

IIFL Capital Services Ltd — 04 Mar 2026 Credit Rating Summary

Section	Details
Agency	Infomerics Ratings
Rating Change	Reaffirmed at IVR A1+ (Highest short-term safety)
Outlook	Reaffirmed (Stable implied)
Key Drivers of Change	Diversified Revenue: Non-broking income (Distribution 23%) provides stability against market cycles. Capitalization: Healthy Net worth of ₹2,811 Cr (Sep-25) with low Gearing of 0.62x. Scale Growth: Average Daily Turnover (ADTO) up 13% YoY to ₹3.14 Lakh Cr (Q3FY26). Profitability: Maintaining healthy PAT margins of 23% despite regulatory headwinds.
Rated Instruments	Commercial Paper: ₹3,050 Cr
Key Observations	• Strong Liquidity: ₹1,716 Cr available (Cash + Limits) vs ₹1,332 Cr debt due in 6 months. • Margin Compression: PAT margins moderated to 23.02% (9MFY26) from 27.77% (FY25) due to industry trends. • Regulatory Overhang: SEBI's appeal in Supreme Court regarding client onboarding bans remains a monitorable risk. • Revenue Concentration: Still ~46% dependent on retail equities, making it sensitive to market sentiment. • Institutional Strength: Covers 315 stocks with 1000+ institutional clients, providing a competitive moat. • AUM Growth: Distribution AUM reached ₹48,300 Cr, improving "sticky" fee-based income.
Investor Impact	• Margins: Normalizing toward 23%; suggests peak cyclical margins may be behind us. • Leverage: Extremely low (0.62x); minimal risk of insolvency or forced equity dilution. • Growth: Shifting focus to HNI/Affluent segments rather than low-yield discount broking to protect Yields.
Agency / Cross Analysis	Same Agency (Infomerics): Reaffirmation reflects consistency. Compared to FY25, the agency notes a slight increase in gearing (0.38x to 0.62x) and lower interest coverage (6.44x to 5.40x), but considers these levels "comfortable" given the equity base. The shift in name from IIFL Securities to IIFL Capital Services signals a broader wealth/capital market play beyond just brokerage.
Final Inference	Steady State with Regulatory Risk: The credit profile is robust, backed by a strong balance sheet. For equity investors, the key narrative is the transition from a volatile broker to a diversified wealth/distribution player , though the Supreme Court legal outcome remains a tactical overhang.