

June 29, 2015

Facilities	Amount (Rs. Crore)	Rating
Overdraft Against Shares	0.50	SMERA A4+ (Assigned)
Overdraft Against Shares (Proposed)	5.30	SMERA A4+ (Assigned)
Bank Guarantee	2.50	SMERA A4+ (Assigned)
Bank Guarantee (Proposed)	5.30	SMERA A4+ (Assigned)

SMERA has assigned a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.13.60 crore bank facilities of RRS Shares & Stock Brokers Private Limited (RSS). The rating draws comfort from the company's adequate capitalization levels, experienced management, diversified geographical presence, improved profitability and loyal customer base. However, the rating is constrained by the company's small-scale of operations and its presence in a highly competitive and volatile broking industry.

RSS Ltd, incorporated in 2000, is a Mumbai-based share broking firm that provides services in equity, debt and derivatives. The company enjoys 0.04 per cent market share of India's equity broking industry. Apart from its offices in Mumbai and Baroda, the company has a network of over 47 active sub-brokers across the country. RSS Ltd registered profit after tax (PAT) of 23.31 percent in FY2013-14 as compared to 4.42 percent in FY2012-13. The operation of the firm is considered to be small as the total income in FY 2013-14 is Rs. 2.25 cr. as compared to Rs. 1.62 cr. in FY 2012-13. The company's operations are susceptible to the inherent volatility and uncertainty in equity markets.

RSS Ltd has healthy capitalization supported by self-liquidating nature of borrowings and conservative gearing philosophy. The company's adequate capitalisation is reflected in the tangible net worth of ~Rs.11.17 crore and gearing (debt-equity ratio) of 0.22 times as on March 31, 2014. To diversify its business prospects, the company has joined hands with several mutual funds and insurance companies.

RSS Ltd benefits from its experienced management. The promoters, Mr. Jayant Shah, Mr. Parag Shah and Mr. Hitanshu Shah possess around three decades of experience in the capital market.

Outlook: Stable

SMERA believes RSS Ltd will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relations with clients. The outlook may be revised to 'Positive' in case the company registers healthy growth in earnings while achieving a strong capital structure. The outlook may be revised to 'Negative' in case of decline in the company's earnings.

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.



SMERA RATINGS LIMITED

RRS Shares & Stock Brokers Private Limited (RSS)

*Rating
Rationale*

About the Company

RSS Ltd, established in 2000, is a Mumbai-based share broking firm promoted by Mr. Jayant Shah, Mr. Hitanshu Shah and Mr. Parag Shah. The company has offices in Mumbai and Baroda and a network of over 47 active sub-brokers and client size of ~8,000 across the country. RSS Ltd is a member of NSE, MCX-SX apart from being a depository participant of CDSL.

RSS Ltd reported profit after tax (PAT) of Rs.0.82 crore on total income of Rs.3.50 crore for FY2013-14, as compared with PAT of Rs.0.12 crore on a total income of Rs.2.63 crore in the previous year. The company's tangible net worth stood at Rs.11.17 crore as on March 31, 2014, as compared with Rs.10.36 crore a year earlier.

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