

RRS Shares & Stock Brokers Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Rating
Overdraft Against Shares	3.00 (enhanced from Rs.0.50 crore)	SMERA A4+ (Reaffirmed)
Overdraft Against Shares (Proposed)	2.80 (reduced from Rs. 5.30 crore)	SMERA A4+ (Reaffirmed)
Bank Guarantee	5.00 (enhanced from Rs.2.50 crore)	SMERA A4+ (Reaffirmed)
Bank Guarantee (Proposed)	2.80 (reduced from Rs. 5.30 crore)	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA A4+**' (read as **SMERA A four plus**) assigned to the Rs.13.60 crore bank facilities of RRS Shares & Stock Brokers Private Limited (RRS). The rating continues to draw comfort from the company's experienced management, adequate capitalisation levels, moderate geographical presence and established customer base. However, the rating continues to be constrained by the small-scale of operations and the highly competitive share broking industry.

Update

RRS 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. RRS has around 52 active sub-brokers and ~8,000 clients across the country with offices in Mumbai and Baroda.

The capitalisation continues to be healthy 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.14.31 crore and gearing (debt-equity ratio) of 0.19 times as on March 31, 2016. The company has joined hands with several banks, mutual funds and insurance companies to diversify its business.

However, the scale of operations continues to be modest with total operating income of Rs.3.11 crore in FY2015-16 (provisional) as compared to Rs.4.77 crore in FY2014-15. Also, the operations are susceptible to the inherent volatility and uncertainty in equity markets.

Rating Sensitivity Factors

- Cyclicity of stock markets
- Increase in earning and maintaining profitability

About the Company

RRS, established in 2000, is a Mumbai-based share broking firm promoted by Mr. Jayant Shah, Mr. Hitanshu Shah and Mr. Parag Shah. The company is a member of NSE, MCX-SX apart from being a depository participant of CDSL.

For FY2015-16 (provisional) RRS reported profit after tax (PAT) of Rs.0.97 crore on total operating income of Rs.3.11 crore, as compared with PAT of Rs.2.17 crore on total operating income of Rs.4.77 crore in the previous year. The tangible net worth stood at Rs.14.31 crore as on March 31, 2016, as compared with Rs.13.34 crore a year earlier.

Rating History:

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
29 Jun, 2015	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)	-

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ABOUT SMERA

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