



Religare Comtrade Limited ^{Revised}

Instrument	Amount	Rating Action
Short Term Debt Programme	Rs. 400 crore (enhanced from Rs. 300 crore)	[ICRA]A1+/ Reaffirmed

ICRA has assigned a rating of [ICRA]A1+ (pronounced ICRA A one plus) to the Rs. 400 crore (enhanced from Rs. 300 crore) short-term debt programme of Religare Comtrade Limited (RCTL)[†].

The rating for RCTL is based on its parentage in the form of Religare Commodities Limited (RCL) [Rated [ICRA]A1+], Religare Securities Limited (RSL, rated [ICRA]A+(Stable)/[ICRA]A1+) and ultimately Religare Enterprises Limited (REL, rated [ICRA]A1+), which has good capitalization levels (consolidated net worth of Rs. 3,991 crore as on March 31, 2015) and has demonstrated support to RCTL both through equity, funding and management support. ICRA expects the group support to continue for the company going forward and any change in the group support would warrant a rating change for the company.

The rating for RCTL also factors in Religare group's track record in equity and commodity broking business and the good franchise of the group in the areas of operation. RCTL is engaged in the arbitrage trading in equity, commodities and bullion segment. The company does not take exposures to directional trades and there are adequate risk management systems deployed by the company. ICRA expects the company to upgrade the risk management systems as the scale of operations increases from current levels. The scale of operations of the company is currently small with an adjusted net worth* of Rs. 49.72 crore and total proprietary book outstanding of around Rs. 62.5 crore as on March 31, 2015. With the incremental business being funded through borrowings, the adjusted gearing of the company increased from 0.47 times as on March 31, 2014 to 4.48 times as on March 31, 2015. Nevertheless, ICRA expects that there would be equity support from parents in line with the increase in business volumes so thus maintain prudent capitalisation levels going forward as well. The liquidity profile for the company is expected to be comfortable owing to the nature of business and group support available to the company. Despite being in a nascent stage of operations, the company has benefitted from the operational efficiencies arising out of sharing of expenses with its parents – RSL and RCL. For the year ended March 31, 2015, RCTL reported a profit of Rs. 7.00 crore as compared with a net profit of Rs. 5.36 crore for 2013-14. Overall the ability of the company to improve the scale of operations and profitability while managing the risk and maintaining prudent capital structure would remain key rating sensitivities.

Company Profile

Religare Comtrade Limited

RCTL is a wholly owned subsidiary of Religare Commodities Limited (RCL), which in turn is a wholly owned subsidiary of Religare Securities Limited (RSL). RCTL is engaged in the business of arbitrage trading activities in commodities and bullion. On a consolidated basis with RCL and RCTL, the companies reported an operating income of Rs. 313.5 crore and a net profit of Rs. 17.2 crore for the year 2014-15 as compared with an operating income of Rs. 249 crore and a net loss of Rs. 13.6 crore for the previous financial year.

Religare Commodities Limited

Religare Commodities Limited (RCL) is a wholly owned subsidiary of Religare Securities Limited (RSL). RCL is engaged in commodity broking and uses the network of branches and franchises as RSL in addition to its sole locations. For the year ended March 31, 2015, RCL reported an operating income[†] of Rs. 39.26 crore and a net loss of Rs. 4.92 crore as compared with an operating income of Rs. 52.74 crore and a net profit of Rs. 3 crore for the year 2014-15.

[†] For complete rating definition please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications

* Considering 100% equity credit for the CCDs



Religare Securities Limited

RSL is a wholly owned subsidiary of Religare Enterprises Limited. RSL is engaged in equity broking and is present in 1418 locations across the country with a client base of over 9.5 lakhs. For the year ended March 31, 2015, RSL reported an operating income of Rs. 293.11 crore and a net profit of Rs. 23 crore as compared with an operating income[‡] of Rs. 241.39 crore and a net profit of Rs. 18 crore for the year 2013-14.

About Religare Enterprises Limited

REL has been promoted by Mr. Malvinder Singh and Mr. Shivinder Singh, erstwhile promoters of Ranbaxy Laboratories Limited. REL is primarily a holding company with around 11 subsidiary companies through which it offers its range of financial services. REL through its subsidiaries has presence in 1,694 business locations. The main operating companies are Religare Securities Limited (broking firm) and Religare Finvest Limited (non-banking finance company, providing loans against shares and asset finance), which together account for around 60% of REL's total income. REL came out with its initial public offer in November 2007 and is listed at the Bombay Stock Exchange and the National Stock Exchange. For the year ended March 31, 2015, REL (consolidated) reported a net profit (after minority interest) of Rs 153.8 crore as compared with a net loss of Rs. 69.3 crore for the previous year REL(consolidated) reported a net profit of Rs. 38 crore in the quarter ended June 30, 2015 as compared with a loss of Rs. 16.5 crores in the corresponding quarter of the previous financial year.

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[‡] Excluding trading income

[^] Before minority interest

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