

## Inani Securities Limited

August 12, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	0.25	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	6.25	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>6.50</b> <b>(Rs. Six Crore and Fifty Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated August 17, 2020 placed the rating(s) of Inani Securities Limited (ISL) under the 'issuer non-cooperating' category as ISL had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. ISL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated July 13, 2021 to August 02, 2021 and among others. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

#### Detailed description of the key rating drivers

*At the time of last rating on August 17, 2020 the following were the rating strengths and weaknesses (Updated for the information available from BSE)*

##### ***Key rating weakness***

##### ***Small scale of operations albeit increase in total operating income***

The scale of operations of the company marked by TOI increased from RS.2.49 crore in FY20 to RS.2.67 crore in FY21. The company has moderate net worth of RS.16.85 crore as on 31<sup>st</sup> March 2021.

##### ***High creditor days***

The operating cycle of the company remained comfortable during review period. However, the creditor days of the company remained high at 823 days in FY21.

##### ***Highly fragmented industry with intense competition from large number of players***

ISL faces stiff competition in the stock broking industry with large number of organized players like Angel broking, Share khan.

##### ***Key rating strengths***

##### ***Experience of the promoters for three decades in capital markets and long track record of the Company***

ISL was incorporated in the year 1995 and promoted by Mr. Venu Gopal Inani, Mr. Ramakanth Inani and Mr. Lakshmikanth Inani. The management team of ISL led by Mr. Lakshmikanth Inani (Managing Director) and Mr. Ramakanth Inani (Director) who has three decades of experience in capital markets and Mr. Vishnukanth Inani (WTD) has two decades of experience in capital markets along with well experienced executive team. Through their experience in this industry, they have established healthy relationship with large number of clients.

##### ***Satisfactory profitability margins***

The profitability margins marked by PBILDT and PAT stood satisfactory during the review period. The PBILDT and PAT margin stood at 42.32% and 14.60% in FY21

##### ***Comfortable capital structure and debt coverage indicators***

The capital structure of the company marked by gearing ratio stood satisfactory at 0.06x as on 31<sup>st</sup> March 2021. The debt coverage indicators marked by TD/GCA and PBIDT/interest coverage ratio stood 1.47x and 3.42x in FY21

##### ***Analytical approach: Standalone***

##### ***Applicable Criteria***

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)  
[Rating Methodology - Service Sector Companies](#)  
[Criteria for Short Term Instruments](#)

### About the Company

Hyderabad based, Inani Securities Private limited (ISPL) was incorporated on May 19<sup>th</sup>, 1994. Later on, the said company was converted into Inani securities Limited (ISL) on April 26, 1995 and listed in BSE. ISL was promoted by Inani family members i.e. Mr. Venu Gopal Inani, Mr. Ramakanth Inani and Mr. Lakshmikanth Inani. ISL is one of the old integrated capital intermediaries in the financial sector. Currently, ISL offers customized, end to end wealth management services and research services to its clients. ISL is a member of BSE (Cash and F&O), NSE (Cash and F&O) and depository participant of Central Depository Services India Limited (CDSL).

Brief Financials (Rs. crore)	FY20(A)	FY21 (A)
Total operating income	2.49	2.67
PBILDT	1.08	1.13
PAT	0.30	0.39
Overall gearing (times)	0.24	0.06
Interest coverage (times)	2.47	3.42

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	0.25	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	6.25	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	0.25	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (17-Aug-20)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (07-Jun-19)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (04-Apr-18)
2.	Non-fund-based - ST-Bank Guarantees	ST	6.25	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (17-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (07-Jun-19)	1)CARE A4; Stable; ISSUER NOT COOPERATING* (04-Apr-18)

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument -Not Applicable**
**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over nearly two decades; it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporate to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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