A. K. Capital Services Limited (Revised)

July 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Commercial paper	150.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Rating reaffirmation on the debt instrument of A. K. Capital Services Limited (AKCSL) continues to factor in the A. K. Capital group's long standing track record and established presence as a merchant banker in the debt market segment while maintaining comfortable capital structure and robust asset quality metrics. AKCSL is the flagship holding company of the group housing merchant banking, financial lending, broking and distribution businesses. The company conducts lending activity through its non-banking financial company (NBFC)subsidiary - A. K. Capital Finance Limited (AKCFL). The rating further draws comfort from the extensive experience of the promoter, management team, and strong institutional client base.

However, the rating remains constrained by inherent volatility in the earnings profile due to dependence on level of activity in debt capital markets and exposure to market risks with adverse movement in interest rates impacting profitability, though part-mitigated by low average holding period. The rating also considers high exposure to the corporate segment with a relatively higher client concentration risk and intensely competitive nature of the merchant banking industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Not applicable

Negative factors: Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Substantial decline in market position and in profitability on a sustained basis.
- Deterioration in credit quality of assets under management (AUM) and/ or liquidity profile.
- Increase in leverage, with overall gearing beyond 4x on a sustained basis at AKCSL's consolidated level.

Analytical approach:

Consolidated; CARE Ratings Limited (CareEdge Ratings) has analysed AKCSL's consolidated financial statements owing to financial, business, and operational linkages with subsidiaries and common management.
Entities consolidated are listed under Annexure-6.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Long track record with established market presence and experienced management team

The company has been providing merchant banking services for over 25 years and is one of the leading players in the corporate debt market segment. It is also among the largest arrangers of debt for public sector undertaking entities (PSUs), including tax-free bonds, private finance institutions (PFIs), banks and the private sector.

On a cumulative basis (for the last 12 years), the group managed 2,076 assignments till March 31, 2026, aggregating to ~₹25.50 lakh crore (Source: Prime Database). Within the private debt placement segment, in FY26 (April 01 to March 31), the group managed 145 assignments (excluding InvITs and ReITs) aggregating to ₹2,41,009 crore with a market share of 34.10%,

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

compared to 213 assignments aggregating to ₹385,639 crore with a market share of 46% in FY25. The market share has moderated in FY26, because the management was focusing on margins against volumes.

Over the years, AKCSL built relationships with a large institutional client base, including leading Indian corporates, banks, NBFCs, financial institutions (FIs), provident funds, pension funds, insurance companies, mutual funds, and alternate investment funds (AIFs), among others. As on March 31, 2026, the group had a client base of over 200 institutions and over 1,000 provident and retirement funds, which enables down-selling of securities.

Comfortable capital structure

While the company's consolidated capital structure is comfortable, its gearing levels remain volatile, depending on debt placement volumes, investor appetite, and turnover of debt securities. AKCSL's consolidated net worth has been improving steadily due to internal accruals and stood at ₹1,041 crore as on March 31, 2026 (March 31, 2025: ₹965 crore). At a consolidated level, the gearing stood at 2.97x as on March 31, 2026 (3.26x as on March 31, 2025).

AKCSL's standalone borrowing is largely in the form of working capital funding from banks to participate in debt placements (primary and secondary market dealing). As a result, AKCSL's standalone gearing levels are prone to volatility, depending on the company's participation in the debt placement. On a standalone basis, AKCSL's gearing stood at 0.96x as on March 31, 2026 (March 31, 2025: 1.51x) improved majorly, considering the moderation in stock in trade.

The group's majority borrowings pertain to AKCFL, which is the NBFC arm of the group, engaged in lending activities (through loan and investment exposures) to corporate entities (largely financial institutions). AKCFL reported a capital adequacy ratio (CAR) of 35.63% (March 31, 2025: 31.64%) and a Tier-I CAR of 35.50% (March 31, 2025: 31.52%) as on March 31, 2026, with overall gearing (debt to total net worth [TNW]) at 2.51x as on March 31, 2026 (March 31, 2025: 2.81x) improved, considering the capital infusion of ₹142.50 crore from the promoter group in March 2026. The group has also been able to raise debt funds through bank borrowings and from debt capital markets at competitive rates.

Healthy asset quality

AKCSL deals in fixed-income securities/instruments, non-convertible debentures (NCDs), pass through certificates (PTCs) and such other fixed-income securities within the minimum investment-grade rating category. These securities are marketable and can be liquidated in a short span of time ranging from a few days to a few months, depending on demand for securities and the company's ability to sell down.

Rating wise, AKCFL and AKCSL's combined AUM (comprising lending plus treasury assets and AIF exposures) remained distributed across government securities (G-secs; 18%), AAA category (11%), AA category (12%), A category (36%), and the rest (22%) in BBB and others as on March 31, 2026.

AKCFL's standalone AUM consists of lending book and treasury assets, comprising 61% and 39% as on March 31, 2026, respectively. The company maintained healthy asset quality with negligible gross non-performing assets (GNPAs) in the last five years and GNPAs remained nil as on March 31, 2026. AKCFL has sound risk management practices and has benefitted from the group's experience in debt market in the assessment of credit quality of borrowers, which has helped it maintain healthy asset quality over the years.

Key weaknesses

Volatility in profitability parameters

On a standalone basis, AKCSL derives majority income by subscribing to debt instruments from the primary market and distributing them to its client base. The transaction volumes depend on overall buoyancy in debt capital markets, which can exhibit periodic volatility and impact AKCSL's income.

AKCSL's consolidated income profile consists of fee-based income earned from its merchant banking, brokerage, advisory, and syndication activities, which contributed 32% to its total income in FY26 (FY25: 22%) and fund-based income earned from its loan portfolio and investment book (including fair value gains), which contributed 68% to its total income in FY26 (FY25: 78%). For a particular year, volatility in fee-based income may arise out of thin margins in debt issuances participated or subdued debt raising activity in the market due to unfavourable economic conditions. AKCFL is the lending arm of AKCSL and the core margins[2] (including fees from syndication) of the NBFC increased to 5.50% in FY26 (FY25: 5.27%; FY24: 6.01%). AKCFL's operating

[2] Calculated as (Net interest income plus syndication fees plus gain from treasury assets / Average total assets)

expenses to average assets slightly increased to 2.55% in FY26 compared to 2.48% in FY25, primarily considering increase in employee costs due to higher incentives and bonus payouts. As a result, return on total assets (ROTA) moderated slightly to 2.19% in FY26 compared to 2.25% for FY25. Despite inherent volatility in profitability parameters, the consolidated ROTA improved to 2.68% in FY26 compared to 2.17% in FY25 (FY24: 2.68%).

In FY26, AKCSL reported consolidated profit after tax (PAT) of ₹114 crore (FY24: ₹87 crore) on total income of ₹573 crore (FY25: ₹484 crore). On a standalone basis, AKCSL reported a PAT of ₹62 crore (FY25: ₹33 crore) on a total income of ₹188 crore (FY25: ₹127 crore) in FY26, improved considering higher dividend income and merchant banking fees despite provisioning of ₹4.5 crore for impairment allowance for AKCSL's wholly owned subsidiary "A. K. Capital (Singapore) Pte. Ltd".

Exposure to market risk with adverse movement in interest, impacting the profitability
The company is exposed to market risks arising from adverse movement of prices of securities, which are influenced by the level and changes in interest rates in the economy and developments in other markets, including credit and capital markets, international bond markets, and policy actions by the Reserve Bank of India (RBI). This may result in price volatility on mark-to-market basis. In addition, the company may also face risks considering its inability to liquidate holdings due to non-availability of buyers for securities. Due to illiquidity, the company may need to sell at adverse prices. CareEdge Ratings notes that in the recent period, volatility increased in fixed-income markets led by domestic and international events.

The company manages the market risk through back-to-back sell down of majority securities, and the balance is generally sold within 1-3 months. Being in the fixed-income industry for over 25 years, AKCSL has built expertise and has been able to manage interest rate risk quite effectively by tweaking its positions and maintaining its profitability in volatile interest rate scenarios; however, managing profitability with higher-than-expected movement in interest rates continues to be a key rating sensitivity.

High exposure to the corporate segment with relatively higher borrower concentration risk
Over the years, the group has maintained sound asset quality. AKCSL, through AKCFL takes exposure through the lending book, where it lends and holds investments in debt securities. It has a treasury book, which invests in G-Secs and high-rated securities, which provides the company with flexibility to sell down and has helped it maintain good asset quality. However, due to the nature of its exposures, AKCFL remains vulnerable to a high concentration in exposure as it focuses on large ticket-size corporate lending to mainly financial services entities. Despite this, exposures are expected to remain below RBI threshold limits, such as single borrower and group level exposure of 25% and 40% of the net worth, respectively. During FY26, the product mix tilted toward high yield portfolio in the 'A' and 'BBB' rated category. As AKCFL's exposures are relatively large for its size, slippages in its portfolio will require higher provisioning, which may in turn impact its profitability.

On a combined basis (AKCSL and AKCFL), the group's top 10 exposures (excluding government securities) as on March 31, 2026, stood at 29% (PY: 33%) of the AUM[3] and 108% (PY: 139%) of the net worth. At a standalone level, AKCFL is selective in taking exposures and investing in NCDs or lending to companies (mostly to NBFCs) with a minimum BBB rated category exposure cap of 30% maintained as a policy. On a standalone level, AKCFL's exposure towards BBB category and below entities stood 87% of the standalone net worth as on March 31, 2026 (March 31, 2025: 67%; March 31, 2024: 68%).

Increasing competition in the merchant banking business
Lead arrangers' numbers have increased over time, which has impacted fees earned from debt placement and transaction volume managed. Intense competition in the merchant banking space, and high dependence on capital market conditions, may impact the company's earnings profile and profitability.

Liquidity: Adequate
As on March 31, 2026, at a AKCSL (standalone) level, the company's term debt repayments including commercial paper redemptions for next three months stood at ₹17.40 crore, against which the company had ~₹329 crore of securities in 'AA rated and above' category in inventory and unencumbered cash and bank balance of ₹2.14 crore, providing adequate cushion to cover repayments.

At the consolidated level, in the next one year, AKCSL had inflows from advances and investments, and cash and bank balances amounting to ₹3,697 crore against its debt repayments of ₹2,125 crore as on March 31, 2026. Consolidated undrawn credit lines stood at ₹860 crore as on March 31, 2026, provide additional comfort.

[3] Consolidated AUM = (Investments including stock of securities + Loans and advances)

Ratings do not factor in rating-related trigger clauses per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if such clauses are introduced and triggered, ratings may see volatility and sharp downgrades.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

Definition of Default
Consolidation
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Short Term Instruments
Non Banking Financial Companies
Service Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Capital markets	Other capital market related services

AKCSL is a Securities and Exchange Board of India (SEBI)-registered Category-I merchant banker. The company has been providing merchant banking services for over 25 years and is a leading player in the corporate debt market segment through management of private placements and public issues. AKCSL is primarily involved in merchant banking activity and dealing in the fixed-income market, buying and selling rated debt securities (corporate bonds, G-Secs) and advisory activities. Merchant banking activities conducted by AKCSL involve corporate debt raising through private placement of bonds and debentures, initial public issue of bonds and debentures, project financing, working capital financing, and financial advisors, among others.

AKCSL (Consolidated):

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	519	484	573
Profit after tax (PAT)	93	87	114
Assets under management (AUM)*	3,625	4,044	4,071
On-book gearing	3.01	3.26	2.97
AUM / tangible net-worth (TNW) (x)	3.97	4.19	3.91
Gross non-performing assets (NPA) / gross stage 3 (%)	Nil	Nil	Nil
Return on managed assets (ROMA) (%)#	2.68%	2.17%	2.68%
Capital adequacy ratio (CAR) (%)	NA	NA	NA

A: Audited; Note: These are latest available financial results.
NA: Not applicable since parent entity is not an NBFC.
*Includes lending and investment book; #ROTA is given as ROMA.

AKCSL (Standalone):

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	127	127	188
Profit after tax (PAT)	32	33	62
Assets under management (AUM)	NA	NA	NA
On-book gearing	1.39	1.51	0.96
AUM / tangible net-worth (TNW) (x)	NA	NA	NA
Gross non-performing assets (NPA) / gross stage 3 (%)	Nil	Nil	Nil
Return on managed assets (ROMA) (%)#	2.93%	2.68%	5.32%
Capital adequacy ratio (CAR) (%)	NA	NA	NA

A: Audited; UA: Unaudited; Note: These are latest available financial results.
NA: Not applicable
#ROTA is given as ROMA.

Status of non-cooperation with previous CRA:
Not applicable

Any other information:
Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	INE701G14338	02-Jan-26	8.90%	11-Dec-26	50.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14346	11-Feb-26	8.55%	20-Aug-26	5.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14353	17-Feb-26	8.55%	18-Aug-26	2.00	CARE A1+

Commercial Paper-Commercial Paper (Standalone)	INE701G14361	20-Mar-26	9.00%	18-Sep-26	25.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14387	24-Mar-26	8.75%	10-Jul-26	20.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14379	25-Mar-26	9.00%	15-Oct-26	5.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14395	07-Apr-26	8.75%	06-Oct-26	5.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14411	08-Apr-26	8.50%	08-Oct-26	14.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14403	10-Apr-26	9.15%	05-Mar-27	14.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14429	20-Apr-26	8.50%	16-Oct-26	5.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE701G14437	30-Apr-26	8.50%	30-Oct-26	5.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	150.00	CARE A1+	1)CARE A1+ (06-Feb-26) 2)CARE A1+ (29-Jul-26)	1)CARE A1+ (30-Jul-24)	1)CARE A1+ (07-Feb-24)	1)CARE A1+ (13-Feb-23) 2)CARE A1+ (19-Jul-22)

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	A. K. Capital Finance Limited (AKCFL)	Full	Subsidiary
2	A. K. Stockmart Private Limited	Full	Subsidiary
3	A. K. Wealth Management Private Limited	Full	Subsidiary
4	A. K. Capital Corporation Private Limited	Full	Subsidiary
5	A. K. Capital (Singapore) Pte. Limited	Full	Subsidiary
6	Family Home Finance Private Limited	Full	Step down subsidiary
7	A. K. Alternative Asset Managers Private Limited	Full	Step down subsidiary

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (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 Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	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.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

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

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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