

January 29, 2024

IL&FS Securities Services Limited: Continues to remain under issuer Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short Term-Fund Based-Cash Credit	100.00	100.00	[ICRA]D; ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Short Term-Non Fund Based-Others	250.00	250.00	[ICRA]D; ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Total	350.00	350.00	

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

[^]Instrument details are provided in Annexure-I

Rationale

ICRA has kept the Short-Term rating of IL&FS Securities Services Limited in the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]D; ISSUER NOT COOPERATING".

As part of its process and in accordance with its rating agreement with IL&FS Securities Services Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Policy on Default Recognition Rating Methodology – Broking
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

ISSL is engaged in a range of capital market related activities such as depository, custodial, and professional clearing services. Small brokerage houses avail its services to maintain a demat account for their broking clients and to act as a professional clearing member on their behalf. As a professional clearing member, ISSL serves as an intermediary between the brokerage houses and the exchange houses for maintaining adequate margin cover with the exchange houses on behalf of the trading members.

ISSL also provides smaller brokerage houses the convenience of interacting with a single point of contact instead of transacting with multiple exchange houses. Moreover, brokerage houses have the liberty of placing only a single pool of margin with ISSL for all the trading segments (like equity, futures & derivatives, commodity and currency futures) rather than placing separate margins for each trading segment. This helps small brokerage houses utilise their financial resources efficiently.

Key financial indicators

	FY2022	FY2023
Operating income	10.2	7.3
PAT	-11.4	-12.3
OPBDIT/OI	-97.1%	-147.0%
PAT/OI	-111.9%	-168.6%
Total outside liabilities/Tangible net worth (times)	3.9	3.9
Total debt/OPBDIT (times)	- 33.7	- 31.3
Interest coverage (times)	- 657.0	- 2,180.9

Source – MCA Website

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				29-Jan-2024	21-Nov-2022	23-Nov-2021	24-Nov-2020
1 Cash Credit	Short Term	100.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
2 Non Fund Based	Short Term	250.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING

Complexity level of the rated instrument

Instrument	Complexity Indicator
Cash Credit	Simple
Non Fund Based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	100.00	[ICRA]D; ISSUER NOT COOPERATING
NA	Non Fund Based	-	-	-	250.00	[ICRA]D; ISSUER NOT COOPERATING

Source: IL&FS Securities Services Limited

Annexure-II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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