

November 14, 2025

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Dear Sir/Madam,

Sub: - Earnings conference call transcript

Please find attached herewith a transcript of the earnings call held on Monday, November 10, 2025. The same is available on the website of the Company and can be accessed at the following link:

https://files.iiflcapital.com/assets/Transcript_4b07b140a8.pdf

Kindly take the same on record and oblige.

Thanking you,

Yours faithfully,

**For IIFL Capital Services Limited
(Formerly IIFL Securities Limited)**

**Meghal Shah
Company Secretary**

Encl: As above

IIFL Capital Services Limited (Formerly known as IIFL Securities Limited)

Corporate Identity Number: **L99999MH1996PLC132983**

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**“IIFL Capital Services Limited Q2 FY’26
Earnings Conference Call”**

November 10, 2025



**MANAGEMENT: MR. R. VENKATARAMAN – MANAGING DIRECTOR,
IIFL CAPITAL SERVICES LIMITED
MR. RONAK GANDHI – CHIEF FINANCIAL OFFICER,
IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the IIFL Capital Services Limited Q2 FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the Management for opening remarks. Thank you, and over to you, sir.

R. Venkataraman: Thank you. Good afternoon and welcome to the Second Quarter FY'26 Analyst Call of IIFL Capital. I am R. Venkataraman, I am the Managing Director and along with me is Ronak Gandhi, who is our CFO.

First and foremost, India's economy has continued to demonstrate resilience and strength, in spite of facing global trade tensions and higher tariffs imposed by USA. Fortunately, GST reforms, festive season spending and incipient revival in both manufacturing services have supported steady economic growth.

Looking ahead, we think second half for FY'26 will be better and that is supported by policy stability, demand growth, lower GST rates, spurring consumption and also a benign liquidity environment.

Coming to our Results:

Consolidated revenue from operations for the quarter stood at Rs. 592 crores, down 4% quarter-on-quarter and 8% year-on-year.

Coming to quarter-on-quarter basis, Retail Equities was at about Rs. 271 crores for this quarter versus Rs. 264 crores for the Q1 FY'26, which is up marginally 3%.

Institutional income, which comprises both Broking and Investment Banking, has decreased 9% and it is now standing at Rs. 186 crores versus about Rs. 204 crores for the previous quarter. A financial product distribution income has decreased 10%. It is now at Rs. 130 crores versus Rs. 145 crores for the previous quarter and that is because of certain transaction income, which was lower in this quarter.

There is a hit on our MTM investment and that is primarily because of price reduction on the BSE shares, which materialized in the previous quarter. Employee cost has decreased from Rs. 176 crores to Rs. 154 crores in this quarter, basically, because of lower provision for variable pay in this quarter.

Depreciation has decreased marginally by 7%. Fees and commission decreased at 12% to Rs. 119 crores versus Rs. 134 crores in the previous quarter, which is in line with the revenue trends. Admin expense was flat at Rs. 87 crores. Operational PBT, which is before other income and MTM income is at about Rs. 164 crores, which is flat on a quarter-on-quarter basis.

Coming to year-on-year basis:

Retail Equities income was Rs. 271 crores in Q2 FY'26 versus Rs. 356 crores in Q2 FY'25, a decline of 24% and this decline is primarily on account of the new regulatory norms on F&O trading.

Institutional income, which has increased 5%, Rs. 186 crores versus Rs. 177 crores in the same quarter last year. FPD income has increased 22%, Rs. 130 crores versus Rs. 106 crores because of increased focus on distribution products and income.

Employee cost increased 3%, Rs. 149 crores to Rs. 154 crores and then depreciation has increased 13% from Rs. 13 crores to Rs. 15 crores. Fees and commission expense has decreased 17% from Rs. 142 crores to Rs. 119 crores again in line with the revenues, admin expense was flat. Operating PBT is at Rs. 164 crores before MTM and that is a decline of almost 20% year-on-year basis.

Coming to some housekeeping numbers:

Our average daily turnover was Rs. 2,63,568 crores, which is a split of F&O at Rs. 2,60,956 crores and cash was Rs. 2,612 crores approximately in the quarter that went by; compared to Rs. 2,23,232 crores of which F&O was Rs. 2,20,263 crores and cash was about Rs. 2,968 crores.

And basically, there was an increase in average daily turnover in Q2 versus Q1 and that was primarily because of increase in F&O. If you compare with the quarter last year, same quarter last year, FY'25, that quarter we had a turnover of Rs. 3,32,186 crores, which was about Rs. 3,28,736 crores in F&O and Rs. 3,450 crores in cash, which was a decline of almost 21%

Our market share, if you consider overall market share, that is basically unchanged at about 0.64%, which is about cash market of about 2.52% to 2.55% and F&O was about 0.62% to 0.64%.

But the good news is that if you remove non-Prop, because we believe that a large segment of Prop, which is not addressed by us, then non-Prop market share, we have seen an increase in both F&O as well as cash.

Now, cash is about 3.87% and F&O is about 2.65%. The other number is about our cross-sell assets, because we have seen growth in our cross-sell assets. Currently, **cross-sell** assets stand



at about Rs. 44,000 crores, which is 60% is ARR and 40% is non-ARR. ARR assets is mutual fund, PMS and AI, which is now standing at about Rs. 27,000 crores.

With this, we are open for any questions that you may have. Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question comes from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Hi, good afternoon, sir. Sir, first question is on this SEBI consultation paper that spoke about brokerages going down from 12 bps to 2 bps and obviously, there has been some media talks around at that the regulator might consider increasing that lower limit of 2 basis points. But either way what could be impact that we could see on our earnings because of that?

R. Venkataraman: See, if you look at this, this decision paper is yet to become law. But as you said there has been media reports that 2 basis points might also see some increase. So in the institutional segment, a bulk of our brokerage comes from foreign institutional investors and where the capping is not applicable. Mutual funds, however, are still a significant player on this.

So, if there is a reduction in the brokerage charge, then there will be an impact on our income. But at this point in time, it is very difficult to ascertain exactly what will be the impact. But for sure, if the brokerage falls and there is a cap, then there will be an impact.

Prayesh Jain: Can you share some insight into what is the share of revenues of domestic mutual funds in your Institutional Equities revenue?

R. Venkataraman: Unfortunately, I am not able to share that details with you.

Prayesh Jain: Sure, sir, no worries. Sir, the other question was on the distribution income that has seen a sequential drop, ideally in this quarter, unless it is insurance related, which could have possibly impacted by GST sales. But financial product distribution revenue sequentially has gone down.

R. Venkataraman: Yes, sequentially income has gone down by almost 10%. We had some NCD issuance in the previous quarter and other such products where we had some upfront income. That is the reason for this decline.

Prayesh Jain: Okay. And sir, how is the wealth management business shaping up? How many RMs have you hired so far?

R. Venkataraman: See, actually, to be honest, I think last time also, the same question was asked. So, as of now, we are roughly about 50 RMs - 55 RMs in that range. This quarter, we have not seen a significant increase in the RMs, but it is virtually flat. And the business is shaping up well and we are seeing some assets coming, relationships happening.

And so, as of now, if you ask me, I am happy with the state of the progress of the wealth business. And additionally, what is also happening is that as a rub-off effect, our own existing 450 RMs which are there, Broking business have also started slowly upgrading and focusing on getting more cross-sell assets. And that is evident in the fact that our cross-sell assets are growing and have reached about Rs. 44,000 crores.

Prayesh Jain: Sir, how many RMs are there on your retail business and how many of them are worth upgrading to a wealth RM?

R. Venkataraman: See, we have about 450 RMs in that and we hope that a bulk of them will get upgraded.

Prayesh Jain: Okay. And sir, these 50 RMs - 55 RMs that you added, these would be like RMs of high caliber and income and that is salary levels upwards of Rs. 50 lakhs or it is more in that Rs. 15 lakh to 20 lakh range for RMs?

R. Venkataraman: These will be the affluent and HNI RMs, so therefore, their salaries will be higher.

Prayesh Jain: Okay. Got that. Any data that you want to share with respect to apart from the AUM data that you mentioned, any number of families, incremental number of families that you have been able to onboard in this first half?

R. Venkataraman: Actually, once this business scales up, maybe after two quarters – three quarters, we will share more details.

Prayesh Jain: Got that. And sir, last question on the Broking business. We have seen a very strong uptick in volumes in October and all these talks about regulations on the F&O side have mellowed down both by the FM as well as the government.

Do you think that the run rate what you have seen in October can be sustained going ahead and if there are no further or any major regulations, how should we kind of see, I know it is a crystal ball gazing. But any thoughts of yours would be helpful to.

R. Venkataraman: Exactly. You rightly pointed out it is a crystal ball gazing. So, as of now, there is no clarity about what will happen. Although, like you said, we are getting different signals from the regulators and the powers to be. But having said that, I think one should not look at on a quarter-on-quarter basis on etc because India is still an under-precedented market.

So, we think that as the Indian economy goes from 4 trillion to maybe 6 trillion, 8 trillion in the next 10 years - 15 years, so there will be a secular increase in equities volumes. So, if you have a long term perspective, then the trend is clearly upward sloping.

Prayesh Jain: Sorry, sir. Just one last question. Any break up of revenue between F&O and cash that you can share on the Broking side?

- R. Venkataraman:** So, I think Broking business, roughly it is about 60 - 40. It will be broadly in the 60 - 40 range. 60 F&O and 40 cash.
- Prayesh Jain:** Thank you so much, sir.
- R. Venkataraman:** Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Harsh Shah from HSBC AMC. Please go ahead.
- Harsh Shah:** Yes. Hey, hi. Thanks for the opportunity. Just a few questions. One, carrying forward from Prayesh's question on wealth management. So, from a business perspective, if you look at our existing business, in this first half, we have done around Rs. 1,200 crore of revenue.
- Again, not trying to understand anything from a quarter to quarter perspective. But over let us say next two years or three years, what is the contribution you think that our distribution or wealth management business can do to our overall IIFL Capital as it stands now?
- R. Venkataraman:** See, we hope that over the next maybe two years to three years, this business will become profitable. As of now, we have to continue to invest and build this up. So, it will be a big crystal glazing path on my part to give an exact number.
- But we think we are quite optimistic, because we think that asset gathering and getting ARR revenue is the way to go. And as I mentioned to you earlier also, our focus is to get assets. So, we are at about Rs. 44,000 crores of assets, out of which Rs. 27,000 crores of assets is mutual fund, AF and PMS. And our aim is to grow that component.
- Harsh Shah:** What proportion of this Rs. 44,000 crore incrementally has been onboarded by the new team that you hired in the last one or two years?
- R. Venkataraman:** So, on an incremental basis, difficult to say which because what has happened is that after the new team has joined, both existing team and the new team have been focused on getting ARR assets. So, it is a combination of effects of both. And as I told Prayesh also earlier, once the business scales up, then we will be sharing more details on.
- Harsh Shah:** Understood. And in the retail business, I just have one or two data questions. Retail business that you have reported, what is the break up in retail Broking and the interest income that you earn on the M2F book?
- R. Venkataraman:** So, our M2F book is roughly about Rs. 1,500 crores and how much is interest?
- Ronak Gandhi:** That break-up we have already given. You can see that break up in Page 16

R. Venkataraman: One second, I will just tell you.

Harsh Shah: Okay. So, the Rs. 105 crore will be the interest income and I think, Rs. 160 crore will be the retail Broking, is it correct?

R. Venkataraman: Net-net that is correct.

Harsh Shah: Yes. Okay, so that is one part. And just last thing is from me is I understand that this is a long gestation period. We have seen this with other wealth companies also. Once they start making money, they make a lot of money.

But just to understand current context, how much investment that you have done in this new wealth business, in this financial year?

R. Venkataraman: In this financial, if you look at investment, basically, manpower cost is the biggest investment. So, as of now, last year we incurred, we made a loss of about Rs. 20 crores - Rs. 24 crores. And this year for the first half, we would have lost about Rs. 20 crores - Rs. 25 crores.

Harsh Shah: Understood. Okay, so you have intensified investments in this year?

R. Venkataraman: Yes, because what, recruiting RM is becoming a big challenge because of competitive pressure. So, we are being prudent.

Harsh Shah: Understood. Okay, yes, that is it from my end. Thank you and all the best.

R. Venkataraman: Thank you so much.

Moderator: Thank you. Our next question comes from the line of Aditya Bhatia from Electrum Capital. Please go ahead.

Aditya Bhatia: Hi, thank you for the opportunity. Could I just get the split between the IE and IB revenues?

R. Venkataraman: So, on the total institutional income, which is about Rs. 186 crores. So, it will be roughly about, I think it is like one second.

Aditya Bhatia: Is it still 60 - 40?

R. Venkataraman: It will be, I think 60 - 40 is correct.

Aditya Bhatia: Okay.

R. Venkataraman: But one second, having said that, I want to give you a caveat, because in some quarters, if there are a lot of large number of deals that get closed, then the IB component might increase. But broadly, what you say is correct.

- Aditya Bhatia:** Okay, understood. And yes, I see that you have not added any RMs this quarter, but any plans for the rest of the year for H2?
- R. Venkataraman:** See, as I mentioned earlier, what is happening is that there is a huge competitive intensity in the recruitment of RMs. So, basically, as a part of our prudent strategy, we decided that it is better to upgrade our existing RMs train them and empower them instead of going out and acquiring RMs at any cost. So, we are being prudent.
- Aditya Bhatia:** Okay, understood. And would that be a better cost efficiency in the long term?
- R. Venkataraman:** Yes.
- Aditya Bhatia:** Okay, understood. Okay. That is all from me. Thank you.
- R. Venkataraman:** Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Prayesh Jain from Motilal Oswal. Please go ahead.
- Prayesh Jain:** Yes, thank you for the follow up again. So, just extending this wealth management as a strategy in a long term strategy, you rightly mentioned about the competition intensity in the RM hiring. How would you position yourself?
- How would you position yourself in terms of whether expanding into the top 10 cities or look at it because IIFL as a brand has a very strong presence in lower tier cities as well. Do you think that will be a more of a prudent strategy to expand or more on the Tier II, Tier III cities? And what are your thoughts there?
- R. Venkataraman:** See, to be very honest, as you said that we have IIFL as a very strong brand when it comes to broking space. So, as of now, thanks to our broking business, we are present in a large number of towns and cities. So, whenever we have an existing broking presence, I think the best plan should be to upgrade ourselves and make sure that we enter the market there.
- So, I think it is wrong on my part to say, no, we will be focusing only on Tier II, Tier III, but we are focusing on all the cities where IIFL is present.
- Prayesh Jain:** Okay. So, one question was on financial statements. Your mark-to-market investments was a Rs. 44 crore and of a negative in this quarter. This is pertaining to BSE shares or what it is pertaining to?
- R. Venkataraman:** It is pertaining to both BSE shares and NSE shares. We have bought some NSE shares for down selling. So, on that we have taken some risk.

Prayesh Jain: Okay. And you are still continue to hold them or?

R. Venkataraman: Yes, we continue to hold them.

Prayesh Jain: Continue to hold them. Okay. Got that. And, sir, any guidance in terms of how should we look at your overall cost spanning out for FY'26 with regards to employee cost as well as the other Opex?

R. Venkataraman: See, actually, my view is that hopefully from second half, as you pointed out earlier also, exchange volume is big. So, we should see some benefits in the cost to income ratio. But on the long term, our view is that this year we continue to invest in the wealth business. So, that is obviously affecting our cost to income ratio.

Prayesh Jain: Okay. And, sir, how much comfort does the balance sheet provide you to kind of scale up the margin trade funding book?

R. Venkataraman: See, as of now, our total net worth is about Rs. 2,800 crores. How much?

Ronak Gandhi: Rs. 2,800 crores.

R. Venkataraman: Rs. 2,800 crores, so that gives us, and our margin funding book is only Rs. 1,500 crores. So, we think that there is enough scope for us to do.

Ronak Gandhi: And that will increase based on the specific borrowing we do.

Prayesh Jain: Okay. So, your headroom is another Rs. 2,000-odd crores on the current balance sheet itself?

Ronak Gandhi: It will increase based on the specific borrowing. So, you can take 50% of the net worth and 50% from the specific borrowing. The more we do specific borrowing, we can increase this book.

Prayesh Jain: Got that.

R. Venkataraman: Prayesh, just to answer the question, I think another Rs. 1,000 crores can be added very easily.

Prayesh Jain: Got that. And, sir, there are some external managers that you mentioned in your presentation. Now, I am understanding these would be on the mutual fund distribution side and the business model that you are kind of building up.

R. Venkataraman: Yes. There will be both mutual fund distributor as well as sub broker network.

Prayesh Jain: Okay. What is the kind of sharing you do with these guys on the mutual fund distribution as well as Broking? Is it 70% or more than that?

- R. Venkataraman:** Prayesh, you know that business because it is a highly competitive market. So, we are aligned with the market and there will be significant sharing with the distributor.
- Prayesh Jain:** Got that. Thank you so much, sir.
- R. Venkataraman:** Thank you so much.
- Moderator:** Thank you. Our next question comes from the line of Lalit Deo from Equirus Securities. Please go ahead.
- Lalit Deo:** Good afternoon, sir. Two questions. Firstly, on the distribution income. So, could you also just give us the split between recurring revenues and transactional revenues for this quarter as well as for 1H?
- R. Venkataraman:** So, if you look at it now, mostly what is happening is that, as I mentioned earlier, Rs. 44,000 crores means roughly 60 is ARR and 40 is non-ARR. So, income will also be broadly in the same range. Is that correct?
- Ronak Gandhi:** Yes.
- Lalit Deo:** Sure, sir. And, sir, just on this, on the Investment Banking piece. So, if we look at it, like, given that we have a strong IPO pipeline. So, I just wanted to understand how should one look at this overall Investment Banking revenue for this year as well as the next year, like, given the pipeline which we have?
- R. Venkataraman:** Basically, what is happening is that we are quite optimistic about the deal pipeline and there are various deals in the various stages of completion. So, I am quite optimistic. Although, it is very difficult for me to give an exact number that how much deal is done and how much is not done.
- Moderator:** Our next question comes from the line of Harsh Shah from HSBC AMC. Please go ahead.
- Harsh Shah:** Yes, just one thing on the wealth part. Last year, you were doing quite a bit of building also with respect to tech product. And this year, almost everything is built, right? You just need to train the RMs and then just go tell them to get clients and get the AUM, which is, of course, the most difficult part. But from a back end product and tech perspective, is everything ready?
- R. Venkataraman:** Yes, from the back-end perspective, I think we have done quite a lot of work. So, we have implemented wealth spectrum software. We have invested in a lot of reporting software. We have upgraded our training software to omni cell. So, we have done a lot of work. But the most difficult thing is going out and getting access.
- Harsh Shah:** Yes, okay. So, means from platform tech, everything is ready?



- R. Venkataraman:** I think platform tech, I would say, not everything, maybe 80% will be there.
- Harsh Shah:** Okay, good enough. Okay. Just one clarification. In the presentation, we have written M-to-M on investments and others as a Rs. 44 crore loss. But in the reported result, it is a Rs. 25 crore loss. What is the difference in that?
- R. Venkataraman:** The difference is because of MTM loss in NSE shares.
- Harsh Shah:** Okay, that is it from my end. Yes, thank you.
- R. Venkataraman:** Thank you.
- Moderator:** Thank you, sir.
- R. Venkataraman:** So, thank you so much. And if you have any other further questions, please feel free to reach out to me or Ronak directly and we will be there to answer any questions that you may have.
- Moderator:** Thank you. As there are no further questions for the participant, I would like to hand the conference over to the management for the closing comments.
- R. Venkataraman:** So, thank you so much for joining us. And if you have any further questions, please feel free to reach out to us and we will be more than willing to answer. Thank you so much and have a nice day.
- Moderator:** Thank you so much, sir. Ladies and gentlemen, on behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.