raise of Rs. 90 crore since April 2024.

The rating remains constrained by the modest scale of operations and the Group's exposure to the evolving regulatory environment, intense competition, and risks inherent in capital market-related businesses. Its legacy asset quality issues, pertaining to sticky debtors and non-performing loans, have been cleaned up with the write-off of stressed exposures in recent fiscals. However, its investment book, comprising mid and small cap companies (18% of consolidated net worth as on December 31, 2025), remains exposed to the inherently volatile capital markets and may be a drag on the headline net profit on account of the mark-to-market impact amid subdued market trends in recent months. 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.

The rating for the Rs. 50-crore commercial paper has been withdrawn based on the company's request in accordance with ICRA's policy on the withdrawal of credit ratings.

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 on December 31, 2025, it catered to over 1.6 lakh clients (about 44,859 National Stock Exchange (NSE) active clients as on February 28, 2026). PLPL also has an established institutional desk, catering to over 120 active clients as on December 31, 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, which accounts for about 40% of the total income (comprising NOI, dividend income, trading income, and gains on proprietary investments), the Group, through its various subsidiaries, offers a diversified suite of services including capital market lending, distribution of financial products, portfolio management services (PMS), wealth management, and merchant banking. Income from these businesses accounted for ~54% of the total income in 9M FY2026 (36% in FY2024), with the balance comprising trading and fair value gains on proprietary investments.

Adequate profitability and capitalisation profile, notwithstanding recent moderation amid industry-wide headwinds – The Group's performance remains exposed to the inherent volatility in capital markets. Following a notable improvement in profitability during FY2024-FY2025, the performance moderated amid industry headwinds in the current fiscal. While the NOI declined by 5% on an annualised basis in 9M FY2026, the profitability from core operations was impacted primarily by the increase in employee-related expenses amid the scale-up of teams and senior-level additions. This resulted in a deterioration in the cost-to-income ratio to 87% in 9M FY2026 from 77% in FY2025 (considering trading income & gains on proprietary investments of 81% in 9M FY2026 compared to 68% in FY2025). Additionally, subdued market trends impacted gains/trading income on proprietary investments, which weighed on the headline net profit. Notwithstanding the moderation in profitability, it remained adequate with a net profit of Rs. 20 crore, PAT/NOI of 14% and annualised RoE of 9% in 9M FY2026. This was better 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 a consolidated net worth of Rs. 322 crore and gearing of 1.0 times as on December 31, 2025 compared to Rs. 155 crore and 1.6 times, respectively, as on March 31, 2024. The Group avails debt in the holding company (PLAD), broking business (PLPL) and lending business (PLFS). While fund-based borrowings were historically low, they have increased in recent years due to higher working capital needs and loan book expansion. To streamline its structure and consolidate the borrowings for efficient debt management, the Group amalgamated Conviction Capital Private Limited (CCPL; special purpose vehicle (SPV) held by the promoter) with PLAD in FY2024, leading to an increase in its indebtedness by Rs. 71 crore (due to borrowings previously held in CCPL) and a similar decline in its reserves (with the extinguishment of CCPL's investments in PLAD). This led to a rise in the gearing to 2.2 times in April 2023 from 0.9 times in March 2023. Notwithstanding the higher working capital requirements and loan book scale-up in the subsequent period, the leverage improved to 1.0 times by December 2025, supported by the partial repayment of CCPL's debt (Rs. 59 crore repaid and Rs. 12 crore outstanding), capital raise of Rs. 90 crore (Rs. 74 crore in FY2025 and Rs. 16 crore in 9M FY2026) and internal accruals. Going forward, the Group intends to strengthen its capital position further through a planned capital raise in FY2027. However, the timelines and quantum remain monitorable due to subdued market sentiment on account of evolving domestic and global developments.

Credit challenges

Modest scale of operations – Notwithstanding its 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 67% and 33%, respectively, of its gross broking income in 9M FY2026. While the cash average daily turnover (ADTO) expanded considerably by 3.7 times during FY2020-9M FY2026, its cash market share 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. 373 crore (MTF: 68% and LAS: 32%) as on December 31, 2025, up 67% from March 31, 2025. 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 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, and other operations. Thus, technical failures or disruptions pose operational and reputational risks. 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 is also characterised by intense competition and is susceptible to the entry of new players.

Regulatory changes, such as revisions in the tightening of the index derivatives framework, and higher working capital requirements for broking operations have impacted the profitability of securities brokers. Moreover, the recent tightening in bank lending to capital market intermediaries could make more players tap money markets while exploring the debt market. Further, while the industry could witness a moderation in derivatives trading volumes following the recent increase in securities transaction tax, the impact on the Group is expected to remain limited as derivatives accounted for about 25% of its gross broking income and ~11% of its NOI in 9M FY2026.

Exposure to inherently volatile capital markets – The Group's primary revenue profile remains exposed to the inherently volatile capital markets with 55% of NOI from broking and advisory-related income, followed by 25% from capital market lending and allied activities. Its retail broking average daily trading turnover declined by 34% between 9M FY2026 and FY2025, reflecting the full-year impact of regulatory interventions in derivatives and subdued investor sentiment amid global and domestic developments, which also dampened cash volumes. Further, revenues from the investment banking and advisory businesses remain sensitive to broader domestic and global market conditions. In light of the tepid market sentiment amid elevated geopolitical tensions in West Asia, the possibility of a weak near-term performance in these segments cannot be ruled out. In this regard, ICRA notes the Group's recent foray into debt syndication, structured debt and merger & advisory transactions, which is expected to reduce its dependence on equity-linked mandates. The collateral in the lending business, comprising MTF in PLPL and LAS in PLFS, also remains exposed to the volatility in capital markets. With most of its revenues being linked to the inherently volatile capital markets, the 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. Its average margin utilisation (computed on month-end basis) stood at 59% during April 2025-January 2026, with the average effective (non-cash collateral not to be more than the available cash collateral placed) monthly margin (basis month-end data, including client margin) placed on exchanges aggregating Rs. 1,039 crore during this period. As on December 31, 2025, it also had drawable but unutilised working capital lines of Rs. 47 crore and an unencumbered cash and bank balance of Rs. 1 crore. Additionally, it had a margin funding book of ~Rs. 255 crore (which may be liquidated at short notice to generate liquidity if required) against external borrowings of Rs. 143 crore as on December 31, 2025.

PLFS funds its loan book through a mix of own funds and short-term borrowings {overdraft (OD) facility, LAS and intercorporate/shareholder deposits}. As on December 31, 2025, it had drawable but unutilised bank lines of ~Rs. 4 crore and short-term LAS of ~Rs. 103 crore against external borrowings of Rs. 52 crore.

Rating sensitivities

Positive factors – A sustained scale-up in the operations, while achieving healthy profitability and asset quality, and comfortable capitalisation on a continued basis would have a positive impact.

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

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Stockbroking & Allied Services Non-banking Finance Companies (NBFCs) Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of PLAD and 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.

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 February 28, 2026, it was catering to 44,859 NSE active clients through a network of own branches and franchisees.

Key financial indicators

PLAD (consolidated)	FY2024	FY2025	9M FY2026^
Net operating income	152.9	205.0	145.7
Profit after tax	25.8	56.6	20.3
Net worth (including MI)	155.5	289.4	321.8
Total assets	902.4	1,037.9	1,121.8
Gearing (times)	1.6	0.9	1.0
Return on average net worth (annualised)	16%	25%	9%

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

PLPL	FY2024	FY2025	9M FY2026^
Net operating income	120.3	154.6	101.6
Profit after tax	18.0	31.2	10.2
Net worth (including MI)	94.3	128.0	138.2
Total assets	719.0	781.4	866.2
Gearing (times)	1.4	1.4	1.9
Return on average net worth (annualised)	21%	28%	10%

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: On November 28, 2025, the Securities and Exchange Board of India (SEBI) had issued an order against PLPL, prohibiting it from taking any new assignment/contract or launching any new scheme for seven days starting December 15, 2025. The action was taken in response to compliance lapses across funds segregation, margin compliance/reporting, know your customer registration agency (KRA), Client Unpaid Securities Account (CUSA), exposure reporting, brokerage caps, and demat account governance during April 1, 2021 to October 31, 2022. The Group subsequently obtained a stay order on the Securities Appellate Tribunal (SAT) against the earlier SEBI directive in the interim period.

Rating history for past three years

Instrument	Current rating(FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Mar 31, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Short-term fund/Non-fund based facility	Short-term	350.00	[ICRA]A2+	Sep 26, 2025	[ICRA]A2+	Sep 27, 2024	[ICRA]A2+	Sep 07, 2023	[ICRA]A2	-	-
Long-term/Short-term - Fund-based/Non-fund based - Others	Long-term/Short-term	250.00	[ICRA]BBB+ (Stable) / [ICRA]A2+	-	-	-	-	-	-	-	-
Commercial paper programme	Short-term	50.0	[ICRA]A2+; Withdrawn	Sep 26, 2025	[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

Complexity level of the rated instrument

Instrument	Complexity indicator
Commercial paper programme	Simple
Short-term fund/Non-fund based bank lines	Simple
Long term/Short-term fund-based/Non-fund based bank facilities	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	Long term/Short-term fund-based/ Non-fund based bank facilities	NA	NA	NA	250.0	[ICRA]BBB+(Stable)/ [ICRA]A2+
NA	Commercial paper	NA	NA	NA	50.0	[ICRA]A2+; withdrawn

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
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% held through wholly-owned subsidiary – PLFS

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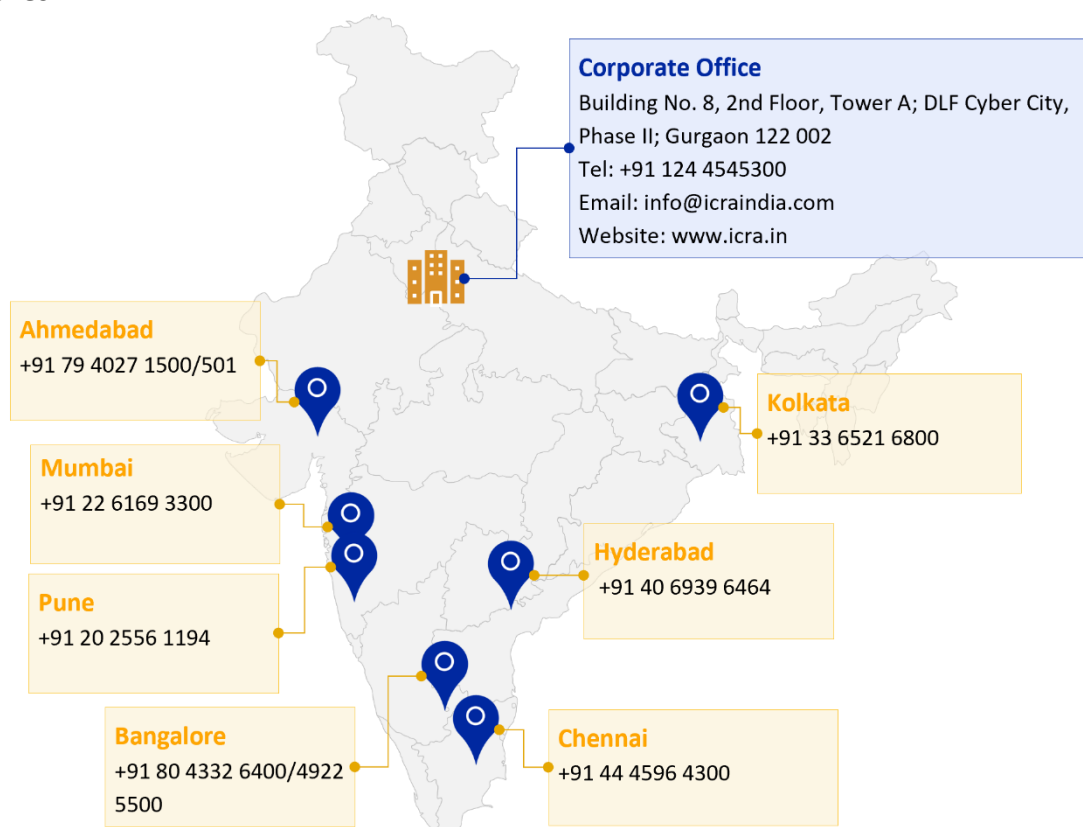
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