



Press Release

Genev Capital Private Limited (GCPL)

May 23, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term/ Short Term, Bank Facility – Overdraft	50.00	IVR A-/ Stable/ IVR A2+ (IVR A Minus with Stable Outlook & IVR A Two Plus)	Reaffirmed	Simple
Total	50.00			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the bank facility of Genev Capital Private Limited (GCPL) continuous to derive comfort from experienced promoters, secured trading mechanism and moderate financial risk profile. However, these rating strengths remain constrained by Market risk on account of volatility in interest rates and liquidity risk.

Key Rating Sensitivities:

Upward Factors

- Substantial increase in the scale of operations.
- Improvement in debt protection matrix.
- Maintain adequate liquidity.

Downward Factors

- Any substantial losses incurred in trading activities due to interest rate risk.
- Substantial deterioration in capital structure.

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



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Tradition Securities India Private Limited (DTSIPL). Both companies are part of 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, 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.

Moderate financial risk profile

The company's gearing levels are on higher side as it is dependent on volume of activities related to debt securities. However, the company's borrowings are primarily in the form of cash credit & Overdraft facility. Further the interest service coverage ratio (ISCR) remained comfortable at 1.90x in FY2023 (Prov.).

Key Rating Weaknesses



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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 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 Approach

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

Liquidity is adequate marked by gross cash accruals (GCA) of Rs.6.59 crores against no major long term debt repayment commitment. The Company has a favourable working capital limits utilisation, average CC utilisation remains low at ~42% in last 12 months ended Feb 2023, providing adequate liquidity cushion to the company. Cash and Bank balance stood at Rs.8.90 Crore as on March 31, 2023 (Prov.).

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,



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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*	INR in Crore	
	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Income#	55.48	35.42
PAT	16.05	6.41
Total Debt	62.95	113.07
Tangible Net Worth	57.76	63.85
PAT margin (%)	28.94	18.09
Overall Gearing Ratio (x)	1.09	1.77

* Classification as per Infomerics' standards

Total Income= Sale amount of G Secs (plus other operational income) – Purchase amount of G Sec.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (January 24, 2023)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Overdraft	Long-term/ Short Term	50.00	IVR A-/ Stable/ IVR A2+	IVR A-/ Stable/ IVR A2+	<ul style="list-style-type: none"> IVR AA (CE)/ Stable/ IVR A1+ (CE) (Mar 30, 2022) IVR AA (CE)/ Stable/ IVR A1+ (CE) (Oct 29, 2021) 	-



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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund Based Bank Facilities – Overdraft	-	-	-	50.00	IVR A-/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-GenevCapital-may23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.