



Press Release

Jaypee Capital Services Limited (JCSL)

December 11, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities - Overdraft	10.00	IVR BBB+ / Positive (IVR Triple B Plus with Positive Outlook)	IVR BBB+ /Stable (IVR Triple B Plus with Stable Outlook)	Rating reaffirmed and outlook revised.	Simple
Short Term Non-Fund Based Bank Facilities – Bank Guarantee	300.00 (Enhanced from Rs. 150.00 crore)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed	Simple
Short Term Non-Fund Based Bank Facilities - Proposed	195.00 (Enhanced from Rs. 140.00 crore)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed	Simple
Total	505.00 (Rupees Five Hundred and Five crore)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of JCSL which continues to derive strength from growth in scale of operations coupled with healthy profitability margins, comfortable financial risk profile, established track record of group and experienced promoters. The ratings are however partially constrained by volatility associated with stock market and intense competition.

Infomerics Ratings has revised the outlook to 'Positive' from 'Stable' on account of expectations of improvement in operating profile with higher additions of HNI and institutional



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clients during FY25 and revenue contribution from proprietary trading is expected to reduce from FY25 onwards.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of operations coupled with improvement in 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

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Growth in scale of operations coupled with healthy profitability margins:**
At a consolidated level, JCSL's revenue has grown y-o-y by ~17% to Rs. 214.09 crore in FY24 (refers to period 1st April 2023 to 31st March 2024) on the back of growth in the trading income driven by the increase in trading volumes. This increase in trading volumes is on account of the increase in no. of UHNI and institutional clients. Additionally, JCSL's EBITDA margin stood at a healthy 54.93% & 41.81% in FY24 (FY23: 53.04% & 42.65%) on the back of rationalization in operating expenses. Going forward, Infomerics Ratings expects continuity in JCSL's growth in scale of operations along with healthy profitability margins on back of its entry in the GIFT city through its wholly owned subsidiary Jaypee Capital Services IFSC Pvt. Ltd. and development of in-house algo based trading platform which is expected to drive its growth in trading volumes on back of increase in UHNI and institutional clients.
- **Comfortable financial risk profile:**
At a consolidated level, JCSL's financial risk profile is comfortable marked by overall gearing ratio and TOL/TNW which stood at 0.18x & 0.35x respectively in FY24 (FY23:



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0.01x & 0.29x) on back of stable accretion of profits to its reserves and surplus. This led to JCSL's tangible net worth improve to Rs. 386.73 crore in FY24 (FY23: Rs. 290.41 crore). Additionally, JCSL's debt protection metrics marked by DSCR and ICR stood at a healthy 14.18x & 15.91x respectively as on 31st March 2024 (As on 31st March 2023: 201.86x & 234.90x respectively) on back of generation of healthy net cash accruals. Infomerics Ratings expects JCSL's financial risk profile to remain comfortable over medium term on back expectations of generation of healthy net cash accruals.

- **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 stockbroking business. This extensive experience of promoters and the long-established track record of the group has helped to build healthy relationships with their clienteles.

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



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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:

[Rating Methodology for Service Companies](#)

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

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Rating Criteria on Consolidation of Companies](#)

Liquidity –Adequate

JCSL has maintained adequate liquidity in the form of gross cash accruals of Rs. 97.43 crores against no stipulated repayment schedule of the long-term loan as on 31st March 2024. Current ratio for FY24 was 2.82x and quick ratio was 2.49x indicating adequate liquidity. Additionally, JCSL cash and cash equivalents as on 31st March 2024 stood at a healthy Rs. 299.49 crore.

About the Company:

JCSL is a financial services company that provides brokerage services and consultancy to both institutional and retail 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. JCSL has its wholly owned subsidiaries in USA, Singapore and Dubai.

Financials (Consolidated):

(Rs. crore)



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For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	182.28	214.09
EBITDA	96.69	117.60
PAT	78.98	94.24
Total Debt	2.03	67.86
Tangible Net Worth	290.41	386.73
EBITDA Margin (%)	53.04	54.93
PAT Margin (%)	42.65	41.81
Overall Gearing Ratio (x)	0.01	0.18
Interest Coverage (x)	234.90	15.91

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024 -25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023 -24	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Oct 18, 2023	--	--
1.	Long Term Fund Based Bank Facilities - Overdraft	Long Term	10.00	IVR BBB+ / Positive	IVR BBB+ / Stable	--	--
2.	Short Term Non-Fund Based Bank Facilities – Bank Guarantee	Short Term	300.00	IVR A2	IVR A2	--	--
3.	Short Term Non-Fund Based Bank Facilities – Proposed	Short Term	195.00	IVR A2	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.

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 and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities - Overdraft	--	--	--	--	10.00	IVR BBB+ / Positive
Short Term Non- Fund Based Bank	--	--	--	--	300.00	IVR A2



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Facilities – Bank Guarantee						
Short Term Non-Fund Based Bank Facilities – Proposed	--	--	--	--	195.00	IVR A2

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-JCSL-dec24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the company/Entity	Consolidation 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

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.