May 06, 2026

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	100.0	150.0	[ICRA]A1; reaffirmed and assigned for enhanced amount
Total	**100.0**	**150.0**	

**Instrument details are provided in Annexure II*

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 derived as 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 continues to be adequate, with an average return on equity (RoE) of 13.5% over FY2021-FY2026, notwithstanding the moderation in H1 FY2026. However, a recovery was witnessed in H2 FY2026, mainly supported by the bond warehousing and investment-cum-trading business. The rating also considers the Group's adequate capitalisation and liquidity profile.

The rating 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 and margin trade financing (MTF) account for a predominant share of the loan portfolio, besides the exposure through the bond warehousing business], and the concentrated resource profile.

Key rating drivers and their description

Credit strengths

Part of Phillip 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 focussed on the institutional segment, which accounted for ~43% of its net operating income (NOI)[1] in FY2026 (76% 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, which declined in FY2026 due to the loss of a key client and the intermittent dip in trading activities. Over the years, the company has gained traction in the bond warehousing and investment-cum-trading segment, which has emerged as a significant contributor to the overall profitability. This segment's growth is primarily debt funded.

Adequate profitability and capitalisation – The Group's consolidated capitalisation profile remains adequate for its current scale of operations, with a net worth of approximately Rs. 899 crore and a gearing of 0.7 times as on March 31, 2026. 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 the 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 and non-banking financial companies (NBFCs). ICRA notes that the commercial paper (CP) investor base remains concentrated, mainly consisting of a few large family offices and high-net-worth individuals (HNIs), notwithstanding the onboarding of a few corporates as investors in CP programmes in recent quarters. Going forward, ICRA expects incremental growth to be largely debt funded. Nonetheless, the consolidated gearing is likely 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.

Notwithstanding the moderation in PGI's profitability in H1 FY2026, amid the lingering impact of subdued capital market activity and lower trading volumes, strong traction in the bond warehousing business in H2 FY2026 and the recovery in broking volumes enabled the company to report a satisfactory performance in FY2026. It reported a profit after tax (PAT) of about Rs. 112 crore and RoE of ~13% vis-à-vis Rs. 104 crore and 14.2%, respectively, in FY2025. Brokerage income continued to dominate the revenue mix, contributing nearly 55% to NOI, though the growth momentum slowed down as institutional activity normalised and retail participation remained tepid. The debt facilitation and advisory segment showed a strong recovery from FY2025, aided by spillover transactions from Q4 FY2025 and robust momentum in H2 FY2026. On the cost front, operating expenses stayed elevated as PGI adapts to changing market dynamics.

Credit challenges

Modest scale of operations – PGI's broking operations are predominantly focussed on institutional clients, which accounted for 89% of its equity broking volumes and 76% of the segment's income in FY2026**.** Broking performance began FY2026 on a subdued note, with the first half reflecting industry-wide softness due to the headwinds witnessed in H2 FY2025, though futures & options (F&O) volumes remained relatively resilient. A recovery was witnessed in H2 FY2026, driven by the rebound in the cash segment. The market share of the cash segment declined slightly to 0.85% in H1 FY2026 from 0.91% in FY2025, while F&O market share remained steady at 0.01%[2].

As on March 31, 2026, the capital market lending portfolio is estimated to have remained modest with MTF and LAS exposures at Rs. 31 crore and Rs. 92 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, the 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.

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

[2] *As 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 is 0.01%. However, its estimated market share in futures turnover alone is notably higher, exceeding 2% in FY2025*

High dependence on capital markets; exposure to risks associated with lending and bond warehousing businesses – 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. 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 92% of the loan book (excluding related-party exposures) as on March 31, 2026. This results in significant concentration risk, with the top 10 clients typically accounting for over 75% of the loan book (excluding related-party loans). In this context, ICRA factors in the exposure to credit and market risks, given the nature of the underlying assets, wherein LAS and MTF account for a predominant share of the loan portfolio, besides the exposure through the bond warehousing business. A sharp correction in equity markets could lead to a decline in the value of collateral securities, potentially triggering forced position closures, thereby impacting the 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, the Group remains exposed to credit and liquidity risks owing to its sizeable presence in the bond warehousing business. Adverse market conditions or a rise in systemic interest rates could erode the value of the Group's trading and investment portfolio, impacting its profitability. However, it is noted that the company's policy of participating only in bonds rated 'A' and above, along with its established client base, supports distribution and partially mitigates associated risks.

Elevated competition, high dependence on technology, and evolving regulatory environment – Given the highly regulated nature of the industry, brokerage houses face significant regulatory risk. Ensuring compliance with evolving regulations is crucial. Regulatory changes, such as uniform exchange charges, increase in minimum holding value of basic service demat account, and measures to curb exuberance in the F&O segment, including increase in contract size, rationalisation of weekly index derivatives and higher margins on expiry days, were introduced in FY2025. These, along with the recent hike in securities transaction tax (STT) could constrain the profitability of entities operating in the securities broking industry.

The sector is also characterised by intense competition and the entry of new players, leading to pricing pressure. However, the increasing financialisation of savings offers potential for expansion. Despite this, pressure on profitability during downturns remains a concern. Additionally, reliance on technology poses 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 NBFCs.

As on March 31, 2026, PCPL had deployed day-end margin of ~Rs. 2,500 crore at the exchanges with the day-end utilisation at 20% and intraday peak utilisation of 75-85% on expiry days, supported by Rs. 250 crore of intraday lines. As on March 31, 2026, at the consolidated level, PCPL had an unencumbered cash and bank balance of Rs. 45 crore and sanctioned but unutilised drawable fund-based borrowings of Rs. 135 crore, with Rs. 245 crore external debt (including CP borrowings of Rs. 92 crore) and borrowings of Rs. 104 crore from Group companies. PCPL's liquidity is also supported by short-tenured callable MTF facilities of Rs. 31 crore. Also, as on March 31, 2026, PCPL (consolidated level) held actively managed bond warehousing stock-in-trade of over Rs. 400 crore.

As on March 31, 2026, PFISIPL had Rs. 330 crore of CP borrowings, of which Rs. 162 crore is due over six months, against an unencumbered cash and bank balance of Rs. 3.2 crore and callable LAS facilities of Rs. 92 crore. It also held actively managed bond warehousing stock-in-trade of over Rs. 100 crore.

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 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	Stockbroking & allied services Non-banking finance companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has consolidated the 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 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.

PCPL is the flagship company, which has four subsidiaries – Phillip Commodities India Private Limited, Philip Services (India) Private Limited, a Dubai-based subsidiary, and a subsidiary at GIFT City. PCPL's consolidated net profit, on a provisional basis, is estimated at Rs. 95 crore for FY2026 on NOI of Rs. 410 crore and net worth (including minority interest) of Rs. 797 crore as on March 31, 2026.

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 an NBFC with the Reserve Bank of India (RBI) and primarily provides LAS. The 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's net profit, on a provisional basis, is estimated at Rs. 17 crore for FY2026 on total income of Rs. 69 crore and net worth of Rs. 100 crore.

Key financial indicators

PCPL (consolidated)	FY2024	FY2025	FY2026*
	Audited	Audited	Provisional
Net operating income (NOI)	320	351	410
Profit after tax (PAT)	102	92	95
Net worth	609	702	797
Total assets	1,925	1,905	NA
Gearing (times)	0.3	0.3	0.2
Return on net worth	18.2%	14.0%	12.7%
PAT/NOI	31.7%	26.1%	23.3%

*Source: Company, ICRA; Amount in Rs. crore; * Estimated basis provisional financials*

PGI (consolidated)	FY2024	FY2025	FY2026*
Net operating income (NOI)	338	373	433
Profit after tax (PAT)	112	104	112
Net worth	681	786	899
Total assets	2,119	2,193	NA
Gearing (times)	0.4	0.5	0.7
Return on net worth	17.9%	14.2%	13.3%
PAT/NOI	33.1%	27.9%	25.9%

*Source: Company, ICRA's estimates; Amount in Rs. crore; * Estimated basis provisional financials*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

<table>
<tr><th rowspan="3">Instrument</th><th colspan="3">Current (FY2027)</th><th colspan="6">Chronology of rating history for the past 3 years</th></tr>
<tr><th colspan="3">FY2027</th><th colspan="2">FY2026</th><th colspan="2">FY2025</th><th colspan="2">FY2024</th></tr>
<tr><th>Typee</th><th>Amount rated (Rs. crore)</th><th>May 06, 2026</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th></tr>
<tr><td rowspan="2">Commercial paper</td><td rowspan="2">Short term</td><td rowspan="2">150.0</td><td rowspan="2">[ICRA]A1</td><td>Nov 27, 2025</td><td>[ICRA]A1</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Jun 19, 2025</td><td>[ICRA]A1</td><td>Nov 27, 2024</td><td>[ICRA]A1</td><td>Nov 27, 2023</td><td>[ICRA]A1</td></tr>
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Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE0LUO14019	**Commercial paper**	Jan- 6-26	10.25	Oct-1-26	2.15	[ICRA]A1
INE0LUO14027	**Commercial paper**	Jan-9-26	10.75	Jan-1-27	12.25	[ICRA]A1
INE0LUO14035	**Commercial paper**	Jan-9-26	10.75	Jan-7-27	8.05	[ICRA]A1
INE0LUO14050	**Commercial paper**	Jan-12-26	10.75	Jan-8-27	21.25	[ICRA]A1
INE0LUO14043	**Commercial paper**	Jan-13-26	10.25	Oct-9-26	19.35	[ICRA]A1
INE0LUO14068	**Commercial paper**	Jan-14-26	10.75	Jan-12-27	30.05	[ICRA]A1
Yet to be placed	**Commercial paper**	-	-	7-365 days	56.90	[ICRA]A1

Source: Company

Annexure III: 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

ANALYST CONTACTS

Mr. Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Mr. Anil Gupta
+91 124 4545 814
anilg@icraindia.com

Mr. Deep Inder Singh
+91 124 4545830
deep.singh@icraindia.com

Ms. Akanksha Khanna
+91 124 4545 335
akanksha.khanna@icraindia.com

Mr. Subhrajyoti Mohapatra
+91 80 4332 6406
subhrajyoti.mohapatra@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

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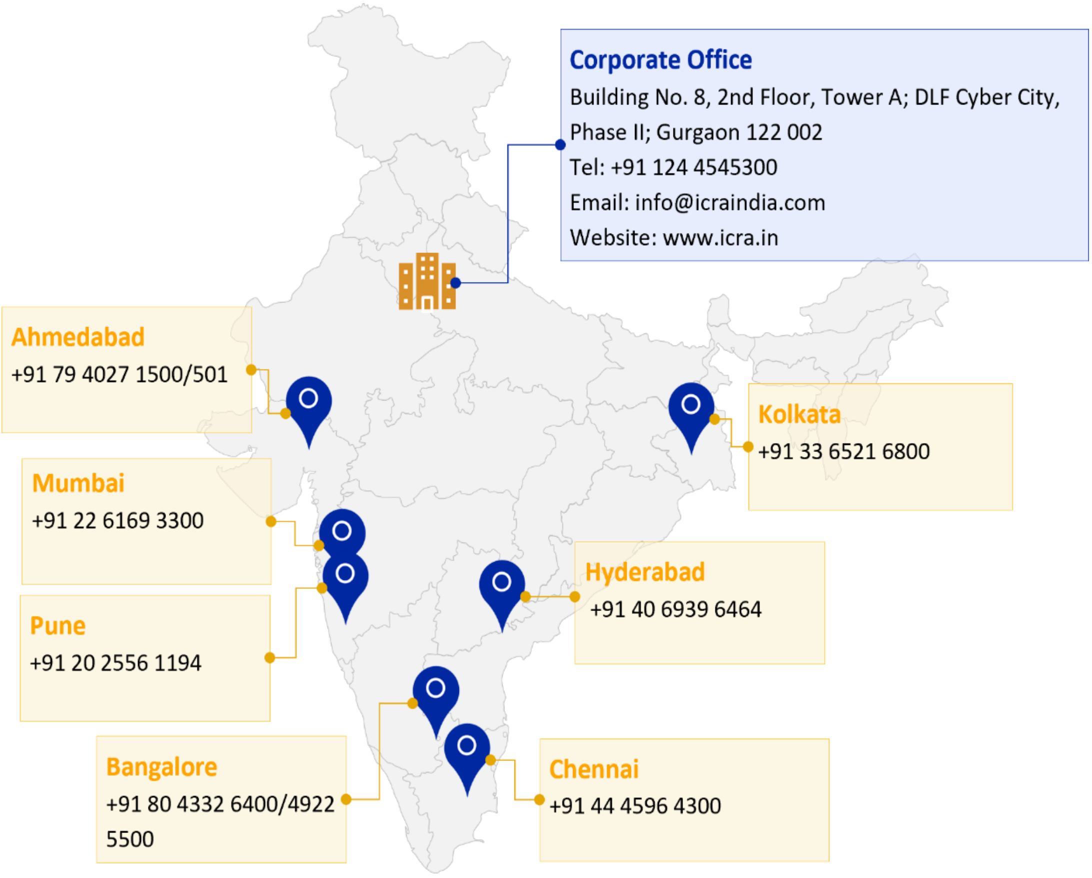

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