



Press Release

Jainam Broking Limited (JBL)

(Erstwhile Jainam Share Consultants Private Limited)

January 18, 2022

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Short term fund-based bank facilities	575.00	IVR A2+ (IVR A Two Plus)	-	Assigned	Simple
Short term non-fund based bank facilities	650.50 (Enhanced from 110.00)	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)	Reaffirmed	Simple
Proposed Short term non-fund based bank facilities	314.50 (Enhanced from 225.00)	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)	Reaffirmed	Simple
Long Term/Short Term fund bases bank facilities	20.00 (Enhanced from 15.00)	IVR A- /Stable /IVR A2+ (IVR A Minus Stable & IVR A Two Plus)	IVR A-/Stable /IVR A2+ (IVR A Minus Stable & IVR A Two Plus)	Reaffirmed	Simple
Total	1,560.00				

Details of facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the rating to the bank facilities of Jainam Broking Limited (Erstwhile Jainam Share Consultants Private Limited) continues to derive comfort from established track record of operations and experienced promoters, healthy financial risk profile and improved operating income with healthy margins. However, these rating strengths remain constrained by volatility associated with stock market and intense competition.



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Key Rating Sensitivities:

Upward Factor:

- Sustained improvement in financial performance & profitability margins

Downward Factor:

- Substantial decline in trading volumes and profitability.
- Changes in the regulatory environment.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Established Track Record of Operations and Experienced Promoters

JBL 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 JBL. 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 Rs204.50 crore as on March 31, 2021 as against Rs.130.11 crore as on March 31, 2020. The overall gearing stood healthy at 0.08 times as on March 31, 2021 as against 0.34 times as on March 31, 2020 as the company's major bank facilities are non-fund based in nature, despite that the Interest coverage ratio stood healthy at 7.95 times in FY21.

Improved Operating Income with Healthy Margins

The operating income of the company has improved from Rs.104.20 crore in FY20 to Rs.245.68 crore in FY21. Further till September, 2021 company has already achieved revenue of Rs.166.13 crore. The improved operating income is on account of increase in trading volume and clientele of the company. The PAT margins remained healthy at 30.32% in FY21. The company has successfully managed to maintain its profitability margins over the years.



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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

Broking is a highly volatile and cyclical business with the presence of many established players who provide significant competition to the other fragmented and small players. The competition from large and established players and technology-focused new entrants is expected to continue to impact the revenue profile of players This limits the profitability margins of the industry.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Industries

(<https://www.infomerics.com/rating-methodology-detail/service-sector-companies>)

Financial Ratios & Interpretation (Non-Financial Sector)

(<https://www.infomerics.com/rating-criteria-detail/financial-ratios--implication>)

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



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Jainam Broking Limited (Erstwhile Jainam Share Consultants Private Limited) 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). JBL is a Gujarat based company has 27 branches across Gujarat, Maharashtra & Rajasthan.

Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	104.20	245.68
EBITDA	53.32	120.13
PAT	32.38	74.48
Total Debt	44.53	17.00
Tangible Net Worth	178.51	225.42
EBITDA Margin (%)	51.17	48.90
PAT Margin (%)	31.07	30.32
Overall Gearing Ratio (x)	0.34	0.08

* Classification as per Infomerics' standards

Status of Non-cooperation with previous CRA: Nil

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (Dated: March 27, 2021)	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Facilities	Short Term	575.00	IVR A2+	-	-	-



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2.	Non-fund-based Facilities	Short Term	650.50	IVR A2+	IVR A2+	-	-
3.	Proposed Non-Fund Based Facilities	Short Term	314.50	IVR A2+	IVR A2+	-	-
4.	Fund Based Facilities	Short Term/ Long Term	20.00	IVR A-/ Stable/ IVR A2+	IVR A-/ Stable/ IVR A2+	-	-

Name and Contact Details of the Rating Analysts:

Name: Mr. Hardik Gala Tel: (022) 62396023 Email: hardik.gala@infomerics.com	Name: Mr. Prakash Kabra Tel: (022) 62396023 Email: prakash.kabra@infomerics.com
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About Infomerics:

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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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 Facilities – Overdraft	-	-	-	20.00	IVR A-/ Stable/ IVR A2+
Short Term Fund Based Facilities – Overdraft (Intraday Limit)	-	-	-	575.00	IVRA2+
Short Term Non-Fund Based Facilities – Bank Guarantee	-	-	-	650.50	IVRA2+
Short Term Non-Fund Based Facilities – Proposed Bank Guarantee	-	-	-	314.50	IVR A2+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Jainam-broking-lenders-jan22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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.