

Focus Shares & Securities Private Limited (Revised)

November 25,2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short Term Bank Facilities	60.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	60.00 (₹ Sixty Crore Only)		

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; Based on best available information

Detailed rationale and key rating drivers

CARE had, vide its press release dated June 03, 2020, placed the rating of Focus Shares & Securities Private Limited (FSSPL) under the 'issuer non-cooperating' category as FSSPL 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 28, 2022, November 02, 2022, November 08, 2022. 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. Further, FSSPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement.

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 26, 2021, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key rating 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 rating 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 are 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 FY20. 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.

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

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 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

Analytical approach: Standalone

Applicable criteria

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

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

About the company

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, 2020 (A)	March 31, 2021 (A)	March 31, 2022	H1FY23
Total operating income	5.59	6.46	NA	NA
PAT	0.39	-0.05	NA	NA
Interest coverage (times)	1.26	1.07	NA	NA
Total Assets	35.88	19.41	NA	NA
Net NPA (%)	0.00	0.00	NA	NA
ROTA (%)	1.32	-0.19	NA	NA

A: Audited, NA: Not available, Source: Registrar of Companies (ROC), *Based on best available information

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

Covenants of the rated instruments/facilities: 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 (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 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 - ST-Bank Guarantee	ST	59.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (26-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (03-Jun-20)	1)CARE A4 (05-Apr-19)
2	Fund-based - ST-Bank Overdraft	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (26-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (03-Jun-20)	1)CARE A4 (05-Apr-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities – Not available**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - ST-Bank Overdraft	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 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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