



## Press Release

### Green Malabar Finance Ventures Limited (GMFVL)

June 14, 2024

#### Ratings

Instruments	Amount (Rs. crore)	Current Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Fund Based Facility – Term Loans	10.45	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Assigned	Simple
Long Term Fund Based Limits – WCDL	55.00	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Assigned	Simple
Proposed Long Term Fund Based Limits – WCDL	9.55	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Assigned	Simple
<b>Total</b>	<b>75.00</b> <b>(Rupees Seventy five crores only)</b>			

Details of Facilities are in Annexure 1.

#### Detailed Rationale

The assignment of ratings to the bank loan facilities of Green Malabar Finance Venture Limited (GMFVL) derives strength from experience promoter in related field of business, comfortable operational indicators and comfortable capitalization. However, these rating strengths are partially offset by moderate profitability, asset quality and competitive nature of the industry.

#### Key Rating Sensitivities

##### Upward Factors

- Substantial and sustained growth in loan portfolio resulting in improved revenues and profitability while maintaining healthy asset quality, liquidity and capitalization.

##### Downward Factors

- Substantial decrease in loan portfolio, revenues and profitability coupled with deterioration in asset quality from current levels, capitalisation and liquidity levels of the company.



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### List of key rating drivers with detailed description

#### Key Rating Strengths

##### Comfortable Operational Indicators

GMFVL's Net Interest Income (NII) has improved to Rs.14.04 crore in FY24 (Prov) (refers to period April 1st, 2023, to March 31, 2024) as compared to Rs.9.48 crore in FY23 on the back of growth in AUM which has increased to Rs.112.37 crore in FY24 (FY23: Rs.96.15 crore). GMFVLs NIM increased to 23.89% for the year FY24 (FY23 – 13.43%).

##### Comfortable capitalisation

GMFVL's capitalization levels remains comfortable with CRAR of 66.60% for FY24 (FY23 - 51.84%) which is well above the minimum regulatory requirement of 15%. As on 31 March 2024, GMFVLs tangible net worth and gearing stood at Rs 45.89 crore (FY23 - Rs.44.68 crore) and 0.97x (FY23 - 1.97) respectively. GMFVL's comfortable capitalization levels allows them to grow their loan book without any further capital infusion in the near term.

##### Experienced promoter in related field of business

GMFVL is Digitally enabled NBFC offering petroleum dealers and their fuel customers convenient revolving credit. In FY19, a team led by Mr. Suresh Gurumani was brought on-board to focus GMFVL exclusively on building a platform under the Petro Money brand. GMFVL is focused on providing business solutions to SME customers. The top management of the company includes Mr. Suresh Gurumani (Co-Founder and CEO) who has over three decades of experience in financial services and worked in leading MNC Banks and MFIs companies in India. Mr. Suresh Gurumani also carries knowledge and has developed digital Banking for MFIs. Further, Mr Ramachandran Chellam has over three decades of experience in financial services and has worked with leading banks in India and overseas including worked as CFO, Global Strategy & Finance leadership roles.

#### Key Rating Weaknesses

**Moderate profitability and average asset quality**



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GMFVLs has reported loss for last 3 years given the high cost to income as the company is in expansion mode. However, due to consistent growth in AUM, GMFVL has recorded a positive PAT of Rs. 0.45 crore for FY24 (FY223 – Rs. -1.13 crore). GMFVLs asset quality remained average with GNPA and NNPA of 3.17%(FY23-3.26%) and 0.98%(FY23-0.95%) respectively for FY24, however the company maintains 70% provisioning for sub-standard assets as against RBI mandated general provisioning of 10% for sub- standard assets.

### **Highly competitive industry**

GMFVL is exposed to stiff competition from other NBFCs and banks. The lending industry focused on SMEs/MSMEs, and small ticket unsecured loans is highly fragmented with unorganized lenders also vying for the same set of borrowers. However, the company's professional management and focused approach towards SME/MSME lending and conservative underwriting policy standards is expected to grow its business while mitigating the risks.

**Analytical Approach:** Standalone

### **Applicable Criteria**

[Rating Methodology for Service Sector companies](#)

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

[Policy on Issuer not cooperating and surveillance/review of existing rating](#)

[Criteria of assigning Rating Outlook](#)

[Default recognition Policy](#)

### **Liquidity: Adequate**

GMFVL is adequately capitalized with a CRAR of 66.60% for FY24 (FY23 - 51.84%), and Net worth of Rs 45.89 core for FY24 (Rs.44.68 crore – FY23). GMFVL has cash and bank balances of Rs 16.94 crore, Unutilised bank limits and Unmarked FDs of Rs. 31.00 crore and Rs. 12.50 crore respectively for FY24.

### **About the company**

Green Malabar Finance Ventures Limited ("GMFVL") is a registered, Non- Deposit Taking and Non -Systematically Important NBFC with its registered office in Chennai, operates under the



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brand name of Petro Money. Initially, the company was incorporated in 1991 as Vivek Hire Purchase & Leasing Limited – business of providing hire purchase loans. Later, the name changed to AIG Consumer Financial Services (India) Limited, post take over by AIG – business of providing Personal & Home Loans. In 2011, name was changed to Green Malabar Finance Ventures Limited post-acquisition of AIG Consumer Financial Services (India) by Mr. Aman Mehta and Mr. Akash Mehta.

In FY19, a team led by Mr. Suresh Gurumani was brought on-board to focus GMVL exclusively on building platform under the PetroMoney brand. Since FY19, the Company has invested in a robust tech architecture with a full Technology Stack in Place – Mobile Application, Loan Origination system, Loan Management System, and General Ledger. Currently the GMFVL is Digitally enabled NBFC offering revolving credit facility to petroleum dealers and their fuel customer's.

### Financials: Standalone

(Rs. crore)

For the year ended/As on*	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Income	12.87	18.96
PAT	(4.93)	(1.13)
Tangible net worth	44.82	44.68
Total debt	53.14	47.62
AUM	80.56	96.15
Overall CRAR (%)	48.18	51.84
Gross NPA (%)	2.98%	3.26%
Net NPA (%)	0.98%	0.95%
PCR (%)	64.61%	70.82%

\*As per Infomerics Standards

**Status of non-cooperation with previous CRA: NA**

**Any other information: Nil**



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### Rating History for last three years:

Sr. No	Facility	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2022-22
1.	Long Term Fund Based Facility – Term Loans	Long Term	10.45	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	-	-	-
2.	Long Term Fund Based Limits – WCDL	Long Term	55.00	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	-	-	-
3.	Proposed Long Term Fund Based Limits – WCDL	Long Term	9.55	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	-	-	-

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### About Infomerics:



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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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### **ANNEXURE I** **Details of Facilities**

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility	Rating Assigned/ Outlook
				(Rs. Crore)	
Long Term Fund Based Facility – Term Loans	-	-	Up to Nov 2025	10.45	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)
Long Term Fund Based Limits – WCDL	-	-	Revolving	55.00	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)
Proposed Long Term Fund Based Limits – WCDL	-	-	-	9.55	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-Green-Malabar-jun24.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](http://www.infomerics.com).