

Press Release

KIFS Trade Capital Private Limited

May 16, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	300.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	300.00	-	-

Rating Rationale

Acuite has downgraded the long term rating to **ACUITE BB+ (read as ACUITE double B plus)** from '**ACUITE A (read as ACUITE A)**' on the Rs. 300.00 Cr. bank facilities of KIFS Trade Capital Private Limited (KTCPL). The rating is now flagged as "**Issuer not cooperating**" and is based on the best available information.

The rating has been downgraded on account of information risk.

About the Company

Incorporated in 2012, Gujarat based, KIFS Trade Capital is a SEBI registered Intermediary and accordingly carrying out its business as a stock broker member. The company's operations are spread across 14 branches as on December 31, 2022. The company also having wide spread network of Sub-brokers and dealers. The company also provides funding facility for Primary market investment for retail category (IPO Financing). KTCPL is promoted by the KIFS (Khandwala Integrated Financial Services) Group. The group is engaged in the businesses of capital markets activities since 1987 with presence in segments such as stocks and commodities broking, bullion refining and portfolio management services as well as any movable/ immovable properties. KTCPL is owned by KIFS International LLP through promoters, Mr. Rajesh Khandwala, Mr. Vimal Khandwala and Mr. Jayesh Khandwala.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuite endeavored to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

Material Covenants

Not Applicable

Liquidity Position

KTCPL has bank facilities comprising of bank guarantee and overdraft facilities, which are used for margin requirements. The company had a cash and bank balance of Rs 303.20 Cr. as on March 31, 2023.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials:

Particulars	Unit	FY23(Prov)	FY22(Actual)
Operating Income	Rs. Cr.	79.37	61.82
PAT	Rs. Cr.	63.04	130.97
PAT Margin	(%)	79.42	211.84
Total Debt/Tangible Worth	Times	0	0
PBDIT/Interest	Times	6.62	26.54

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- 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, Acuite 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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Feb 2022	Proposed Bank Guarantee	Long Term	300.00	ACUITE A Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	200.00	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	100.00	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Nitin Chavan Analyst-Rating Operations Tel: 022-49294065 nitin.chavan@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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) for the latest information on any instrument rated by Acuité.