



## Barclays Securities (India) Private Limited

Instrument	Amount (in INR Crore)	Rating Action (December 2015)
Short Term Debt Programme	250	[ICRA]A1+ reaffirmed

ICRA has reaffirmed the rating of [ICRA]A1+ (pronounced ICRA A One Plus) to the Rs. 250 crore Short Term Debt programme of Barclays Securities (India) Private Limited (BSIPL)<sup>†</sup>.

The rating derives comfort from the strong parentage of Barclays Bank PLC, rated A2/ Stable/ P-1 and BFSR of C-/ stable by Moody's Investor Services. BSIPL is held by the subsidiaries of Barclays Bank PLC, namely 75% by Barclays Capital Securities Mauritius Ltd, and balance 25% by Barclays Investments and loans (India) Ltd. The rating also takes into account the group's global presence in capital market and banking operations and BSIPL's adherence to the group's global risk management systems and practices, and good profitability indicators of the company in the past few years.

BSIPL was incorporated in FY07, and is organized into two major segments viz. Wealth segment and Corporate and Institutional (C&I) segment. The Wealth segment primarily serves High Net Worth Individuals (HNIs) and affluent clients by providing services like distribution of Mutual Funds, stock broking, depository services and portfolio management services (PMS), while the C&I segment primarily caters to the corporate and FIIs with services like merchant banking and stock broking. BSIPL serves as the broking arm for the Barclays group in India with majority of its business coming from Barclays' global group companies. Additionally, the company also sources its business through local mutual funds and long only funds.

Despite an improvement in the operating environment during FY15, the Equity broking income of the company declined slightly during FY15 to Rs. 149.82 crore as compared to Rs. 158.74 crore in FY14 as the company discontinued the operations of its NQuants division, which offered algorithmic trading services to its clients, during FY15, as part of its global strategy. The other major source of income for the company apart from brokerage income is the interest income on Fixed Deposits (FD). The source of funds for these FDs is the margin deposits which the company receives from the clients. The operating income of the Company grew by ~17% in FY15 to Rs. 291.18 crore vis-a-vis Rs. 249.74 crore in FY14. The cost to income ratio of the company has been on a declining trend since FY10 with improving revenues and greater control on operating expenses. During FY15, the same declined to ~66% from ~79% in FY14. With increase in revenues and decline in expenses, the net profit of the company increased to Rs. 64.45 crore in FY15 as compared to Rs. 33.92 crore in FY14. On account of healthy internal accruals during the fiscal, the Net Worth of the Company improved to Rs. 258.59 crore as on Mar-15 as compared to Rs. 194.14 crore as on Mar-14.

Reported Asset quality profile of the BSIPL remains comfortable with net broking losses (provisioning and write-off on bad debts and any loss on error trades) as a percentage of net broking income and as a percentage of Networth stood at ~NIL till FY15. The equity desk is supported by a research desk of 30 - 40 people with further support from the global team. ICRA takes comfort from the risk management practices of BSIPL being in line with the global policies of Barclays group.

### Company Profile

Incorporated in FY06-07, Barclays Securities (India) Private Limited is the broking arm of the Barclays Group in India. During FY15, the company earned a net profit of Rs 64 crore (RoE of ~25%) on a total income of Rs 291 crore as compared to a net profit of Rs 34 crore (RoE of ~17%) on a total income of Rs 250 crore in FY14.

**December 2015**

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<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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