



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



Press Release

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 networth of Rs130.13 crore as on March 31, 2020. The overall gearing stood healthy at 0.34 time 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.



Press Release

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



Press Release

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.

Name and Contact Details of the Rating Analyst:

Name: Hardik Gala Tel: (022) 62396023 Email: Hardik.gala@infomerics.com	Name: Prakash Kabra Tel: (022) 62396023 Email: Prakash.kabra@infomerics.com
---	---

About Infomerics:



Press Release

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.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lenders-JSCPL-27-03-21.pdf>