



Press Release

Share India Securities Limited (SISL)

November 22, 2024

Ratings

| Instrument Facility / | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|--|--------------------|--------------------------|---|---------------------------|--------------------------------------|
| Proposed Commercial Paper Programme | 200.00 | IVR A1+ (IVR A One Plus) | IVR A1+; RWDI (IVR A One Plus; Rating watch with developing implications) | Resolved the rating watch | Simple |
| Short term - non-fund based limit – Bank Guarantee | 1513.00 | IVR A1+ (IVR A One Plus) | IVR A1+; RWDI (IVR A One Plus; Rating watch with developing implications) | Resolved the rating watch | Simple |
| Proposed Short term - non-fund based limit | 87.00 | IVR A1+ (IVR A One Plus) | IVR A1+; RWDI (IVR A One Plus; Rating watch with developing implications) | Resolved the rating watch | Simple |
| Total | | | 1800.00 | | |

(Rupees Eighteen hundred Crores only)

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The resolution of the "credit watch with developing implications" and the assignment of a "Stable" outlook reflects Infomerics' assessment that the financial and credit profile of the company will not be significantly impacted by the Show Cause Notice issued by SEBI regarding its association with "Tradetron." This is due to Infomerics' expectation that the penalty amount will likely be significantly lower than initially anticipated.



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The ratings continue to reflect stable performance, experienced promoters and management, diversified presence of the group, healthy capitalisation, strong market position in the broking business, technology-based risk management systems and healthy financial profile. However, the ratings are constrained by susceptibility to uncertainties inherent in the capital market business and intense competition.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in scale of operations and profitability margins.

Downward Factors

- Substantial decline in trading volumes and profitability.
- Changes in the regulatory environment impacting the operations of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and management

The Share India Group is promoted by Mr. Sachin Gupta, Mr. Praveen Gupta and Mr. Rajesh Gupta. In the last 6 years we have completely transformed to a Fin-tech Company specializing in derivative trading strategies. SISL is led by Mr. Kamlesh Shah (MD) and his professional team. The company has been through various business cycles and have emerged strong as seen in their robust financial and operational profile. Mr. Kamlesh Shah (MD) has around 2 decades of experience in capital markets and has developed strong expertise in securities market trends, compliance and business development strategies. Mr. Shah also serves as a President of the Association of National Exchanges Members of India (ANMI) and is also a member of the Advisory Board of BSE Brokers Forum, as well as the former Vice-President of Commodity Participants Association of India. The management team are responsible for day-to-day trading activities across various segments and other surveillance measures as a part of risk management practices and networking and communications aspects.



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Diversified presence of the group

The group is engaged in various activities like Broking (Equity, F&O, Currency & Commodity Segment), Proprietary Trading, Wealth Management, Portfolio Management, Depository Participant, NBFC, Insurance and Merchant Banking. Broking services and trading activities remain the core activities of the Group. The group's strategy is to provide all financial services under one roof and with presence across the sector will provide them with the opportunity to cross sell their services.

Stable performance

The company has reported a revenue of Rs.375.42 crore in Q3FY24 in comparison with Rs.279.52 crore registered in Q3FY23, reflecting a growth of 34.41% for the corresponding period. Furthermore, the company has reported overall improvement in the performance by 35% reported in 9MFY24 as compared to 9MFY23. The overall profitability also improved as compared to the preceding quarter as indicated by the improvement of 250 bps in the EBITDA margin to 48.05% reported for 9MFY24 as compared to the EBITDA margin of 45.55% reported in 9MFY23.

Healthy Capitalisation

Capitalisation of the group remains healthy, driven by healthy internal accruals and capital raising ability of the promoters. Consolidated Tangible networth and gearing of the company stood at Rs 1006.67 crore and 0.19 times, respectively, as on March 31, 2023 (Rs 446.66 crore and 0.42 times, respectively, as on March 31, 2022). With the recently completed rights issue and with the increase in the profitability reported for the year 9MFY24, the company's overall consolidated tangible networth is expected to increase to around Rs.1700-1800 crores.

Strong market position in broking business

SISL has PAN India presence with 96 branches, 883 sub-brokers/franchisees and 5364 terminals. The trading mostly happens through "share India" trading app and on their trading platform. SISL has strong presence in the broking business and are among the top 5 companies in terms of turnover and among top 10 in terms of market share. They command ~4.7% market share in NSE options, 3.9% in NSE Futures, 9.3% in NSE Currency options,



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5.8% in NSE Currency Futures, more than 2% in Cash segment and more than 9% in Commodity segment. It provides services to retail clients, HNI individuals, FPIs, FIIs and institution clients.

Technology based risk management systems

Share India Securities Limited (SISL) is a digital fintech company focused on cutting-edge low latency platform and AI/ML driven trading strategy solution provider to empower its proprietary and professional traders Clientele with superior technology. SISL has adequate risk management systems with risk by monitoring Value-at-Risk (VaR), time-based squaring off, value-based squaring off etc., systems. The backend operations of the company team also manage risk through monitoring each and every transaction that takes place. This is particularly relevant for its proprietary trading positions. The group has acquired UTrade Solutions Private Limited and Algowire Trading Technologies Private Limited which will not only boost their tech capabilities but will significantly help SISLs retail expansion plans.

Healthy financial profile

On a consolidated basis, the company has reported TOI and PAT of Rs 1088.23 Crores and 330.66 Crores respectively for FY23 when compared to Rs.856.50 Crores and 201.84 Crores in FY22 despite the headwinds faced by the stock market given the global issues. The company has healthy profitability with EBITDA and PAT margins of 45.27% and 30.07% respectively for FY23. The current ratio stood comfortable at 1.91x as on 31 March 2023. Debt servicing indicators were comfortable with ISCR and DSCR of 8.56x and 6.86x respectively for FY23.

Key Rating Weaknesses

Susceptibility to uncertainties inherent in the capital market business

SISL is engaged in the stock broking business and the stock market is volatile in nature, Market index like Sensex and Nifty, which goes up and down throughout the day and the company's operating performance is linked to the capital markets, which are inherently volatile as they are driven by economic and political factors as well as investor sentiments.

Intense Competition



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Broking is a highly volatile and cyclical business with the presence of many established players who provide significant competition for 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: Consolidated

For arriving at the rating, Infomerics has analysed consolidated financials of Share India Securities Limited (SISL) & its wholly owned subsidiaries on account of common management (falling under the umbrella of the Share India Group), strong Operational and financial linkages between the entities.

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments](#)

Liquidity –Adequate

On a consolidated basis, the group's liquidity position remains strong with cash and bank balances of Rs 1275.34 Crores as on 31 March 2023 against which it has no long-term repayable debt. Its borrowings are mainly in the form of bank guarantees and overdraft facilities. Company also has current investments of Rs 52.94 crores. Its capital position remains strong with a consolidated tangible networth of Rs 1006.67 Crores and a gearing of 0.19 x as on March 31, 2023.

About the Company

Incorporated in 1994, Share India Securities Limited (SISL) is a securities broking company registered with the National Stock Exchange (NSE), the Bombay Stock Exchange (BSE), the



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Multi Commodity Exchange (MCX) and the National Commodity & Derivatives Exchange (NCDEX). The company has been engaged in capital markets for around 3 decades having presence in almost all segments such as equity, derivatives, currency, commodities. The Company has Trading & Clearing membership of NSE & BSE and is a depository participant of CDSL. SISL has PAN India presence with 96 branches, 883 sub-brokers/franchisees and 5364 terminals. The trading mostly happens through “share India” trading app and on their trading platform.

Financials (Consolidated)*:

Rs in Crores

| For the year ended/As on* | 31-03-2022 (Audited) | 31-03-2023 (Audited) |
|---------------------------|-------------------------|-------------------------|
| Total Income | 856.50 | 1088.23 |
| EBITDA | 298.81 | 492.64 |
| PAT | 201.84 | 330.66 |
| Total Debt | 188.35 | 192.12 |
| Tangible Networkth | 446.66 | 1006.67 |
| EBITDA Margin (%) | 34.89 | 45.27 |
| PAT margin (%) | 23.17 | 30.07 |
| Overall Gearing Ratio (X) | 0.42 | 0.19 |
| Interest Coverage (X) | 9.45 | 8.56 |

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2024-25) | | | Rating History for the past 3 years | | | |
|---------|-------------------------------------|--------------------------------|--------------------------------|---------|--|--|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2024-25 (Oct 15, 2024) | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| 1. | Proposed Commercial Paper programme | Short Term | 200.00 | IVR A1+ | IVR A1+; RWDI | IVR A1+ (Aug 02, 2023) IVR A1+ (Mar 29, 2024) | - | - |
| 2. | Short term - non-fund- | Short Term | 1513.00 | IVR A1+ | IVR A1+; | IVR A1+ (Mar 29, | - | - |



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| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2024-25) | | | Rating History for the past 3 years | | | |
|---------|--|--------------------------------|--------------------------------|---------|--|--|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2024-25 (Oct 15, 2024) | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| | based limit – Bank Guarantee | | | | RWDI | 2024) | | |
| 3. | Proposed Short term - non-fund-based limit | Short Term | 87.00 | IVR A1+ | IVR A1+; RWDI | IVR A1+ (Mar 29, 2024) IVR A1+; RWDI (Oct 15, 2024) | - | - |

Analytical Contacts:

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| Name: Sree Harsha Tel: (022) 62396023 Email: sree.harsha@infomerics.com | Name: Amey Joshi Tel: (022) 62396023 Email: amey.joshi@infomerics.com |
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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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 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/Instrument:

| Name of Instrument | ISIN | Listing status | Date of Issuance | Coupon Rate/ IRR (%) | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|--|------|----------------|------------------|----------------------|---------------|------------------------------|--------------------------|
| Proposed Commercial Paper Programme | - | To be listed | - | - | - | 200.00 | IVR A1+ |
| Short term - non-fund-based limit – Bank Guarantee | - | - | - | - | - | 1513.00 | IVR A1+ |
| Proposed Short term - non-fund-based limit | - | - | - | - | - | 87.00 | IVR A1+ |
| Total | | | | | | 1800.00 | |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ShareIndia-nov24.pdf>

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

Draft Terms of Proposed Commercial Paper Programme of Rs 200.00 Crores

| | |
|-----------------------------|--|
| Issuer | Share India Securities Limited |
| Instrument | Commercial Paper Programme |
| Issue Size | Rs 200 Crores |
| Tenure | Upto 365 days |
| Coupon rate | TBD |
| Objects of the issue | Payment of Earlier debt, Loan, working capital/needs and |



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| | other end use will be in compliance with RBI guidelines for borrowers |
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Annexure 4: List of companies considered for consolidated analysis:

| Sr. No. | Name of the Entity | Holding/ Subsidiary/ Associate# | Company's Effective consolidation (%)* |
|---------|---|---------------------------------|--|
| 1 | Share India Capital Services Pvt Ltd | Subsidiary | 100% |
| 2 | Share India Securities (IFSC) Private Limited | Subsidiary | 100% |
| 3 | Share India Insurance Brokers Private Limited | Subsidiary | 100% |
| 4 | Share India Fincap Private Limited | Subsidiary | 100% |
| 5 | Total Securities (IFSC) Private Limited | Subsidiary | 100% |
| 6 | Total Securities Overseas Limited | Subsidiary | 100% |
| 7 | Total Commodities (India) Private Limited | Subsidiary | 100% |
| 8 | Share India Smile Foundation | Subsidiary | 100% |
| 9 | Share India Global Pte. Limited | Subsidiary | 100% |
| 10 | Algowire Trading Technologies Private Limited | Subsidiary | 100% |
| 11 | Utrade Solution Private Limited | Subsidiary | 100% |
| 12 | Share India Commodity Brokers Private Limited | Associate | 37.12% |

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.