



SMERA RATINGS LIMITED

Tipsons Financial Services Private Limited (TFSPL)

*Rating
Rationale***February 25, 2015**

| Facilities | Amount (Rs. Crore) | Rating |
|-------------|--------------------|---------------------|
| Cash Credit | 50.00 | SMERA A2 (Assigned) |

SMERA has assigned a short-term rating of '**SMERA A2**' (read as **SMERA A two**) to the Rs.50.00 crore bank facilities of Tipsons Financial Services Private Limited (TFSPL). The ratings draw comfort from the long track record of the company & its management in bond trading markets, established market presence in a niche segment of corporate bonds, institutional customer profile & low gearing levels. However, the ratings are constrained by evolving nature of TFSPL's risk management systems & processes. Further, the ratings are also constrained due to the competitive nature of bond trading markets and risks associated with operating in these markets.

TFSPL, incorporated in 1993, is an Ahmedabad-based bond trading firm. The company has experience of over one decade in bond market trading and has an established market presence. The company has a strong clientele which includes provident funds, scheduled commercial banks, mutual funds and large corporates. The company's healthy financial profile is marked by low gearing levels as reflected in low utilisation levels.

TFSPL has adequate systems and processes for its current size of operations. However, as the company grows, the company will need to strengthen its risk management systems & processes. Although, the company is currently working towards this end, the benefits accruing from strong risk management systems remain to be established.

TFSPL primarily deals in corporate bonds. The company has limited presence in the G-Sec segment, which is the larger and more liquid segment of the debt market. Moreover, TFSPL's competitors are much larger in size, diversified market presence and have evolved and institutionalized risk management systems and practices.

About the company

TFSPL, established in 1993, is an Ahmedabad-based bond trading firm promoted by Mr. Jitendra Shah. TFSPL provides bond (corporates and G-secs) trading services to its clients. The company also trades bonds on its own book from time to time. For FY2013-14, TFSPL reported profit after tax (PAT) of Rs.5.21 crore on total income of Rs.3312.19 crore, as compared with PAT of Rs.3.28 crore on a total income of Rs.2084.14 crore in the previous year. The company's tangible net worth stood at Rs.25.93 crore as on March 31, 2014, as compared with Rs.20.72 crore a year earlier.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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