



Press Release

Genev Capital Private Limited (GCPL)

January 24, 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)	Rating Revised	Simple
Total	50.00			

Reason for review of CE rating:

The Reserve Bank of India (RBI) has issued a fresh set of guidelines and FAQ to the credit rating agencies vide letter dated April 22, 2022 and July 26, 2022 specifically for bank loan ratings which are credit enhanced.

- As per this guideline, CE ratings can be assigned only in case of those corporate guarantees which are characterized inter alia by unconditionality, irrevocability, enforceability, entirety and presence of payment mechanism.
- Also, the guidelines highlight that letter of comfort / support/undertaking/ responsibility / acknowledgement / obligor – co obligor structure / pledge of shares will not qualify for CE ratings.

Adequacy of credit enhancement structure

In view of the RBI's Guidance Note dated April 22, 2022 and the FAQ document dated July 26, 2022 for assigning CE ratings, Infomerics has reviewed the structure and this does not comply with recent RBI guidelines wherein pledge of securities does not qualify CE ratings. Accordingly, Infomerics has revised the approach to Standalone and removed the Credit enhancement ratings.

Details of Facilities are in Annexure 1

Detailed Rationale



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The standalone rating of Genev Capital Private Limited (GCPL) factors in secured trading mechanism, experienced promoters, moderate financial risk profile and sustained growth in trading volume of bonds. However, the rating is 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 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.



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Secured Trading mechanism

The Company purchases securities in bulk at the time of issuance and keeps it in their book and sells the same to these retirement funds or insurance companies as per their need. The system of buying and selling of securities between the investors and buyers are done through a platform system created by RBI 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 guaranteed 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 2.66x in FY2021.

Sustained growth in trading volume of bonds

GCPL commenced its business operation in FY2019 and since then company's trading volume has been improving on sustained basis. The company has achieved a gross turnover of Rs. 12,832 crore in FY2021 as against Rs.9,809 crore in FY2020.

Key Rating Weaknesses

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. 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 booking losses on mark to market basis.



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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 Service Sector Companies](#)

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

[Criteria of Rating Outlook | Infomerics Ratings](#)

Liquidity –Adequate

Liquidity is adequate marked by gross cash accruals (GCA) of Rs.8.84 crores against no major long term debt repayment commitment. The Company has a favourable working capital limits utilisation, average CC utilisation remains low at ~40% in last 12 months ended August 2021, providing adequate liquidity cushion to the company. Furthermore, as per the structure, the company needs to put upfront margins of 7.5% for AAA rated Government guaranteed bonds, PSU & Bank bonds and margins vary based on ratings of the securities (Corporate Bonds) to the extent of 15% of the total limits provided by the lender which supports the liquidity. Cash and Bank balance stood at Rs.46.81 Crore as on March 31, 2021.

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, 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):



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(In Crore)

For the year ended/ As on*	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Income#	33.38	55.48
PAT	8.78	16.05
Total Debt	80.69	62.95
Tangible Net Worth	41.71	57.76
PAT margin (%)	26.29	28.94
Overall Gearing Ratio (x)	1.93	1.09

* Classification as per Infomerics' standards

Total Income= Sale amount of securities (plus other operational income) – Purchase amount of securities.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based Facility – Overdraft	Long-term	50.00	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 commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term/ Short Term Fund Based Facility – Overdraft	-	-	-	50.00	IVR A-/ Stable/ IVR A2+

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Genev-Capital-jan23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



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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