

## Inani Securities Limited

May 23, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	0.25	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
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 (Rs. Six Crore and Fifty Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated August 12, 2021, 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. ISL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a email dated May 17, 2022. 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).

The ratings have been revised on account of significant decrease in profit levels during Q4FY22.

### Detailed description of the key rating drivers

At the time of last rating on August 12, 2021 the following were the rating strengths and weaknesses (updated for the information available from BSE

### Detailed description of the key rating drivers

#### Key rating weakness

#### Decrease in profit level during Q4FY22

The profit level of the company decreased significantly during Q4FY22 by 70% as compared to Q3FY22 and by 50% corresponding quarter of the previous financial year

#### Small scale of operations

The scale of operations of the company marked by TOI remained small although increased from Rs.2.58 crore in FY21 to Rs.2.83 crore in FY22.

#### High creditor days

The operating cycle of the company remained comfortable during review period. However, the creditor days of the company remained high at 696 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 among others.

#### 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.

<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

### Satisfactory profitability margins

The profitability margins marked by PBILDT and PAT stood satisfactory during the review period. The PBILDT and PAT margin stood at 44.17% and 17.67% in FY22

### Comfortable capital structure and debt coverage indicators

The capital structure of the company marked by gearing ratio stood satisfactory at 0.06x as on 31st March 2021. The debt coverage indicators marked by TD/GCA and PBIDT/interest coverage ratio stood 1.40x and 3.19x in FY21

**Analytical approach:** Standalone

### Applicable Criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

### About the Company

Hyderabad based, Inani Securities Private limited (ISPL) was incorporated on May 19th, 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.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	31-03-2022 (UA)*	1MFY23
Total operating income	1.72	1.90	2.83	NA
PBILDT	0.31	0.37	1.25	NA
PAT	0.30	0.39	0.50	NA
Overall gearing (times)	0.06	0.06	NA	NA
Interest coverage (times)	0.74	1.12	4.31	NA

A: Audited; UA: Un audited (published)NA: Not available

**Status of non-cooperation with previous CRA:** Nil

**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 for this company:** Annexure 4

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

Name of the Instrument	ISIN	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 Guarantee		-	-	-	6.25	CARE A4; ISSUER NOT COOPERATING*

**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 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	0.25	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (12-Aug-21)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (17-Aug-20)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (07-Jun-19)
2	Non-fund-based - ST-Bank Guarantee	ST	6.25	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (12-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (17-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (07-Jun-19)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:NA****Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure 5: Bank Lender Details for this Company**

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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  
Contact no.: +91-22-6754 3573  
Email ID: mradul.mishra@careedge.in

### Analyst Contact

Name: Nivedita Anirudh Ghayal  
Contact no.: 9908090944  
Email ID: nivedita.ghayal@careedge.in

### Relationship Contact

Name: Ramesh Bob Asineparthi  
Contact no.: +91 90520 00521  
Email ID: ramesh.bob@careedge.in

### About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careedge.in](http://www.careedge.in)**