

Findoc Investmart Private Limited (Revised)

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating1	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE BBB; Stable / CARE A3+ and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Findoc Investmart Private Limited (FIPL) reflects strength from comfortable capitalisation position, healthy earnings profile, experienced management and adequate risk management system.

However, the rating is constrained by its concentrated income source and heavy reliance on proprietary trading income, its susceptibility to industry-wide regulatory changes and inherent competitiveness in the broking business.

Simultaneously, CARE Ratings Limited (CARE Ratings) has reaffirmed and withdrawn outstanding long-term ratings of 'CARE BBB; Stable [triple B; Outlook: Stable] and short-term ratings of CARE A3+ (single A three, plus) assigned to bank facilities and has withdrawn outstanding ratings of CARE BBB; Stable and CARE A3+ assigned to bank facilities of FIPL with immediate effect. This action has been taken at the request of FIPL and 'No Objection Certificate' received from banks that had extended facilities rated by CARE Ratings, in line with CARE Ratings' policy on withdrawal of credit ratings.

Analytical approach: Standalone

Outlook: Stable

The stable outlook factors in CARE Ratings Limited's (CARE Ratings') expectation that FIPL will be able to increase its market share with diversification of revenue base.

Detailed description of key rating drivers:

Key strengths

Comfortable capitalisation profile

The company has a comfortable tangible net worth of ₹498.3 crore as on March 31, 2024, which increased from ₹372.3 crore as on March 31, 2023, considering internal accruals. The resource profile consists of mainly non-fund-based borrowings, bank guarantees (BGs), which are used for fulfilling the margin requirements of clients and traders. These BGs are backed by fixed deposits (FDs) to the extent of 50%. Apart from this, the company has a small amount of fund-based borrowings of ₹ 3.07 crore as on March 31, 2024 in the form of vehicle loan only. Gearing stood at 0.78x including non-fund-based borrowings. Capitalisation is a key monitorable given the high proportion of proprietary trading. The company is expected to maintain the onbook gearing below 1x going forward.

Improving earnings profile

The Findoc group has historically remained active in proprietary trading activities. The extensive experience of the promoters in this segment has enabled the company to build a proprietary trading desk. The company has sufficient number of jobbers and has developed different trading strategies for this. In FY24, total income of the company grew at a compounded annual growth rate (CAGR) of 15% yoy to ₹379.4 crore from ₹331.3 crore in FY23 driven by increase in trading income, fee income and brokerage. Profit after tax (PAT) also increased at a CAGR of 28.9% yoy to ₹123.7 crore in the same period. An increase in PAT in FY24, was mainly due to increase in trading income. It was partially offset by increase in operating expenses which grew at a CAGR of 13% in FY24. Considering the inherent cyclicity of capital markets and high proportion of prop book, the company's ability to sustain its earnings profile will be a key monitorable.

Experienced management

FIPL was incorporated in 2010 and has over 15 years of presence in the broking industry. The company is led by Hemant Sood, MD and Founder of FIPL. He has been in the capital market with over a decade of experience. FIPL is a member of stock exchanges such as NSE, BSE, MCX, among others. It has a basket of diversified products being offered, which includes proprietary trading services, broking services in all segments (equity, derivatives, commodities and currency). The group is engaged in other ventures

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

also such as financial retailing business, non-banking financial company (NBFC) business, commodity broking, out-of-home advertisement, real-estate development, trading of electronics & healthcare devices, among others. It also has a wholly owned subsidiary- Findoc Investmart (IFSC) Private Limited at IFSC gift city for international markets.

Key weaknesses

High reliance on proprietary trading

FIPL has traditionally remained focused on hedged arbitrage-based trading, and it remains a major revenue source. In FY24, majority (80%) revenues came from trading, 6% came from brokerage and fee income and the remaining 13% from interest income. Thus, overall revenue diversification remains limited given the proprietary trading activities and broking income are exposed to market volatility, earnings profile becomes highly sensitive to market movements. Going forward, CARE Ratings expects proprietary trading income to be a major revenue contributor.

Exposure to volatility in capital markets and highly competitive nature of broking business

Capital and commodities market regulator, the Securities and Exchange Board of India (SEBI) board has been constantly stepping up vigil in the brokerage industry through a series of regulatory changes aimed at protecting investor's interests. Some major regulations include peak margin (September 2021), which was introduced to set strict rules on leverage and thus control excessive speculation since the margin is collected upfront and not at the end of the day. Then the "Demat Debit Pledge" (DDPI) was implemented (July 2022) and it replaced the Power of Attorney (PoA) provided by clients to brokers. All regulatory changes, while good for capital markets and investors, may increase the compliance cost for companies operating in capital markets. The company's ability to adopt new technology, systems and risk management processes in response to the constantly evolving regulatory landscape without adverse impact on its overall business profile will remain a key monitorable.

Liquidity: Adequate

As on March 31, 2024, the company had free cash of ₹7.66 crore, against which, it has nil external fund-based borrowing and an overdraft (OD) limit of ₹ 2.85 crore.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

[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

Part of the Findoc group, FIPL is a Ludhiana-based equity broking firm and depository participant. The company was incorporated in August 2010. FIPL is a corporate member of National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and its operations include full spectrum equity, derivatives, currency broking services and commodity derivative services. The company is led by Hemant Sood, MD and Founder of FIPL, who has an extensive experience in the capital segment market. The company has developed a proprietary trading desk, through which, it is getting major revenue in the form of proprietary trading income.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Brokerage Income	10.3	19.2
Total Income	331.3	379.4
PAT	96.0	123.7
Total Assets*	811.8	941.7
RONW (%)	29.6	28.4
PAT Margin (%)	31.3	35.0

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

*total assets excludes intangible assets and deferred tax assets

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
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	0.00	Withdrawn

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	-	-	-	-	1)CARE A3 (08-Sep-22) 2)Withdrawn (08-Sep-22)	1)CARE A3 (01-Dec-21)
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	1)CARE BBB; Stable / CARE A3+ (09-Apr-25)	1)CARE BBB; Stable / CARE A3+ (21-Feb-24)	-	-

ST: Short term; LT/ST: Long term/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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

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

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

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About us:

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Disclaimer:

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