

**Price:** 227

**Recommendation:** Buy

**Industry:** Stockbroking & Allied

**Sector:** Financial Services

**Report Date:** 03-Apr-2025

IIFL Capital is transforming from a legacy execution platform to a comprehensive wealth management entity, targeting affluent, HNI, and UHNI segments. It aims to expand its institutional broking and investment banking, focusing on market share growth and enhanced offerings. With a robust financial performance, IIFL Capital is poised for future growth, emphasizing governance, CSR, and ESG initiatives, while seeking to diversify products and enhance digital platforms.

Sales		Profit & Loss		Profitability Matrix	
Current Year	2255 Cr	Operating Profit(Year)	1114 Cr	Operating Profit Margin	49.4 %
Previous Year	1261 Cr	Operating Profit(Quarter)	236 Cr	EBITDA Margin	41.42 %
Current Quarter	517 Cr	PAT (Year)	533 Cr	Net Profit Margin	27.2 %
Previous Quarter	574 Cr	PAT (Quarter)	170 Cr	EPS	23.1
Revenue (QYoY)	481 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	9.82	Sales Growth	38.4 %	Sales Growth	-9.93 %
PEG Ratio	0.33	PAT Growth	88.34 %	Sales Growth QYoY	7.48 %
EV/EBITDA	2.75	EPS Growth	32.76 %	PAT Growth	-6.08 %
P/B	3.49	Dividend Yield	1.32	PAT Growth QYoY	14.86 %
Capital Allocation		Holdings		Leverage	
RoE	38.6 %	Promoter	30.7 %	Debt/Equity	0.46
RoA	8.69 %	FII	19.1 %	Debt	936 Cr
RoCE	40.8 %	DII	3.99 %	Market Cap	7022 Cr
RoIC	44.7 %	Public	46.2 %	Enterprise value	3318 Cr
		No of Shares	31.0 Cr	Cash Equivalents	4639 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

The recent meeting highlighted IIFL Capital's strategic transformation from a legacy execution-focused platform into a comprehensive wealth management player, targeting the affluent, HNI, and ultra HNI segments. The company aims to further scale up its market-leading institutional broking practice and expand its investment banking franchise. A key initiative is to evolve into a wealth management platform for the affluent, HNI, and UHNI segments, with a focus on expanding market share through better low-touch offerings and enhanced block placement capabilities. The company is also widening its research coverage to over 350 stocks and improving research rankings, aiming to be the "banker of choice" for the Indian entrepreneurial ecosystem by focusing on both mid and large-sized transactions.

IIFL Capital is committed to expanding its advisory practice by broadening sector coverage and offering cutting-edge advice to clients. The company continues to focus on repeat business, which has been a hallmark of its investment banking strategy. The growth strategy includes expanding balance sheet efficiency, improving cost metrics, and reducing the cost to income as operating leverage plays out. Additionally, the company plans to improve ROE by disposing of non-core real estate assets. The focus on the affluent, HNI, and UHNI space is increasing, with cross-selling of other products by capitalizing on existing broking relationships. Senior experienced hires have been made to set up the HNI/UHNI wealth and asset management platform.

Looking ahead, IIFL Capital's future growth and scaling perspectives are promising, with a strong pipeline of mandates likely to be executed over the next 4-6 quarters. The company completed 14 transactions in Q3FY25 across capital markets and private placements/advisory, including 7 IPOs, 3 QIPs, 1 open offer, 1 offer for sale, and 2 private placement transactions. The company filed 15 DRHPs in Q3FY25 and continues to expand its team to focus on the growing opportunity. The company's financial performance is robust, with a 31% year-on-year growth in total comprehensive income and a 76% increase in profit after tax for the nine months ended December 31, 2024.

On the positive side, IIFL Capital's strong financials, comprehensive product suite, and market-leading research capabilities position it well for future growth. The company's focus on governance and corporate social responsibility, including initiatives like the installation of solar street lights and skill development programs, enhances its reputation. However, there is room for improvement in further diversifying its product offerings and enhancing digital platforms to provide a seamless customer experience. The company's commitment to ESG and sustainability initiatives is commendable, but there is potential to further integrate these principles into its core business strategies. Overall, IIFL Capital is well-positioned to capitalize on emerging opportunities in the wealth management and investment banking sectors.

IIFLCAPS Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
<b>Prudent Corp.</b>	8848.56	46.93	33.40%	-0.36%	35.78%	-6.46%	34.99%
<b>IIFL Capital</b>	7022.07	9.82	38.62%	-9.93%	7.44%	-6.57%	14.74%
<b>Motil.Oswal.Fin.</b>	37202.46	11.24	32.59%	-29.57%	11.58%	-49.60%	-14.45%
<b>ICICI Securities</b>	29148.63	13.90	50.09%	-7.07%	19.90%	-4.65%	8.33%
<b>Monarch Network</b>	2664.94	17.21	43.40%	-26.50%	-7.49%	-7.87%	5.06%

Aspect	Commentary
<b>Revenue</b>	The company shows a strong revenue increase from the previous year, indicating robust sales growth. However, a slight decline in quarterly revenue suggests potential seasonal fluctuations or market challenges. Overall, the annual growth reflects effective sales strategies and market demand.
<b>Profit &amp; Loss</b>	Operating profit and PAT have significantly increased, showcasing efficient cost management and strong operational performance. The quarterly figures also reflect a healthy profit margin, indicating the company's ability to maintain profitability despite market conditions.
<b>Profitability Matrix</b>	The company exhibits strong profitability with high operating and net profit margins, suggesting effective cost control and pricing strategies. The EPS indicates solid earnings performance, reinforcing investor confidence in the company's financial health.
<b>Valuation Matrix</b>	The valuation metrics suggest the company is attractively priced with a low P/E ratio and favorable EV/EBITDA. The PEG ratio indicates potential undervaluation relative to growth, making it an appealing investment opportunity for value-focused investors.
<b>Growth (YoY)</b>	Year-over-year growth metrics are impressive, with significant increases in sales, PAT, and EPS. This reflects the company's successful expansion strategies and market penetration, positioning it well for continued growth and shareholder value creation.
<b>Growth (QoQ)</b>	Quarter-over-quarter growth shows a decline in sales and PAT, indicating potential short-term challenges. However, the positive QYoY growth suggests underlying strength and resilience, with the company likely to overcome temporary setbacks.
<b>Capital Allocation</b>	The company demonstrates strong capital efficiency with high RoE, RoA, and RoCE, indicating effective use of resources to generate returns. The RoIC further highlights the company's ability to create value from invested capital, supporting long-term growth.
<b>Holdings</b>	The ownership structure shows a balanced mix of promoter, FII, DII, and public holdings, reflecting diverse investor interest. This distribution suggests confidence in the company's governance and growth prospects, enhancing its market credibility.
<b>Leverage</b>	The company's leverage is moderate with a low debt/equity ratio, indicating prudent financial management. The substantial cash equivalents provide a buffer against financial risks, supporting strategic investments and operational flexibility.

**Analyst viewpoint:** IIFL Capital has demonstrated strong growth and financial resilience, reflected in its 88.34% year-on-year PAT growth and a commendable 32.76% EPS growth, underpinned by efficient cost management and robust market strategies. Despite a slight quarter-on-quarter dip, the overall trajectory shows a strategic uptrend with a 7.48% QYoY sales increase. The company's valuation metrics, such as a trailing P/E of 9.82 and a low EV/EBITDA of 2.75, underscore its competitive positioning in the market, presenting a compelling investment opportunity. Moreover, capital allocation remains robust with a 44.7% Return on Invested Capital, highlighting efficient use of resources to drive shareholder value.

Strategically, IIFL is redefining its market presence by transitioning towards a comprehensive wealth management entity that appeals to affluent, HNI, and UHNI clients. This evolution is supported by a competitive edge in institutional broking and investment banking, ensuring continued dominance and market share expansion within the sector. Complementing its strategic focus are efforts to enhance digital platforms and diversify product offerings, although further integration of ESG principles into these strategies presents an area for enhancement. Overall, with a blend of solid financial health, strategic initiatives, and a market-leading position, IIFL Capital is well-poised for consistent growth and shareholder value creation in the short to mid-term.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)