



**Press Release**  
**KIFS Trade Capital Private Limited**  
**October 31, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	300.00	ACUITE A-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	300.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to ‘**ACUITE A-**’ (read as **ACUITE A minus**) on the Rs. 300.00 Cr. bank facilities of KIFS Trade Capital Private Limited (KTCPL). The outlook is ‘**Stable**’.

**Rationale for rating**

The reaffirmation factors in KTCPL’s healthy capital structure, experienced management, support of resourceful promoters and established position in its segment. KTCPL has comfortable capitalization with a networth of Rs. 896.48 Cr. as on March 31, 2024. The rating also takes into account improvement in profitability metrics of KTCPL over the years. KTCPL reported PAT of Rs. 267.29 Cr. for FY2024 as compared to Rs. 103.86 Cr. for FY2023.

The rating is however constrained on account of KTCPL’s low proportion of core broking income in the total revenue profile, trading revenues & volume susceptibility to the level of volatility in the capital markets as well as highly competitive landscape in broking business. Going forward, continued promoters support and ability of the company to improve its operating performance are key monitorables.

**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 located in 4 states as on March 31, 2023. 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.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken the standalone business and financial risk profiles of KIFS Trade Capital Private Limited.

**Key Rating Drivers**

**Strength**

**Promoters experience in capital markets**

KIFS group is majorly 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. KIFS Trade Capital Private Limited (KTCPL) is a SEBI registered Intermediary engaged in the stock market business and is depository participant of NSDL. The management team of KTCPL is led by Promoter- Director Mr. Rajesh Khandwala, Mr. Vimal Khandwala and his professional team. The promoters have over 2 decades of experience in financial services industry and are well supported by seasonal management team. KTCPL has expanded its presence over the years through franchise and sub-brokers adding retail client and institutional clients. The company is supported by the KIFS Group adequately

in terms of management support as well as for capital requirements. Going forward the company looks forward to on-board additional institutional clients and that would drive the business further.

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

#### **Adequate Risk Management Systems**

KTCPL has 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/arbitrage trading positions.

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

#### **Healthy profitability metrics**

KTCPL's profitability metrics has been supported on account of increase in traded volumes specially for institutional clients. KTCPL reported PAT of Rs. 267.29 Cr. for FY2024 as compared to Rs. 103.86 Cr. for FY2023. The company has maintained an equity investment portfolio of ~Rs. 593.20 Cr. as on March 31, 2024. The improvement in earning profile of the company was majorly driven by net gain on fair value changes (profit on shares held for instruments).

Acuité takes cognizance of the improvement in KTCPL's profitability metrics however, the same is volatile subject to capital market conditions.

#### **Weakness**

##### **Susceptibility to uncertainties inherent in the capital markets business; low proportion of brokerage income**

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 company's revenue has been significantly dependent on gain on sale of investments which is inherently volatile. 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**

- Business volumes & operating performance
- Any changes in management and ownership pattern
- Changes in regulatory environment

#### **Liquidity Position**

##### **Adequate**

KTCPL has bank facilities comprising of bank guarantee and overdraft facilities, which are used for margin requirements. The company had a cash and cash equivalents of ~Rs 257.30 Cr. as on March 31, 2024. Acuité believes the liquidity position will remain adequate in the near to medium term.

#### **Outlook:**

Stable

#### **Other Factors affecting Rating**

None

#### **Key Financials - Standalone / Originator**

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Operating Income	Rs Cr.	140.98	70.98
PAT	Rs Cr.	267.29	103.86
PAT Margin	%	189.59	146.32
Total Debt/Tangible Networth	Times	0.10	0.05
PBDIT/Interest	Times	22.23	12.31

\*Operating Income does not include interest on FDs and Other Income

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

Not Applicable

**Any other information**

None

**Applicable Criteria**

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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. Acuité'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
04 Aug 2023	Proposed Bank Guarantee	Long Term	300.00	ACUITE A-   Stable (Upgraded from ACUITE BB+)
16 May 2023	Bank Guarantee (BLR)	Long Term	200.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
	Proposed Bank Guarantee	Long Term	100.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A   Stable)
15 Feb 2022	Proposed Bank Guarantee	Long Term	300.00	ACUITE A   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	300.00	Simple	ACUITE A-   Stable   Reaffirmed

## Contacts

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### 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.

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