

B P Equities Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	104.00	SMERA BBB/Stable (Reaffirmed)
Overdraft	7.00	SMERA BBB/Stable (Assigned)
Bank Guarantee	93.00 (Revised from 100.00)	SMERA A3+(Reaffirmed)

SMERA has reaffirmed the ratings of '**SMERA BBB**' (read as SMERA triple B) and '**SMERA A3+**' (read as SMERA A three plus) on the Rs.204.00 crore bank facilities of B P Equities Private Limited (BP Equities). The outlook is '**Stable**'.

The ratings continue to derive comfort from 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 plan to launch a mobile based application for trading. However, the ratings are constrained by the inherent risks associated with the financial market and susceptibility of the company to 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.

Update

The group registered revenue of Rs.23.01 crore for FY2015-16 (Rs.19.14 crore for FY2014-15). For FY2015-16, brokerage income constitutes 28.00 per cent of the total revenue while trading contributed 42.95 per cent with the balance being generated by interest income. The group has registered uneven profit margins during the period FY2013-14 to FY2015-16. The EBIDTA margins declined from 48.69 per cent in FY2014-15 to 39.30 per cent in FY2015-16. The total volume traded both in the cash segment (Equity) and F&O for FY2015-16 accounted for Rs.120825.48 crore as compared to Rs.145324.58 crore for FY2014-15. The financial risk profile of BP Equities continues to remain healthy in FY2016. The gearing has remained stable from 0.29 times as on March 31, 2016 (0.14 times as on March 31, 2015). The coverage indicators - interest coverage ratio remain healthy at 2.94 times for FY2015-16 (2.03 times for FY2014-15) and TOL/TNW at 0.49 times as on March 31, 2016 (0.39 times as on March 31, 2015). Further, the networth has been healthy at Rs.126.68 crore as on March 31, 2016 (Rs.122.74 crore as on March 31, 2015)

The company continues to be constrained by the inherent risk associated with the broking industry and is susceptible to the dynamic changes in the global economy.

Rating Sensitivity Factors

- Cyclicalities 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 relations with clients. 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.

Criteria applied to arrive at the ratings:

- Manufacturing Entities
- Trading Entities

About the Company

The BP Group was founded in 1987 by Shri Babubhai P Thakker. The major areas of operation include stock broking, commodity broking, equity research, IPO's, mutual funds to name a few. BP Wealth is the holding company in the group with BP Equities and BP Comtrade being subsidiaries. BP Comtrade is also engaged in commodity broking.

The BP Group reported profit after tax (PAT) of Rs.3.89 crore on operating income of Rs.23.01 crore for FY2015-16, as compared with PAT of Rs.3.39 crore on operating income of Rs.19.14 crore in FY2014-15. BP Equities (on a standalone basis) reported PAT of Rs.2.89 crore on operating income of Rs.20.41 crore for FY2015-16, as compared with PAT of Rs. 2.53 crore on operating income of Rs.17.13 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
05 November, 2015	Cash Credit	104.00	SMERA BBB (Assigned)	-	Stable
	Bank Guarantee	100.00	-	SMERA A3+ (Assigned)	-

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ABOUT SMERA

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