

## Press Release

B P Equities Private Limited

December 20, 2022

Rating Reaffirmed & Withdrawn



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	87.50	ACUITE BBB+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	183.00	-	ACUITE A2   Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	270.50	-	-

## Rating Rationale

Acuite has reaffirmed and withdrawn the long term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B plus**) on the Rs.87.50 Cr. bank facilities of B P Equities Private Limited (BEPL).

Acuite has reaffirmed and withdrawn the short term rating of '**ACUITE A2**' (read as **ACUITE A Two**) on the Rs.183.00 Cr. bank facilities of B P Equities Private Limited (BEPL).

The rating is withdrawn on account of the request received from the company and NOC received from the banker.

The withdrawal is as per Acuite's policy on withdrawal of ratings.

## About the company

Incorporated in 1997, Mumbai based BP Equities Private Limited (BEPL) is a share broking company engaged in brokerage services for various securities and providing depository services, distribution of mutual funds, and insurance broking. BEPL is promoted by holding company BP Wealth Management Private Limited. BP Wealth Management Private Limited has two subsidiary companies BP Equities Private Limited and BP Comtrade Private Limited (BCPL). BCPL, incorporated in 1994, is engaged in brokerage services and trading of commodity contracts. The business operations are currently managed by Mr. Yuvraj A. Thakker who is part of the promoter family and his team of professionals.

## Analytical Approach

### Extent of Consolidation

Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of BP Equities Private Limited (BEPL), BP Wealth Management Private Limited (BWPL) and BP Comtrade Private Limited (BCPL) together referred to as the BP Group. The consolidation is in view of the common shareholding, management and significant operational and financial linkages between the various companies of the group.

## Key Rating Drivers

## **Strength**

### **Long track record in capital markets**

Mr. Babubhai P Thakker founded the BP Group in 1987 and later incorporated the company in 1997. The Group's major area of focus has been Stock Broking, Commodity Broking, Equity Research, IPO's, Mutual Fund, Insurance and Distribution. With a track record of operations of over three decades, the BP Group has established a strong client base having a mix of retail as well as institutional clients. The group is currently headed by Mr. Yuvraj A. Thakker along with a team of seasoned professionals, possessing more than two decades of experience in the equity broking and capital market related businesses. The company's research and technology driven focus has enabled it to come up with an online application/ platform 'StoXBoX' wherein the company offers sectoral baskets of equities, mutual funds, ETF's for long term and short term portfolio based on an investment strategy supported by the company's research and back-testing process. While the group is yet to demonstrate a steady growth in its stock broking businesses, the current focus of the management to develop new products and services for new client acquisitions is expected to lead to a moderate growth in revenues over the medium term.

Acuité believes that the BP group will continue to benefit from its steady HNI and institutional clientele, its healthy client relationships and its experienced management team backed by a favourable capital market environment.

### **Adequate Risk Management Systems**

BP Group continues to have an adequate risk management system. It manages risk by monitoring Value -at-Risk (VaR), time based squaring off, value based squaring off etc. The backend operations team also manages risk through monitoring each and every transaction that takes place. This is particularly relevant for its proprietary trading positions.

Acuité believes the group's risk management practices will remain adequate and support the continuity of its broking and trading operations.

## **Weakness**

### **Susceptibility to uncertainties inherent in the capital markets business**

Broking is a highly volatile and cyclical business with the presence of a large number of established players who provide significant competition to the other fragmented and small players. The company's operating performance is linked to the capital markets, which are inherently volatile as they are driven by economic and political factors as well as investor sentiments. Trading volume and earnings depend heavily on the level of trading activity in capital market. The group's revenue has been significantly dependent on proprietary trading income which is inherently volatile. During FY2022 the company was able to generate a revenue of Rs. 30.79 Cr as against Rs.18.63 Cr. in FY2021. The EBITDA at group level improved to Rs. 48.02 Cr. in FY2022 from Rs.37.05 Cr. in FY2021, owing to the reduction in operating expenses as the operating income stood stagnant at ~Rs. 118 Cr..

Given the competition from larger brokerages and technology-focused new entrants, the ability of the group to grow its brokerage revenues on a sustainable basis will be a key monitorable.

Acuité believes that the level of activity in the capital markets will continue to be a key determinant of its revenue profile and future growth trajectory.

## **Rating Sensitivity**

- The earnings trajectory over the medium term
- Any changes in management and ownership pattern
- Changes in regulatory environment

## **Material Covenants**

BEPL is subject to covenants stipulated by its lenders/investors in respect of minimum networth stipulation.

## **Liquidity Position**

### **Adequate**

The group maintained cash and bank balances of Rs. 182.47 Cr as on March 31, 2022. The

group has limited dependence on working capital borrowings; the overdraft limit of the group remains moderately utilised at 20 percent to 30 percent. Acuité believes that the liquidity of the group is likely to remain healthy over the near to medium term with improved cash accruals and low debt repayment obligations.

#### Outlook:

Not Applicable

#### Other Factors affecting Rating

None

#### Key Financials - Standalone / Originator

Particulars	Unit	FY22 (Actual)	FY21 (Actual)
Operating Income	Rs. Cr.	125.94	123.55
PAT	Rs. Cr.	44.96	32.42
PAT Margin	(%)	35.70	26.24
Total Debt/Tangible NetWorth	Times	0.04	0.14

#### Key Financials - Consolidated

Particulars	Unit	FY22 (Provisional)	FY21 (Actual)
Operating Income	Rs. Cr.	118.18	118.64
PAT	Rs. Cr.	46.86	32.12
PAT Margin	(%)	39.65	27.08
Total Debt/Tangible NetWorth	Times	0.04	0.07

#### Status of non-cooperation with previous CRA (if applicable):

None

#### Any other information

None

#### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

#### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Jan 2022	Bank Guarantee	Short Term	53.20	ACUITE A2 (Assigned)
	Cash Credit	Long Term	50.00	ACUITE BBB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	59.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	16.80	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BBB+   Stable (Reaffirmed)
	Secured Overdraft	Long Term	12.50	ACUITE BBB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	30.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	1.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	23.00	ACUITE A2 (Reaffirmed)
21 Oct 2020	Bank Guarantee	Short Term	23.00	ACUITE A2 (Reaffirmed)
	Proposed Bank Facility	Long Term	1.00	ACUITE BBB+   Negative (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE BBB+   Negative (Reaffirmed)
	Secured Overdraft	Long Term	50.00	ACUITE BBB+   Negative (Reaffirmed)
	Bank Guarantee	Short Term	60.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	45.00	ACUITE A2 (Reaffirmed)
	Secured Overdraft	Long Term	3.00	ACUITE BBB+   Negative (Reaffirmed)
	Secured Overdraft	Long Term	10.30	ACUITE BBB+   Negative (Reaffirmed)
31 May 2019	Bank Guarantee	Short Term	23.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	37.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short Term	60.00	ACUITE A2 (Reaffirmed)
	Secured Overdraft	Long Term	10.30	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB+   Negative (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A2   Reaffirmed & Withdrawn
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	16.80	ACUITE A2   Reaffirmed & Withdrawn
Central Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	23.00	ACUITE A2   Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	60.00	ACUITE A2   Reaffirmed & Withdrawn
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	53.20	ACUITE A2   Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	25.00	ACUITE BBB+   Reaffirmed & Withdrawn
Central Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	50.00	ACUITE BBB+   Reaffirmed & Withdrawn
Central Bank of India	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	12.50	ACUITE BBB+   Reaffirmed & Withdrawn

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Basil Paul Manager-Rating Operations Tel: 022-49294065 <a href="mailto:basil.paul@acuite.in">basil.paul@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.