

## IL&FS Securities Services Limited

February 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Short Term Bank Facilities	525.00	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of rating of bank facilities of IL&FS Securities Services Limited (ISSL) considers continued instances of irregularities in servicing of debt by the company. In August 2019, CARE had revised the ratings of ISSL to 'CARE D (Single D)' due to the company defaulting on its payment obligations towards its trading members following inability to find resolution related to certain disputed trades. ISSL's inability to make payments led to disabling of the trading terminal by the stock exchange and invocation of guarantee by the exchange clearing house. The non-fund-based facilities have now got converted into fund based and continue to be out of order. The operations of the company are solely dependent on the outcome of the ongoing litigation going on in the court of law and resolution plan of the company.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Timely servicing of debt for a period of three consecutive months

**Negative factors:** Not Applicable

**Analytical approach:** CARE has taken a view based on the standalone financial profile of ISSL, factoring in the parentage and operational linkages with IL&FS Ltd.

#### Liquidity: Poor

The liquidity profile of the company is severely constrained leading to the company continuing to default on its debt obligations.

### Applicable criteria

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Financial Ratios-Financial Sector](#)

[Short term instrument](#)

[Rating methodology-Notching by Factoring Linkages in Ratings](#)

[Rating Methodology-Non-Banking Finance Companies](#)

### About the company

ISSL, incorporated in July 2006, is a subsidiary of Infrastructure Leasing & Financial Services Limited (IL&FS), rated ['CARE D' (Single D)] which currently holds a stake of 81.24% in the company. It was a Strategic Business Unit of IL&FS offering Securities & Transaction advisory services before it was hived off as a separate company in FY 2007. The other shareholders are IL&FS Employee Welfare Trust (9.01%), and a private equity fund, Croupier Prive Mauritius (5.00%). ISSL is a Professional Clearing Member (PCM) for the equity derivatives and currency derivatives segment on various exchanges like BSE, NSE and MSX. It also offers capital market services like custodial services, depository services, transaction processing, etc.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	13.01	10.32	Not Available
PAT	-3.93	-11.43	
Total Assets	575.54	581.07	
Net NPA (%)	0.00	0.00	
ROTA (%)	-0.66	-1.98	

A: Audited UA: Unaudited

#### Status of non-cooperation with previous CRA:

IL&FS Securities Services Limited has not co-operated with ICRA Limited (ICRA) which has classified it as non-cooperative for non-furnishing of information as per press release dated November 21, 2022.

#### Any other information:

##### Disclosure of Interest of Independent/Non-Executive Directors of CARE Ratings Ltd.:

Name of Director	Designation of Director
Mr. Gurumoorthy Mahalingam	Non-Executive - Independent Director

Mr. Gurumoorthy Mahalingam who is Independent Director on the Board of Infrastructure Leasing and Financial Services Limited (IL&FS) which is the parent company of IL&FS Securities Services Ltd. is Non-Executive Independent Director of CARE. Independent/Non-executive Directors of CARE Ratings Ltd. are not a part of CARE Rating Ltd.'s Rating Committee and do not participate in the rating process.

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various 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 along with Rating Outlook
Non-fund-based-Short Term-Bank Guarantee	-	-	-	-	525.00	CARE D

**Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Non-fund-based-Short Term-Bank Guarantee	ST	525.00	CARE D	-	1)CARE D (03-Mar-22) 2)CARE D (01-Apr-21)	-	1)CARE D (24-Mar-20) 2)CARE D (07-Aug-19) 3)CARE A4 (CW with Developing Implications) (06-Jun-19)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based-Short Term-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

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

**Contact us****Media contact**

Name: Mradul Mishra

Phone: +91-22-6754 3596

E-mail: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)**Analyst contact**

Name: Aditya R Acharekar

Phone: 9819013971

E-mail: [aditya.acharekar@careedge.in](mailto:aditya.acharekar@careedge.in)**Relationship contact**

Name: Saikat Roy

Phone: +91-22-67543404

E-mail: [saikat.roy@careedge.in](mailto:saikat.roy@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:**

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**