



## Press Release

**Jaypee Capital Services Limited (JCSL)**

**October 18<sup>th</sup>, 2023**

### Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	10.00	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	150.00	IVR A2 (IVR A Two)	Assigned	<a href="#">Simple</a>
Proposed Bank Facilities	140.00	IVR BBB+/Stable; IVR A2 (IVR Triple B Plus with Stable Outlook & IVR A Two)	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>Rs.300.00</b> (Rupees Three Hundred Crore Only)			

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The ratings assigned to the bank facilities of Jaypee Capital Services Limited derive strength from established track record of group and experienced promoters, healthy financial risk profile and comfortable capitalization. The rating is however constrained on account of volatility associated with stock market and intense competition.

### Key Rating Sensitivities:

#### Upward Factors

- Ability to achieve revenue and profitability while maintaining the credit profile.
- Diversification of customer base and/or diversification of revenue sources.

#### Downward Factors

- Substantial decline in trading volumes and profitability resulting in overall deterioration in credit profile.
- Changes in the regulatory environment



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### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

##### **Established Track Record of Group and Experienced Promoters**

JCSL has long term track record, and it is in the broking business for more than three decades. JCSL clients includes only ultra HNI and institutional investors. Promoter of the company Mr. Gaurav Arora has more than 35 years of experience in the stock broking business. This extensive experienced of promoters and the long-established track record of the group has helped to build healthy relationship with their clientele.

##### **Healthy financial risk profile**

The company's overall revenue has increased by 40% to Rs. 205.58 crore in FY23 from Rs.146.94 crore in FY22 on account of increase in trading volume as the company has increased its Ultra HNI as well as institutional clientele base. Further till September-2023, on a standalone basis, Jaypee capital Services Limited has achieved turnover of Rs.58.20 crore. Since the company is a service provider, and its EBITDA and PAT margins have remained healthy and improved to 47.03% and 37.89%, respectively, in FY23, compared to 35.89% and 24.83%, respectively, in FY22 due to higher proportion of trading income in the overall revenue coupled with lower operating expenses.

##### **Comfortable capitalization**

The consolidated basis company's tangible net worth improved to Rs. 290.40 crore as on March 31, 2023 (A) as against Rs.197.73 crore as on March 31, 2022. JCSL does not have any significant borrowings at the end of FY23 except for car loans. The company has availed limits of Rs. 160.00 crore in September 2023 and plans to further avail cash credit/ overdraft of Rs.20.00 crore and bank guarantee limits of Rs.120.00 crore for the purpose of meeting the working capital requirements and for a margin money in favour of various stock exchanges.



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### **B. Key Rating Weaknesses**

#### **Volatility Associated with Stock Market**

The company is engaged in the stock broking business and the stock market is volatile in nature, Market index like Sensex and Nifty goes up and down throughout the day. The stock market is vulnerable to both domestic and global events.

#### **Intense Competition**

Broking is a highly volatile and cyclical business with the presence of many established players who provide significant competition to the other fragmented and small players. The competition from large and established players and technology-focused new entrants is expected to continue to impact the revenue profile of players. This limits the profitability margins of the industry.

#### **Analytical Approach: Consolidated Approach**

Infomerics Ratings has taken consolidated approach of evaluation by combining the financial results of four companies - Jaypee International INC, Jaypee Singapore PTE, Ltd, Jaypee Capital services IFSC Private Limited (100% subsidiaries of JCSL) and Jaypee SAIG DMCC (100% subsidiary of Jaypee Singapore PTE, Ltd). The Group has 4 companies with significant synergies amongst them (operational as well as financial linkages) and the companies have same line of business.

#### **Applicable Criteria:**

[Criteria on Default Recognition](#)

[Criteria of assigning rating outlook](#)

[Rating methodology for Service companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of consolidation of companies](#)

#### **Liquidity: Adequate**

Jaypee Capital Services Limited has maintained adequate liquidity in the form of gross cash accruals of Rs. 82.67 crores. Current ratio for FY23 was 2.80x while quick ratio was 2.68x indicating adequate liquidity. As on 30th June 2023, JCSL has 2.58% stake in NCDEX which is as per management valued at Rs.50.00 crore.



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### About the company

JCSL was promoted by Mr. Gaurav Arora in the year 1994. Mr. Gaurav Arora have more than 35 years of experience in the capital and commodity market. It has its registered office in Delhi. The Jaypee Capital Services Limited is a member of NSE, BSE and MCX. Jaypee Capital is a professionally managed company that is highly process driven and system oriented. Jaypee Capital is a trading cum clearing member that provides brokerage and related services to both institutional and Ultra HNI customers via multiple exchanges. They provide access to a wide range of financial products including equities, options, futures, commodity derivatives, and ETFs. With memberships in the major exchanges and a presence in the U.S and in India.

### Financials (Consolidated):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	146.94	205.58
EBITDA	52.74	96.69
PAT	36.57	78.98
Total Debt	1.68	2.03
Tangible Net worth	197.73	290.40
<b>Ratios</b>		
EBITDA Margin (%)	35.89	47.03
PAT Margin (%)	24.83	37.89
Overall Gearing Ratio (x)	0.01	0.01

\*Classification as per Infomerics' standards

### Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	115.04	152.72
EBITDA	30.93	61.12
PAT	16.65	43.48
Total Debt	10.81	0.36
Tangible Net worth	135.64	180.64
<b>Ratios</b>		
EBITDA Margin (%)	26.89	40.02
PAT Margin (%)	14.71	28.40
Overall Gearing Ratio (x)	0.08	0.00

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None



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### Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities	Long Term	10.00	IVR BBB+/Stable	-	-	-
2.	Short Term Bank Facilities	Short Term	150.00	IVR A2	-	-	-
3.	Proposed Bank Facilities	Long Term / Short Term	140.00	IVR BBB+/Stable; IVR A2	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long term fund-based – Overdraft	--	--	Revolving	10.00	IVR BBB+/ Stable
Short Term non-fund based – Bank Guarantee	--	--	--	100.00	IVR A2
Short Term non-fund based – Bank Guarantee	--	--	--	50.00	IVR A2
Proposed – Overdraft / Cash Credit	--	--	--	20.00	IVR BBB+/ Stable
Proposed – Bank Guarantee	--	--	--	120.00	IVR A2





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### Annexure 2: List of companies considered for consolidated analysis:

Name of the company	Consolidated approach
Jaypee International INC	100% Owned by JCSL *
Jaypee Singapore PTE, Ltd	100% Owned by JCSL *
Jaypee SAIG DMCC	100% Owned by Jaypee Singapore PTE, Ltd.*
Jaypee Capital services IFSC Private Limited	100% Owned by JCSL *

*\*Intercompany transaction has been adjusted as per Infomerics standard*

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Jaypee-oct23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).