



Press Release

Jainam Share Consultants Private Limited (JSCPL)

March 27, 2021

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term/Short Term Bank Facilities	15.00	IVR A-/Stable/ IVR A2+ (IVR A Minus with Stable Outlook/ IVR A Two Plus)	Assigned
Short Term Bank Facilities	110.00	IVR A2+ (IVR A Two Plus)	Assigned
Proposed Short Term Bank Facilities	225.00	IVR A2+ (IVR A Two Plus)	Assigned
Total	350.00 (Three Hundred & Fifty Crore)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Jainam Share Consultants Private Limited (JSCPL) derives strength from the Established Track Record of Operations and Experienced Promoters, Healthy Financial Risk Profile and Improved Operating Income with Healthy Margins. The rating is however constrained by Volatility Associated with Stock Market and Intense Competition.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in financial performance.

Downward Factors

- Substantial decline in trading volumes and profitability.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established Track Record of Operations and Experienced Promoters



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JSCPL incorporated in 2003, has an established operational track record in the equity broking business. The company is promoted by Mr. Milan Parikh, he is a founder director and has more than three decades of experience in stock broking business. He started his career as an investor and trader and continued his business as a Sub-broker for more than 10 years and after that he incorporated JSCPL. The company's experienced promoters and long established track record has helped to build healthy relationship with their customers.

Healthy Financial Risk Profile

The financial risk profile of the company remained healthy marked by healthy network of Rs.130.13 crore as on March 31, 2020. The overall gearing stood healthy at 0.34 times as on March 31, 2020 as against 0.88 times as on March 31, 2019 as the company's major bank facilities are non-fund based in nature, despite that the Interest coverage ratio stood healthy at 5.19 times in FY20.

Improved Operating Income with Healthy Margins

The operating income of the company has improved from Rs.73.45 crore in FY19 to Rs.104.20 crore in FY20. Till December, 2021 company has already achieved revenue of Rs.140.54 crore. The improved operating income is on account of increase in trading volume and clientele of the company. The PAT margins remained healthy at 30.87% in FY20. The company has successfully managed to maintain its profitability margins over the years.

Key Rating Weaknesses

Volatility Associated with Stock Market

JSCPL engaged in the stock broking business and the stock market is volatile in nature, Market index like Sensex and Nifty goes up and down throughout the day. The stock market is vulnerable to both domestic and global events.

Intense Competition

Due to the presence of many small and large players in the market the stock broking industry has become highly competitive. This limits the profitability margins of the industry.



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Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Industry

Financial Ratios & Interpretation (Non- Financial Sector)

Liquidity –Adequate

The company have adequate gross cash accruals (GCA) and company has no stipulated repayment schedule of the long term loan. Although it has a higher utilisation of the bank guarantee, most of its working capital facility such as overdraft facilities utilisation remained low and same is secured against FDs, which may provide a liquidity cushion for urgent requirements.

About the Company

Jainam Share Consultants Private Limited (JSCPL) incorporated in 2003 is engaged in the business of providing multiple broking services which include Equity, Derivative, Currency, Commodity Trading, and Diamond Derivatives. The company is member of Bombay Stock Exchange (BSE), National Stock Exchange (NSE), Multi Commodity Exchange (MCX), Central Depository Services (I) Limited (CDSL) and National Commodity & Derivative Exchange Limited (NCDEX). JSCPL is a Gujarat based company has 25 branches across Gujarat, Maharashtra & Rajasthan.

Financials (Standalone):

(Rs. In Crore)

For the year ended* As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	73.45	104.20
EBITDA	38.00	53.32
PAT	22.40	32.38
Total Debt	86.45	44.53



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Tangible Net Worth	98.00	130.13
EBITDA Margin (%)	51.74	51.17
PAT Margin (%)	30.50	30.87
Overall Gearing Ratio (x)	0.88	0.34

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based Facility – OD	Long Term/ Short Term	15.00	IVR A- /Stable/ IVR A2+	-	-	-
2.	Non-Fund Based Facility – BG	Short Term	110.00	IVR A2+	-	-	-
3.	Non-Fund Based Facility – Proposed BG	Short Term	225.00	IVR A2+			

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:



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Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term/Short Term Fund Based Facility – Overdraft	-	-	-	15.00	IVR A-/Stable/ IVR A2+
Short Term Non-Fund Based Facility – Bank Guarantee	-	-	-	110.00	IVR A2+
Short Term Non-Fund Based Facility – Proposed Bank Guarantee	-	-	-	225.00	IVR A2+