



Press Release

Genev Capital Private Limited

July 10, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term/ Short Term Facilities - Overdraft	50.00	IVR A-/Stable and IVR A2+ (IVR A Minus with stable outlook and IVR A Two Plus)	IVR A-/Stable and IVR A2+ (IVR A Minus with stable outlook and IVR A Two Plus)	Reaffirmed	Simple
Total	50.00 (INR Fifty Crore 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

Infomerics Ratings has reaffirmed its rating assigned to the Bank facilities of GCPL as Infomerics continues to derive comfort from experienced promoters, low credit risk in trading of bonds, secured trading mechanism and of moderate capital structure and debt protection metrics. However, the rating is constrained by susceptibility of earnings profile to the volatility in the interest spreads and market risks.

Outlook is stable considering the stable income streams with low volatility in bond markets when compared to stock markets coupled with stable profitability.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in overall financial profile of the company

Downward Factors

- Substantial decline in trading volumes impacting Revenues and profitability.
- Adverse changes in the regulatory environment



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

Genev Capital Private Limited (GCPL) is promoted by Mr. Ashish Ghiya, Mr. Kunal Shah, & Ms. Rita Thakur. Mr. Ashish Ghiya and Mr. Kunal Shah are also promoters of Derivium 2 Tradition Securities India Private Limited (DTSIPL). Both companies are part of Tradition group which is one of the largest interdealer brokers for OTC & exchange cleared FX, Bonds, High yield credits, rates & credit derivatives., Energy, Freight & Commodities. Mr. Ashish Ghiya has 25 years' experience in Indian currency, interest rate & credit markets. Mr. Kunal Shah has Experience in Debt Capital Markets and professional specializing in Credit Origination, Fixed Income Portfolio Management and advisory. Further managing director of the company Mrs. Rita Thakur, has 19 years of cross functional experience in Indian Debt Capital Markets across Investment Banking, Portfolio Management, Origination and Syndication of various Debt Products.

Secured Trading mechanism.

The Company purchases securities in bulk, in primary or secondary market and sells them on matched principle basis or warehouses the same in their books, for onward sales. The system of buying and selling of securities between the investors and buyers are done through a platform system created by RBI for government securities and SEBI for corporate bonds where buyer must deposit the money and seller has to deposit the securities through their own banker. Therefore, the system of buying and selling of securities are done under the transaction / payment novated by the exchange. The bank has also stipulated differential margin for different category of securities to be purchased under this arrangement. The government securities purchased by the company will be held in a designated Constituent Subsidiary General Ledger (CSGL) Account and a joint depository participant account for corporate bonds, which will be duly pledged to the bank.

Low credit risk as trading allowed only in government securities and Bonds rated A and above



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As per the sanction terms, the bank limits are to be utilized for trading in G-sec and Bonds rated A and above only. Further, these securities are not allowed to be held beyond 30 days. Hence, the credit risk associated with the pledged securities is relatively low

Moderate capital structure and comfortable debt protection metrics

GCPL has comfortable capital structure with tangible Networth of Rs 67.47 crore and no long-term borrowings. GCPL has total debt of Rs 178.73 crore in the form of working capital facilities which has increased from Rs 113.07 crore in FY23 due to increase in trading volumes in FY24 (Provisional) (refers to period April 1st, 2023, to Mar 31, 2024). GCPL major borrowings of GCPL is in the form of overdrafts against pledge of bonds which are used to meet the margin requirements of the exchanges and given the higher trading volumes in FY24, the utilisation of limits was also higher. This has resulted in a moderate gearing of 2.65x as on 31 March 2024 (Provisional). GCPLs DSCR and ISCR stood comfortable at 1.46x and 1.61x respectively as on 31 March 2024.

Key Rating Weaknesses

Susceptibility of earnings profile to the volatility in the interest spreads

GCPLs earnings profile is susceptible to the volatility in the interest spreads which in turn impact the trading volume and the profitability margins. GCPL has reported total income of Rs 31.10 crore and PAT of Rs 4.34 crore for FY24 (Provisional) when compared to Rs 40.43 crore and Rs 6.01 crore respectively in FY23. The decline in the revenues despite increase in trading volumes from Rs 9116.37 crore in FY23 to Rs 10,702.94 crore in FY24 was on account of lower interest spreads.

Market risk on account of volatility in interest rates and liquidity risk

The company is exposed to market risk arising out of adverse movement of prices of the securities due to changes in interest rates for the stock which is warehoused, until it is sold. Specifically, the prices of Government securities & corporate bonds are influenced by the level and changes in interest rates in the economy and developments in other markets including credit and capital markets, international bond markets, and policy actions by RBI. This will result in valuation gains or losses. Further, in addition the company also faces liquidity risk on account of inability of the company to liquidate holdings due to non-availability of buyers for the security. Due to illiquidity, the company may need to sell at adverse prices and incur



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losses. However, as per the structure, the company needs to put upfront margins to the extent of 10% (margins vary based on ratings of the securities) of the total limits provided by the lender.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing, Services and Others](#)
[Policy on Default Recognition and Post-Default Curing Period](#)
[Policy on Complexity level of rated instruments / facilities](#)
[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)
[Criteria for assigning rating outlook](#)

Liquidity – Adequate

GCPL has maintained adequate liquidity of Rs. 7.16 crore as on 31 March 2024. The company has favourable working capital utilisation levels of ~40% over the past 12 months period ended 31 March 2024. Current ratio for FY24 was 1.26x indicating adequate liquidity. The company's tangible net worth stood at Rs. 67.47 crore as on March 31, 2024.

About the Company

Genev Capital Private Limited (GCPL) is Mumbai based company incorporated in April 2018. GCPL is a part of the Tradition Group which is one of the world's largest interdealer brokers for OTC & exchange cleared FX, Bonds, High yield credits, rates & credit derivatives., Energy, 4 Freight & Commodities. GCPL is working as debt market intermediary catering to wide range of clients like provident funds, insurance companies, family offices, banks and others.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	40.43	31.10
EBITDA	17.34	15.93
PAT	6.01	4.34
Total Debt	113.07	178.73
Tangible Net Worth	63.45	67.47
EBITDA Margin (%)	42.89	51.21
PAT Margin (%)	14.87	13.96
Overall Gearing Ratio (x)	1.78	2.65



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Interest Coverage (x)	1.95	1.61
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* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					May 23, 2023	January 24, 2023	March 30, 2022	October 29, 2011
1.	Overdraft	Long Term/short Term	50.00	IVR A-/Stable/IVR A2+	IVR A-/Stable/IVR A2+	IVR A-/Stable/IVR A2+; (CE)	IVR AA/Stable/IVR A1+; (CE)	IVR AA/Stable/IVR A1+; (CE)

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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.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Overdraft	-	-	-	Revolving	50.00	IVR A-/Stable/IVR A2+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Genev-july2024.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.

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.