

February 03, 2026

## Orbis Financial Corporation Limited: Long-term rating upgraded and rated amount enhanced; short-term rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term fund-based/ Non-fund based others	1,500.00	2,400.00	[ICRA]A+ (Stable) upgraded from [ICRA]A (Stable)/[ICRA]A1 reaffirmed; assigned for enhanced amount
Short-term fund-based lines	100.00	100.00	[ICRA]A1; reaffirmed
<b>Total</b>	<b>1,600.00</b>	<b>2,500.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating action factors in Orbis Financial Corporation Limited's (Orbis) resilient performance through cycles despite evolving regulatory and competitive dynamics and broader industry headwinds. Driven by its conscious efforts to scale the custodial business, the company recorded a healthy increase in fee-based income in recent years, resulting in a gradual reduction in its dependence on treasury-based revenue. While treasury income from cash collateral in the professional clearing business declined, reflecting regulatory tightening in the derivatives segment, easing interest rates, and moderating trading activity across the industry, Orbis' profitability remained strong. This was supported by the continued improvement in its cost structure, driven by the moderation in commission and referral payouts despite competitive pressure and the rationalisation of employee expenses. Orbis' net profit rose by 8% year-on-year (YoY) in H1 FY2026 with profit after tax (PAT)/Net operating income (NOI<sup>1</sup>) of 53% and return on equity (RoE) of 21% compared with 49% and 25%, respectively, in H1 FY2025 and average PAT/NOI of 49% and RoE of 26% in the past four years.

Supported by strong internal capital generation, the capitalisation profile remains comfortable with a track record of negligible reliance on fund-based borrowings. As on September 30, 2025, Orbis' capitalisation was characterised by a net worth of ~Rs. 974 crore (of which ~Rs. 275 crore remains encumbered for bank guarantee (BG) facilities). Its funding requirement is largely driven by the buffers it needs to maintain over the margins placed by its clients at the exchanges, which are largely funded by BGs. In this regard, capital requirements for professional clearing members continue to be influenced by the evolving regulatory environment. ICRA notes that, as per a draft proposed regulation, the cash margin requirement against bank guarantees (BGs) for professional clearing members, including Orbis, is expected to increase from the current level of 25%, with effect from the next financial year. Nevertheless, Orbis' net worth remains sufficient to meet the higher BG-related margin requirement without relying on fund-based borrowings. A further increase in margin norms or the security coverage required for bank facilities would translate into higher capital needs for the business and will remain monitorable.

The ratings remain constrained by Orbis' high revenue concentration towards a few clients and the limited diversification in its revenue profile. These, along with significant contribution from treasury income, can lead to volatility in earnings. The risks get further exacerbated by the intense competition among custodians, primarily dominated by global custodian banks, and the significant reliance on technology for the clearing and fund management operations. However, notwithstanding the competitive pressure, ICRA takes note of the healthy traction in client additions in recent years, accompanied by an improvement in net yields.

<sup>1</sup> NOI comprises treasury income, custodial and allied fees, adjusted for referral/commission expenses and finance expenses

The Stable outlook on the long-term rating reflects ICRA's expectation that Orbis will demonstrate resilient operational and financial performance while maintaining adequate net worth to support the working capital requirements arising from its expanding scale of operations.

## Key rating drivers and their description

### Credit strengths

**Fee-based services portfolio with wide set of complementary offerings** – Orbis is a Securities and Exchange Board of India (SEBI)-registered custodian, offering end-to-end capital market-related services such as custodial, fund accounting, clearing, depository, trusteeship and other allied services. It primarily offers custodial services to institutional clients like foreign portfolio investors (FPIs), portfolio management services (PMS), foreign direct investment (FDI), domestic institutional investors (DIIs), foreign venture capital investors (FVCIs) and alternative investment funds (AIFs). It also provides clearing services to trading members (TMs) and FPIs. As on September 30, 2025, the company was catering to 439 FPIs, 731 FDIs and FVCIs, 444 PMS, 246 AIFs, 3,621 high-net-worth individuals/non-residential Indians (NRIs) and 82 corporates. ICRA, however, notes that the material size and high frequency of transactions in custodial and clearing operations increase the risk of errors and their consequences, exposing the company to operational risks.

**Strong profitability despite moderation in trading activity amid industry headwinds** – Orbis has a strong track record of profitability. This was supported by higher interest income on client cash collateral, rising custodial fees driven by growth in assets under custody (AUC), and progressive optimisation of its cost structure as referral-linked expenses moderated<sup>2</sup> with the seasoning of clients onboarded through referral arrangements, along with an increase in the share of direct sourcing. Over the past 12 months, the company experienced a decline in treasury income from cash collateral placed by clients in its professional clearing business amid regulatory tightening in derivatives, easing interest rates, and moderating trading activity (witnessed across the industry). This led to a 13% YoY decrease in gross revenues on a standalone basis in H1 FY2026. Despite this, Orbis sustained strong profitability supported by the continued improvement in its cost structure, driven by the moderation in commission and referral payouts and the rationalisation of employee expenses. Its net profit rose by 8% YoY in H1 FY2026 with PAT/NOI of 53% and RoE of 21% compared with 49% and 25%, respectively, in H1 FY2025. While the company's operating expenses could increase with the commencement of capital market and allied operations at its IFSC subsidiary in the coming quarters, the overall profitability is expected to remain healthy.

**Comfortable capitalisation with track record of negligible reliance on fund-based borrowings** – With strong accruals in recent years and regular equity infusions, Orbis' capitalisation profile has remained comfortable with nil fund-based borrowings. As on September 30, 2025, its capitalisation was characterised by a net worth of ~Rs. 974 crore ((of which ~Rs. 275 crore remains encumbered for bank guarantee (BG) facilities). The company primarily relies on BG facilities for its clearing operations, which are backed by a 25% cover of the fixed deposits. As on December 31, 2025, Orbis had sanctioned BG limits of Rs. 1,275 crore and fund-based overdraft limits of ~Rs. 204 crore from nine lenders. ICRA notes that, as per a draft proposed regulation, the cash margin requirement against bank guarantees (BGs) for professional clearing members, including Orbis, is expected to increase from the current level of 25%, with effect from the next financial year. Nevertheless, Orbis' net worth remains sufficient to meet the higher BG-related margin requirement without relying on fund-based borrowings. A further increase in margin norms or the security coverage required for bank facilities would translate into higher capital needs for the business and will remain monitorable.

### Credit challenges

**Limited diversification in revenue profile with high dependency on capital markets** – Although Orbis has various interrelated offerings for custodial and allied services, its revenue profile remains characterised by limited diversification. Treasury/interest

<sup>2</sup> 26% of gross revenues in H1 FY2026, 35% in H1 FY2025, 28% in FY2025, 32% in FY2024, 41% in FY2023

income and professional clearing fee are the predominant contributors, accounting for ~ 62% of gross revenues in H1 FY2026 despite moderating from 63% in FY2025 and 71% in FY2024, followed by custodial fee (second largest revenue stream). Custodial fee is typically earned as a percentage of the average AUC while treasury income comprises interest income derived from the cash collateral placed primarily by FPIs, which is linked to the volume of transactions and trading positions undertaken by the respective clients.

Orbis experienced a 20% YoY decline in client cash collateral between September 2024 to September 2025, primarily due to the decline in its clients' derivatives trading activity, which mirrored industry-wide trends following the phased implementation of regulatory measures aimed at strengthening the index derivatives framework. Nevertheless, with trading activity in derivatives showing nascent signs of recovery in recent months, client cash collateral increased by 20% during October-November 2025 from the lowest level witnessed in August 2025 but remained 13% below September 2025 levels. Thus, Orbis' operations continue to be linked to the inherently volatile capital markets, and its revenue profile and profitability remain vulnerable to market performance.

**Modest scale of operations** – Orbis has witnessed a significant scaleup in its operations in recent years. Although it has continued to garner market share in AUC, the same remained modest at 0.55% as on September 30, 2025 (0.53% in March 2024). Similarly, in its professional clearing business, the market share in clearing volumes continued to be modest at 1.2 bps in H1 FY2026. Orbis' custodial and clearing businesses are also exposed to concentration risks. Despite moderating slightly with the scaleup in operations, the concentration of business metrics across top clients remains high. While the top 10 clients in custodial operations accounted for 34% of Orbis' overall AUC in September 2025 compared to 39% in March 2024, the top 5 clients in the professional clearing business accounted 34% of the cash collateral (significant revenue driver) in November 2025 compared to 33% in December 2024.

**Elevated competition, high dependence on technology and evolving regulatory environment** – Given the highly regulated nature of the industry, custodial and clearing businesses face significant regulatory risk. Ensuring compliance with evolving regulations is crucial. The strengthening of the index derivatives framework, hike in securities transaction tax and tempered market trends impacted clearing volumes and profitability of professional clearing members in recent periods. Additionally, with high reliance on technology for trade execution, fund management poses operational and reputational risks.

Moreover, the industry remains dominated by bank custodians, particularly the FPI segment, which accounts for a major share of the overall industry AUC in the country, given their advantage in the form of established franchises and large portfolios. ICRA notes that Orbis operates as an independent custodian and provides end-to-end services such as FPI registration, custodial services, fund accounting, clearing, depository and trusteeship services to its clients to enhance its value proposition. However, notwithstanding competitive pressure, there has been healthy traction in client additions in recent years, accompanied by a moderation in referral and commission payouts to referral agents. Having said that, while the increasing financialisation of savings offers potential for expansion, pressure on profitability during downturns cannot be ruled out.

### Liquidity position: Adequate

Orbis' liquidity requirement is primarily for placing margins at the exchanges and managing working capital requirements. As on September 30, 2025, it had an unencumbered cash and bank balance of Rs. 25 crore (Rs. 208 crore encumbered with exchange and Rs. 275 crore remains encumbered for bank guarantee (BG) facilities) against nil fund-based borrowings. The company, on average, deployed a total client margin of ~Rs. 14,888 crore (computed basis month-end figures) at the exchanges between August 2025 and November 2025 with average margin utilisation<sup>3</sup> of 43%. As on November 30, 2025, Orbis had placed cash equivalent margins of over Rs. 1,275 crore as margin buffers with exchanges.

<sup>3</sup> Limiting non-cash margins on par with cash margins

## Rating sensitivities

**Positive factors** – A meaningful improvement in the market position in the clearing and custodial businesses while achieving client and revenue diversification and retaining strong earnings and capitalisation would have a positive impact.

**Negative factors** – A sizeable decline in the AUC and/or average earning cash collateral or build-up of receivables, resulting in a moderation in the financial profile, or any weakening in the capitalisation profile would have a negative impact.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Stockbroking &amp; Allied Services</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation

## About the company

Incorporated in 2005, Orbis operates as a capital market intermediary, providing custodial, fund accounting, professional clearing, depository, share transfer, FPI registration, and trustee services to a wide range of client segments, including FPIs, PMS providers, FDIs, DIIs, AIFs, and trading members. The company commenced operations in FY2009 as a custodian of securities and as a clearing member across all market segments registered with SEBI. Its trustee services are offered through its wholly-owned subsidiary, Orbis Trusteeship Services Private Limited. The company has been promoted by Mr. Atul Gupta, who held ~28% as on November 30, 2025.

## Key financial indicators

Orbis (consolidated)	FY2024 Mar-24	FY2025 Mar-25	H1 FY2025 Sep-24^	H1 FY2026 Sep-25^
Net operating income (NOI)	288.9	401.2	183.2	182.6
Profit after tax (PAT)	141.3	204.6	90.1	97.0
Net worth	688.2	899.6	783.6	974.4
Total assets	4,984.7	4,296.1	5,478.6	4,319.2
Gearing (times)	0.0	0.0	0.0	0.0
Return on net worth	25.3%	25.8%	24.6%	20.8%

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

**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					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Feb 03, 2026	Date	Rating	Date	Rating	Date	Rating
Short-term fund-based lines	Short Term	100.00	[ICRA]A1	-	-	-	-	-	-
Long-term/Short-term fund-based/Non-fund based others	Long term/Short term	2,400.00	[ICRA]A+ (Stable)/[ICRA]A1	Mar 28, 2025	[ICRA]A (Stable)/[ICRA]A1	Dec 12, 2023	[ICRA]A (Stable)/[ICRA]A1	-	-
		-		Aug 27, 2024	[ICRA]A (Stable)/[ICRA]A1	-	-	-	-
Long-term/ Short-term non-fund based bank guarantees	Long term/Short term	-	-		-	Nov 9, 2023	[ICRA]A (Stable)/[ICRA]A1	Nov 1, 2022	[ICRA]A-(Stable)/[ICRA]A2+

## Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term/Short-term fund-based/Non-fund based others	Simple
Short-term fund-based lines	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	Long-term/Short-term fund-based/ Non-fund based others	-	-	-	2,400.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Short-term fund-based intraday lines				100.00	[ICRA]A1

Source: Company

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**Annexure II: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation
Orbis Financial Corporation Limited (Orbis)	Rated entity	Full
Orbis Trusteeship Services Private Limited	100%	Full
Orbis Financial Services (IFSC) Private Limited	100%	Full

Source: Company

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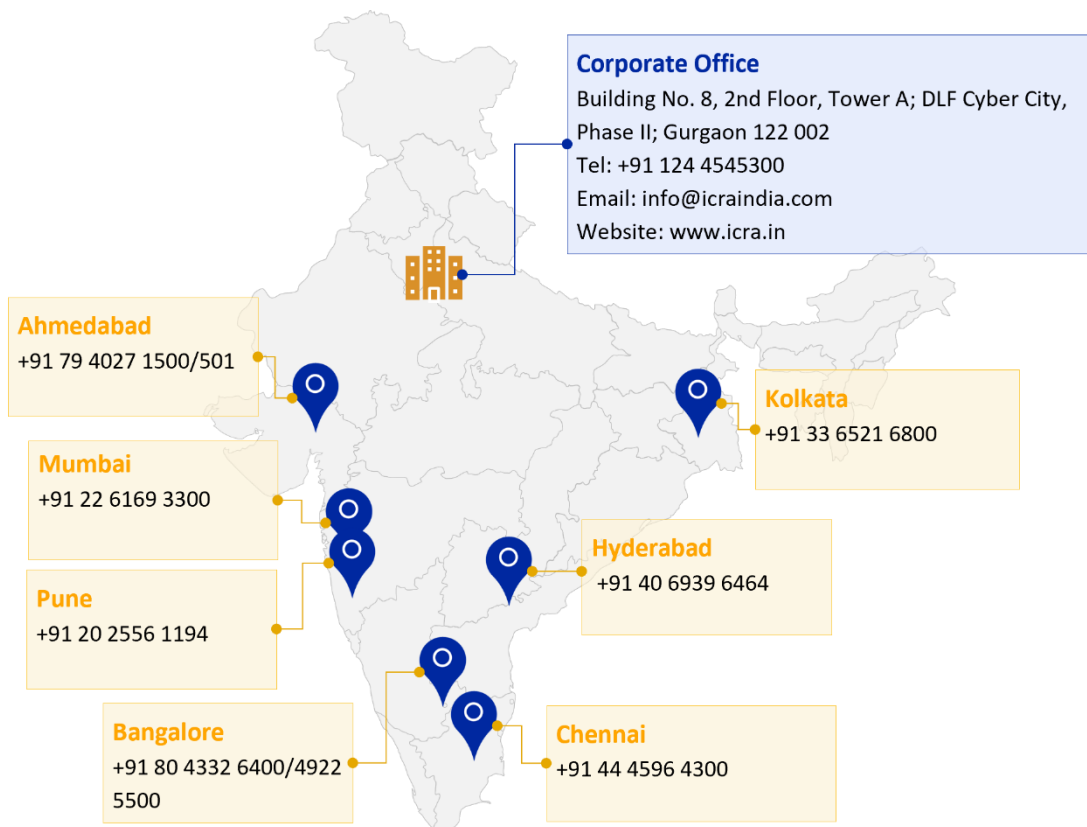
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