

Bonanza Portfolio Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short-term bank facilities	120.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Bonanza Portfolio Limited to monitor the rating(s) vide e-mail communications dated December 26, 2024, February 10, 2025, February 18, 2025, February 24, 2025, March 03, 2025, March 05, 2025, and March 11, 2025, and numerous phone calls. However, despite repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating basis the best available information, which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The rating on Bonanza Portfolio Limited's bank facilities will now be denoted as **CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and public at large) are hence requested to exercise caution while using above rating(s).

Analytical approach: Consolidated

CARE Ratings has taken a consolidated view of Bonanza Portfolio Limited (BPL) and its subsidiaries. BPL, the flagship company of the group, undertakes retail broking in equity and derivatives, depository services, portfolio management services and third-party product distribution.

Refer to Annexure-6 for details.

Detailed description of key rating drivers:

At the time of last rating on February 07, 2024, following were rating strengths and weaknesses (updated for information available from Ministry of Corporate Affairs [MCA]).

Key weaknesses

Moderate profitability parameters

BPL is an average sized player in the capital markets offering diversified financial products to its customers. The company reported profit after taxation (PAT) of ₹27.37 crore in FY24 against ₹4.80 crore in FY23 and ₹13.81 crore in FY22. For FY23, 25% of total revenue was earned through broking income and 27% through proprietary trading. The impact on profitability was largely due to reduced proprietary income given the volatility in capital market activities. As a result, return on net worth (RONW) declined to 3.48% in FY23 against 10.55% in FY22.

In FY24, on a consolidated level, the company reported a total revenue of ₹207 crore against ₹100.89 crore in FY23. Given that majority consolidated revenue depends on capital market activities, the company's ability to diversify its revenue and improvement in profitability will remain a key monitorable.

Susceptibility towards regulatory changes

Capital and commodities market regulator, Securities and Exchange Board of India (SEBI) board has been constantly stepping up vigil in the brokerage industry through series of regulatory changes aimed at protecting investor's interest. Given the rising volumes and greater participation by retail investors, the market regulator has been closely monitoring the sector and has been coming out with new regulations at regular intervals.

In May 2023, a regulation prohibited brokers from using client funds for bank guarantees, increasing finance costs and funding requirements. In June 2023, SEBI mandated brokers to upstream client funds to clearing corporations in cash, fixed deposit (FD) liens, or pledged mutual fund units, raising operational and compliance costs. In July 2024, SEBI introduced guidelines requiring transparent, "True to Label" client fees. In October 2024, SEBI's new measures included upfront collection of options premiums, removal of calendar spread treatment on expiry day, a minimum ₹15 lakh contract value for index derivatives, weekly expiry derivative contracts for only one benchmark index and a 2% extreme loss margin on short options contracts. The company's ability to adopt new technology, systems and risk management processes in response to constantly evolving regulatory landscape without adverse impact on its overall business profile will remain a key monitorable.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Risks emanating from proprietary trading and stock market volatility

BPL is actively involved in proprietary trading with income from proprietary trades accounting for 27% of the total income in FY23 compared to 50% of total income in FY22 as and 49% in FY21. Due to slowdown in market activities, the proportion of trading income declined in FY23, which picked up in H1FY24. Thus, the company is still exposed to market movement volatility. High dependence on capital markets exposes BPL's business to volatility in stock markets and commodity markets. The company reported fluctuation in the income and profitability in the past as the company has presence in proprietary trading, which get adversely impacted in times of economic slowdown.

Exposure towards non-core lending product leading to high gearing in the group's non-banking financial company (NBFC) arm

SFPL, the NBFC arm of the group, had loan book outstanding to the tune of ₹126 crore as on March 31, 2023, against ₹106 crore as on March 31, 2022. Of these, 95% of the total loan book is unsecured in nature. Lending towards related party is to tune of ₹15.87 crore and balance ₹110 crore is given to BPL's institutional broking clients. As a result, SFPL's gearing stands high 4.38x as on March 31, 2023, against 3.59x as on March 31, 2022.

At BPL consolidated level, gearing stood at 1.15x as on March 31, 2024, compared to 1.46x as on March 31, 2023, and 1.19x as on March 31, 2022. The company's ability to bring down the non-core lending exposure and improvement in gearing remains a key monitorable.

Key strengths

Long track record of operations and experienced management team

BPL was incorporated in February 1993 and has over two decades of track record of operations in the equity broking business.

The company has a strong and experienced Board of members led by Mr. Shiv Kumar Goel (Whole time Director) and Mr. Satya Prakash Goel (Whole time Director). Mr Shiv Kumar Goel, a qualified CA, has 30 years of experience in the field of finance and risk management. He was CEO of SRF Finance Limited, Delhi and had also headed the IT committee of the Delhi Stock Exchange. He is also executive committee member of Depository Participants Association of India. Mr Satya Prakash Goel is a qualified CA having 25 years' experience. He has been on the Board of OTC Exchange of India and has also represented NSEIL for the SEBI constituted Dr. J.R. Verma Advisory committee for the development of the derivatives market in India. The board of the company is supported by an experienced team of second line of management.

BPL has established a comprehensive Risk Management System (RMS) headquartered in New Delhi, with a dedicated department overseeing regulatory, market, client, and employee risks. Controlling and monitoring functions are conducted from the Delhi office, and the company has a Chief Compliance Officer, Mr. Manoj Kumar Goel, responsible for ensuring adherence to regulatory requirements. A separate risk management team in Mumbai handles limits and maximum exposure for proprietary business trades.

Wide branch network and decent client base

BPL has a strong pan India presence through network of 73 branches (owned and in joint venture [JV]) and 1,597 franchisees as on March 31, 2023. BPL has large client base of over 5.06 lakh retail clients and 312 institutional clients as on March 31, 2023. BPL's client base includes institutional and retail customers, although proportion of brokerage income from retail customers is quite high compared to institutional customers. In FY22, ~92% of the brokerage income (equity, commodity and currency) was from retail customers. However, given the decline in brokerage rates in the last few years and limited profitability, the management has been focusing on leveraging its client base and network to diversify its revenue mix grow through distribution of mutual funds and insurance products to add to the top-line and bottom-line.

Liquidity: Adequate

As on September 30, 2023, the cash and cash equivalents of the company stood at ₹30.28 crore and deposits of ₹149.54 crore under lien with banks and ₹28.10 crore in lien with exchange. The inventory of investments in shares and bond are ~₹47.46 crore. The company's average margin utilisation was ~28% for the last 12 months.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Broking Firms](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Capital markets	Stockbroking & allied

A Delhi-based stock broking company, BPL was incorporated on February 24, 1993, as a private limited company and subsequently converted into public limited company in December 1994. The company is one of the old integrated capital market intermediaries in the financial sector engaged in equity broking, portfolio management services, mutual fund investments, insurance and depository services.

BPL has pan-India branch and franchisee presence. It is a member of Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in cash, derivatives (F&O) and debt segment and member of BSE, NSE and MCX-SX for currency segment. BPL is also a depository participant of Central Depository Services (India) Limited (CDSL) and National Depository Services (India) Limited (NSDL). Bonanza Commodity Brokers Private Limited (BCBL), incorporated in November 2002, is a wholly owned subsidiary of Bonanza Portfolio Limited (BPL). BCBL is engaged in business of commodity broking and is a member of Multi-Commodity Exchange of India (MCX), National Commodity & Derivatives Exchange Ltd (NCDEX) and National Multi-Commodity Exchange of India Limited.

Consolidated Financial performance:

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)*
Total income	132.45	100.89	207.00
PAT	13.81	4.81	27.37
Total Assets	504.22	518.37	722.84
PAT Margin (%)	10.43	4.77	13.22
ROTA (%)	2.93	0.87	4.41

A: Audited UA: Unaudited; Note: these are latest available financial results

*Financials extracted from MCA portal

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Bank Overdraft	-	-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft (proposed)	-	-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	65.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee (proposed)	-	-	-	-	25.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - ST-Bank Guarantee	ST	90.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (07-Feb-24) 2)CARE A4+ (10-May-23)	1)CARE A3 (30-Nov-22)	1)CARE A3 (01-Sep-21)
2	Fund-based - ST-Bank Overdraft	ST	30.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (07-Feb-24) 2)CARE A4+ (10-May-23)	1)CARE A3 (30-Nov-22)	1)CARE A3 (01-Sep-21)

*Issuer did not cooperate; based on best available information.

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-Bank Overdraft	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Sunglow Fininvest Pvt Ltd	Full	Subsidiary & linkages with Bonanza Portfolio Limited
2	Bonanza Insurance Brokers Private Limited	Full	Subsidiary & linkages with Bonanza Portfolio Limited
3	Bonanza Corporate Solutions Private Limited	Full	Subsidiary & linkages with Bonanza Portfolio Limited
4	Bonanza Medical Tourism Private Limited	Full	Subsidiary & linkages with Bonanza Portfolio Limited
5	Bonanza Buildtech Private Limited	Full	Subsidiary & linkages with Bonanza Portfolio Limited
6	Bonanza Portfolio (IFSC) Private Ltd	Full	Subsidiary & linkages with Bonanza Portfolio Limited
7	Bonanza Bullion Private Limited	Full	Subsidiary & linkages with Bonanza Portfolio Limited
8	Bonanza Commodity Brokers P Ltd	Full	Subsidiary & linkages with Bonanza Portfolio Limited

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Vineet Jain Senior Director CARE Ratings Limited Phone: 912267543623 E-mail: vineet.jain@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Jitendra Meghrajani Assistant Director CARE Ratings Limited Phone: 912267543526 E-mail: Jitendra.Meghrajani@careedge.in
	Pooja Biyani Rating Analyst CARE Ratings Limited E-mail: pooja.biyani@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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