



Press Release

Grow Money Capital Private Limited

July 14, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Total	100.00	Rupees One hundred crore Only		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Grow Money Capital Private Limited continues to draw comfort from experienced management, significant increase in operations, improvement in the asset quality, moderate capital adequacy ratio along with product diversification. However, these strengths are constrained by moderate geographical concentration risk, concentration towards lending to NBFC's along with competitive nature of business.

Key Rating Sensitivities:

Upward Factors

- A significant increase in the scale of operations, without a significant impact on the asset quality, diversification of the funding source base while keeping adequate capitalization and operating buffers, and the maintenance of adequate liquidity, all on a sustained basis would lead to a positive rating action.

Downward Factors

- Decline in the scale of operations and/or significant deterioration in the asset quality, along with a substantial increase in leverage, all on a sustained basis, could result in a negative rating action.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Management



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Company is managed by Mr. Manoj Kumar Bansal and Ms. Neeru Bansal who are the directors of the company. Mr. Manoj Kumar Bansal has experience of over two decades into consulting & finance domain. He is responsible for day-to-day management of the NBFC and for building the necessary scale of business for the company's growth. Ms. Neeru Bansal also has almost two decades of experience into the finance domain. She is responsible for overall strategy, business enabling operations, organizational development and innovation for market development, as well as managing the relationships within the industry. The senior management team is ably supported by a strong line of mid-level managers. GMCPL shall benefit from the promoters' strong understanding of market dynamics.

Significant increase in operations

The Company's Total Income increased y-o-y by around 93% in FY23(Prov.) i.e. from Rs.40.72 Crore in FY22 to Rs.78.50 Crore in FY23(Prov.). Net Interest Income grew by ~101% y-o-y to Rs. 45.94 Crore in FY23(Prov.) as against Rs. 22.86 crore in FY22.

Improvement in the asset quality

As per FY23 provisional results, asset quality improved significantly. GNPA (%) improved to 0.14% as on March 31, 2023 from 1.17% as on March 31, 2022. Net NPA (%) improved to 0.04% as on March 31, 2023 as against 0.73% as on March 31, 2022.

Moderate Capital Adequacy Ratio

The overall CAR stands moderate at 30.94% as on March 31st, 2023, when compared to the previous figure of 43.28% as on March 31st, 2022. CRAR has been above the minimum CRAR limit of 15% for NBFCs as per regulatory requirements.

Product Diversification

GMCPL's loan portfolio includes segments as Fintech, Gold Loan, Housing Finance, MFI Activities, SME Loan, Vehicle Loan and Machinery Finance. The Business Loans (Fintech + SME) and Loans to NBFC-MFIs/HFCs constitutes major portfolio of the total



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loan assets. The Company offers loans in the range of INR.0.25- 10.00 Crore. It mainly targeted wholesale segment till FY21 and from FY22 GMCPPL has entered the retail segment as well.

A. Key Rating Weaknesses

Moderate Geographical Concentration Risk

GMCPPL's operations are majorly based across 4 states mainly i.e. Delhi, Rajasthan, Haryana and Uttar Pradesh. These 4 states account for ~62.87% of the total loan portfolio which indicates some concentration risk.

Concentration towards lending to NBFCs

The company provides funding to various clients across asset classes such as micro finance, gold finance, housing finance, vehicle finance, SME and enterprise finance etc. The majority of the lending is concentrated towards NBFCs. Given the difficult operating environment the NBFC sector has been facing challenges since the beginning of FY21, which had aggravated the liquidity issues of NBFIs with the resultant impact on asset quality and profitability. Hence the company's portfolio remains exposed to these challenges. However, from FY22 GMCPPL has diversified its business segment and has also added Retail segment.

Competitive Nature of Industry

Company is exposed to stiff competition from other varied sized NBFCs. The lending industry focused on NBFC financing of varied ticket size is highly fragmented with unorganized lenders also vying for the same set of borrowers.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions & NBFC/HCFC](#)

[Financial Ratio & Interpretation \(Financial Sector\)](#)

[Criteria for assigning rating outlook](#)



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Liquidity – Adequate

Comments on liquidity: GMCPL's overall liquidity profile remains adequate with no negative cumulative mismatches up to the five-year bucket as per the ALM ending March 31st, 2023. Liquidity is marked adequate by adequate Capital adequacy ratio of 30.94% as on March 31, 2023 (Prov.) as against 43.28% on March 31, 2022 which is well above the stipulated regulatory norm of 15%. Company's collection efficiency for the last 10 months has been ~98.00%. The Company has cash & cash equivalents of Rs. 11.01 Crore as on March 31, 2023(Prov.). Overall, liquidity position is expected to be adequate.

About the Company

Grow Money Capital Private Limited (Erstwhile Eclear Leasing & Finance Private Limited) was incorporated in the year 1995 having registered office at Barakhamba Road, New Delhi. GMCPL primarily is a Non-Deposit taking NBFC which operated mainly in wholesale segment till FY21 but from FY22, company has started retail lending operations as well. The company operates primarily in five business verticals i.e. Loan against Property, Business Loan, Personal Loan, Loan against shares and Partnership with NBFC-MFI. Company has total 70399 borrowers (Wholesale: 173 and Retail: 70226) as on March 31, 2023.

Financials (Standalone):

For the year ended/As on*	31-03-2022	31-03-2023
	Audited	Provisional
Total Income	40.72	78.50
Interest Expenses	14.46	24.14
PAT	13.29	27.06
Total Debt	174.20	344.97
Tangible Net Worth	141.67	168.74
Total Loan Assets	320.95	515.50
PAT Margin (%)	32.63	34.48
Overall Gearing Ratio (x)	1.23	2.04
Gross NPA (%)	1.17	0.14
Net NPA (%)	0.73	0.04

*Classification as per infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:



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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 (July 07, 2022)	Date(s) & Rating(s) assigned in 2020- 21	Date(s) & Rating(s) assigned in 2019- 20
1.	Long Term	Long Term	100.00	IVR BBB/ Stable	IVR BBB/ Stable	-	--

Name and Contact Details of the Rating Analyst:

Name: Pratima Jangid Tel: (011) 45579024 Email: pratima.jangid@infomeric.com	Name: Harsh Raj Sankhla Tel: (011) 45579024 Email: harshraj.sankhla@infomerics.com
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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.

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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.





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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
Long Term Bank Facility	-	-	August, 2028	74.07	IVR BBB/Stable
Proposed	-	-	-	25.93	IVR BBB/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-growmoney-jul23.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.