



SMERA RATINGS LIMITED

B P Equities Private Limited

(BP Equities)

*Rating
Rationale*

November 05, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash credit	104.00	SMERA BBB/Stable (Assigned)
Bank Guarantee	100.00	SMERA A3+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BBB**' (read as **SMERA triple B**) and a short term rating of '**SMERA A3+**' (read as **SMERA A three plus**) to the Rs.204 crore bank facilities of B P Equities Private Limited (BP Equities). The outlook is '**Stable**'. The ratings are supported by the company's long track record of operations, experienced management, robust risk management system and comfortable capital adequacy. The ratings also draw support from the healthy revenue growth, improvement in profit margins and large scale of operations. Further, the ratings also note the company's pan India presence with stable customer relations and its plan to launch a mobile based application for trading. However, the ratings are constrained by the inherent risk associated with the financial market and susceptibility of the company to the changes in the economy.

SMERA has consolidated the business and financial risk profiles of BP Equities, BP Wealth Management Private Limited (BP Wealth) and BP Comtrade Private Limited (BP Comtrade) together referred to as the BP Group. The consolidation is in view of the common ownership and operational linkages within the group.

The BP Group has been in operations in 1987 and was incorporated as a private limited company in 1997. The current management of the group has over two decades of experience in the financial services business. The consolidated network of the group stands healthy as on March 31, 2015 which provides adequate cushion to withstand trading losses. Similarly, the group also undertakes proprietary trading which helps to maintain liquidity and generate funds. For FY2015, with proprietary trading accounting for only 2.5 per cent of the groups' total volume traded, it accounted for 45 per cent of the groups' total revenue.

The group has shown year on year increase in revenue from Rs.17.09 crore in FY2014 to Rs.19.14 crore in FY2015. For FY2015, the group's EBIDTA margins stood at 48.47 per cent as compared to 34.18 per cent in FY2014. For FY2015, the BP Group accounted for around 0.20 per cent of total volume traded in the cash and F&O segment of NSE and BSE.

The BP Group has pan India presence through 13 branches and 220 franchises. In FY2016, the group plans to launch a mobile based application to enhance visibility and compete with the new age online trading platforms. The group has long lasting relations with its retail and institutional clients. Some of its institutional clients include SBI, PNB, Axis Bank among others.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



The ratings are constrained by the inherent risk associated with the broking industry and susceptible to the dynamic changes in the global economy.

Rating Sensitivity Factors

- Cyclicity of stock markets
- Increased earnings and maintaining profitability

Outlook: Stable

SMERA believes that BP Equities will continue to benefit from its experienced management and established client relations. The outlook may be revised to 'Positive' in case of healthy earnings and strong capital structure. However, the outlook may be revised to 'Negative' in case of deterioration of earnings or excessive reliance on leverage.

About the Company

The BP Group was founded in 1987 by Shri Babubhai P Thakker. The group's major areas of operations include stock broking, commodity broking, equity research, IPO's, mutual funds, insurance and distribution. BP Wealth is the holding company in the group with BP Equities and BP Comtrade as its subsidiaries. BP Comtrade is also engaged in commodity broking.

BP Group reported profit after tax (PAT) of Rs. 3.39 crore on operating income of Rs.19.14 crore for FY 2014-15, as compared with PAT of Rs.1.82 crore on operating income of Rs.17.09 crore in FY2013-14. BP Equities (on a standalone basis) reported PAT of Rs.2.53 crore on operating income of Rs.17.13 crore for FY2014-15, as compared with PAT of Rs.1.38 crore on operating income of Rs.15.44 crore in FY2013-14.

Contact List

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.