

Focus Shares & Securities Private Limited

February 20, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short Term Bank Facilities	60.00	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under 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 had, vide its press release dated November 25, 2022, placed the rating(s) of Focus Shares & Securities Private Limited (FSSPL) under the 'issuer non-cooperating' category as FSSPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. FSSPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated October 25, 2023, October 25, 2023, February 13, 2024. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'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).

Analytical approach:

Standalone

Detailed description of the key rating drivers:

The rating take into account the small size of operation, highly volatile income profile, high operating cost and the competitive nature of broking business. The rating also takes into consideration the experienced management team of FSSPL.

Key strengths

Experienced management team: The management team of FSSPL is led by Mr. Anirudh Baheti along with well-experienced Board of Directors and management team having prior experience in their respective fields. The promoters have experience in the capital markets through Focus Shares and Securities Private Limited (FSSPL; rated CARE A4) which is into stock broking business and a member of NSE (Cash), NSE (F&O), NSE (Currency Derivatives), BSE and MCX-SX (Forex). The operations are handled by an experienced Board of Directors and management team which has relevant prior experience in their respective fields. The company over the years of its operations has established a loyal customer base which helps the business of the company.

Key weaknesses

Highly volatile income profile & small size of operations: FSSPL operates at a small scale with 4 branches (2 in Mumbai, 1 in Jodhpur and 1 in Jaipur), (as of March 30, 2019). The company's income and profitability is expected to be adversely impacted in times of economic slowdown. FSSPL reported net loss of Rs.0.05 crore on total income of Rs.6.46 crore in FY21 as against Profit After Tax (PAT) of Rs.0.39 crore on total income of Rs. 5.59 crore during FY20. The Return on Total Assets (ROTA) stood at -0.19% for FY21 as against 1.28% for FY21. As on March 31, 2021, the company's tangible net worth stood at Rs.13.02 crore against which it had debt of Rs.0.11 crore (packing credit limit from PNB) leading to debt / equity ratio of 0.01 times. Given that FSSPL is a smaller player with limited bouquet of products and services, its income and profitability are expected to be significantly impacted in times of economic slowdown.

High operating costs: During FY21, operating costs as % of avg. total assets increased to 19.29% from 12.11% during FY20 due to increase in employee and administration cost.

Highly competitive business segment: Broking business in India is highly competitive and FSSPL faces fierce competition from large broking firms. Large broking firms are in better position to reduce operating expenses and maintain their margins. High Dependence on Capital Markets and resultant volatile income profile Being a commodity broker, the earnings profile of FSSPL

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

is highly dependent on capital markets and has inherent volatility related to the markets. Further, the high volatility in the capital markets in FY19 has significantly impacted the operating income for the company.

Liquidity: NA

Environment, social, and governance (ESG) risks: : Not applicable

Applicable criteria

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

[Policy on default recognition](#)

[Short Term Instruments](#)

[Financial Ratios - Financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Capital Markets	Stockbroking & Allied

FSSPL is a Mumbai based small size stock broking company incorporated in 2004. It is a part of Focus Group of companies started by Mr. Anirudh Baheti, an NRI settled in USA. FSSPL is a member of NSE (Cash), NSE (F&O), NSE (Currency Derivatives), BSE and MCX-SX (Forex). As of March 30, 2019, the company had 4 branches (2 in Mumbai, 1 in Jodhpur and 1 in Jaipur).

Brief Financials (₹ crore)	March 31, 2022 (A)*	March 31, 2023 (A)*
Total operating income	3.14	3.34
PAT	0.10	0.12
Interest coverage (times)	1.81	1.30
Total Assets	85.76	48.32
Net NPA (%)	-	-
ROTA (%)	0.18	0.18

A: Audited; Source: Registrar of Companies (ROC)

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

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

Complexity level of 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
Fund-based - ST-Bank Overdraft		-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	59.00	CARE A4; ISSUER NOT COOPERATING*

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

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 2023-2024	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
1	Non-fund-based - ST-Bank Guarantee	ST	59.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Nov-22)	1)CARE A4; ISSUER NOT COOPERATING* (26-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (03-Jun-20)
2	Fund-based - ST-Bank Overdraft	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Nov-22)	1)CARE A4; ISSUER NOT COOPERATING* (26-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (03-Jun-20)

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

*Long term/Short term.

Annexure-3: Detailed explanation of 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	Fund-based - ST-Bank Overdraft	Simple
2	Non-fund-based - ST-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.

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About us:

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