

## Inani Securities Limited

August 17, 2020

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	0.25	<b>CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable) ISSUER NOT COOPERATING*</b>	<b>Issuer not cooperating; Based on best available information</b>
Short Term Bank Facilities	6.25	<b>CARE A4; ISSUER NOT COOPERATING* (A Four) ISSUER NOT COOPERATING*</b>	<b>Issuer not cooperating; Based on best available information</b>
<b>Total Facilities</b>	<b>6.50 (Rs. Six Crore and Fifty Lakhs Only)</b>		

*Details of instruments/facilities in Annexure*

### **Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated June 07, 2019, 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 emails from October 2019 to August 07, 2020. 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.**

### **Detailed description of the key rating drivers**

#### **(Updated for the information available from BSE)**

The ratings continues to be tempered by small scale of operations, High creditor days, and highly fragmented industry with intense competition from large number of organized players. The ratings however underpinned by Experience of the promoters for three decades in capital markets and long track record of the Company. The rating also factors in increase in total operating income and satisfactory profitability margins and comfortable capital structure and debt coverage indicators during the review period.

### **Detailed description of the key rating drivers**

#### **Key Rating weakness**

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

The scale of operations of the company is small marked by total operating income (TOI) has increased from Rs.2.09 crore in FY19 to Rs. 2.49 crore in FY20 and the total net worth stood at Rs.16.45 crore as on March 31, 2020 as compared to other peers in the industry.

#### **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 FY20 compared to 229 days in FY19.

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

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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

### Satisfactory profitability margins

The profitability margins of the company improved as compared to FY19 and remained satisfactory, marked by PBILDT and PAT margin at 43.37% & 12.04% in FY20 PAT margin at 43.37% & 12.04% in FY20 compared to 38.27% & 6.70% in FY19 due to increase in PBILDT in absolute terms on account of increase in total operating income.

### Comfortable capital structure and debt coverage indicators

The capital structure of ISL is comfortable marked by debt equity and overall gearing ratio which remained below unity at 0.10x & 0.24x respectively as on March 31, 2020. Further, the debt coverage indicators of the company marked by interest coverage ratio and Total debt/GCA has improved and stood comfortable from 1.90x & 12.30x in FY19 to 2.57x & 2.60x in FY20.

**Analytical Approach:** Standalone

### Applicable Criteria

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

[Criteria on assigning Outlook to Credit ratings](#)

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

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology -Service Sector Companies](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

### 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). Presently, the company has around 1000 clients.

Brief Financials (Rs. crore)	FY19(A)	FY20(A)
Total operating income	2.09	2.49
PBILDT	0.80	1.08
PAT	0.14	0.30
Overall gearing (times)	0.79	0.24
Interest coverage (times)	1.90	2.57

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	0.25	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (07-Jun-19)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (04-Apr-18)	1)CARE BB-; Stable (28-Apr-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	6.25	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (07-Jun-19)	1)CARE A4; Stable; ISSUER NOT COOPERATING* (04-Apr-18)	1)CARE A4 (28-Apr-17)

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

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: 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

## Contact us

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over 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.

### Disclaimer

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