



Press Release

Grow Money Capital Private Limited (GMCPL)

Oct 01, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Fund based bank facilities – Term Loan	67.86	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Fund based bank facilities - Proposed	32.14	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Total				100.00	

(Rupees Hundred 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 the ratings assigned to the bank facilities of GMCPL which continues to derive strength from significant growth in income levels coupled with healthy net interest margin (NIM), moderation in AUM growth, comfortable capitalisation levels and experienced management. However, the ratings are partially constrained by average asset quality, geographical concentration risk and intense competition and susceptibility to regulatory changes.

Infomerics ratings expects outlook to remain stable on the expectations of continuation of growth momentum in AUM on the back of comfortable capitalisation levels and expected improvement in asset quality.



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Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in scale of operations by geographically diversifying its operations while maintaining healthy asset quality, comfortable capitalization levels, liquidity and profitability.

Downward Factors

- Substantial degrowth in the scale of operations and/or deterioration in asset quality and profitability from the current levels.
- Decline in capitalization levels below the regulatory requirement.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Significant growth in income levels coupled with healthy NIM:**
GMCPL's net interest income (NII) has grown y-o-y by ~96% to Rs. 82.76 crore in FY24 (refers to period 1st April 2023 to 31st March 2024) (FY23: Rs. 42.12 crore) on account of better interest realisation from the retail loan assets which led to its NIM improving to 15.44% in FY24 (FY23: 10.06%) Additionally, GMCPL's other operating income increased to Rs. 23.26 crore in FY24 (FY23: Rs. 9.35 crore) which consists majorly of income from processing fees moreover, GMCPL's return on total assets (ROTA) improved to 6.19% in FY24 (FY23: 5.58%) on account of improved profitability. Also, GMCPL's cost to income ratio increased to 50.16% in FY24 (FY23: 31.11%) on account of increase in operating expenses in FY24 due to the engagement of BCs partners for ramping up its retail portfolio. Infomerics Ratings expects the growth momentum to continue in the near to medium term on the back of engagement of BC partners.
- **Moderation in AUM growth:**



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GMCPL's AUM has grown modestly y-o-y by ~8% to Rs. 555.49 crore in FY24 (FY23: Rs. 516.42 crore) on back of the strategy of reducing exposure to wholesale lending whose proportion in the total portfolio has decreased to ~32% in FY24 from ~49% in FY23. The same is reflected in Q1FY25 numbers with AUM marginally declining to Rs. 554.55 crore on account of higher repayment and lower disbursements. As per the management, GMCPL has adopted this strategy to cut down its exposure to the wholesale segment and increase the proportion of retail segment in its overall portfolio. Going forward, GMCPL's ability to scale up its AUM size with the retail segment as the key driver of growth will remain a rating monitorable.

- **Comfortable Capitalisation Levels:**

GMCPL's capitalization levels are comfortable marked by CRAR which stood at 36.80% as on 30th June 2024 (FY23: 31.88%, FY24: 35.45%) which is well above the minimum regulatory requirement. Additionally, GMCPL's tangible net worth increased to Rs. 200.19 crore in FY24 (FY23: Rs. 165.59 crore) on accretion of profits to reserves and surplus. Infomerics Ratings expects capitalization levels to remain comfortable in the near term on the back of expected equity infusion by the promoters.

- **Experienced Management:** GMCPL is managed by Mr. Manoj Kumar Bansal and Ms. Neeru Bansal who are the directors of the company and have experience of more than two decades in consulting & finance domain.

Key Rating Weaknesses

- **Average asset quality** GMCPL's asset quality deteriorated in FY24 with GNPA and NNPA increasing to 1.91% & 0.76% respectively in FY24 (FY23: 0.25% & 0.16% respectively). GNPA and NNPA has further increased to 1.99% & 0.44% respectively in Q1FY25. The deterioration in asset quality was due to fresh slippage of a large account, a startup named Shapos Services Private Limited (SSPL). Management has informed that, GMCPL is pursuing legal action against SSPL and expects recovery of ~50% of the total outstanding amount of ~Rs. 9.00 crore by the end of FY25 and for the remaining 50% it has already made provisions in FY24. However, its provision



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coverage ratio improved to 60.41% in FY24 (FY23: 35.94%). Going forward, ability of GMCPL's to improve and maintain healthy asset quality will remain a key rating monitorable specially post the seasoning of its retail portfolio.

- **Geographical Concentration Risk:**

GMCPL's operations are majorly based across 4 states mainly i.e. Delhi, Rajasthan, Haryana and Uttar Pradesh. These 4 states account for ~76% of the total loan portfolio and hence the company is exposed to geographical concentration risk. Any change in microeconomic as well as the regulatory environment in the states in which it operates may negatively impact the business profile of GMCPL.

- **Intense competition and susceptibility to regulatory changes:**

GMCPL is exposed to intense competition within the financial services sector, often contending with traditional banks as well as emerging fintech companies vying for market share and customer loyalty. Additionally, NBFCs in India are highly susceptible to changes in the regulatory environment. Government policies, regulatory reforms, and compliance requirements can directly impact their operations, liquidity management, and profitability. Therefore, navigating these competitive pressures and regulatory dynamics is crucial for GMCPL to sustain growth and maintain stability.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

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

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments](#)

Liquidity –Adequate



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Considering its asset size, GMCPL's CRAR stood comfortable at 36.80% as on 30th June 2024 which is well above the minimum regulatory requirement. Also, it has adequately matched asset liability profile as on March 31, 2024, across all the buckets. Moreover, Cash and cash equivalent stood at Rs. 9.02 crore as on 31 March 2024.

About the Company

GMCPL (erstwhile Eclear Leasing & Finance Private Limited) was incorporated in the year 1995 having registered office at New Delhi. GMCPL is a non-deposit taking NBFC which operates in wholesale as well as retail segment. GMCPL operates primarily in five business verticals i.e. Loan against Property, Business Loan, Personal Loan, Vehicle Loan.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Income	78.37	141.96
PAT	24.07	34.60
Tangible Net worth	165.59	200.19
Total Loan Assets	516.42	555.49
Ratios		
NIM (%)	10.06	15.44
ROTA (%)	5.58	6.19
Interest Coverage (times)	2.30	2.26
Total CAR (%)	31.88	35.45
Gross NPA [Stage III] (%)	0.25%	1.91%
Net NPA [Stage III] (%)	0.16%	0.76%

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 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 2022-23	Date(s) & Rating(s) assigned in 2021-22
				--	July 14, 2023	July 07, 2022	June 02, 2021
1.	Fund based bank facilities – Term Loan	Long Term	67.86	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	--
2.	Fund based bank facilities - Proposed	Long Term	32.14	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	IVR BBB- / CWDI

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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.

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Annexure 1: Instrument/Facility Details

Name of instrument	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned/ Outlook
Fund based bank facilities – Term Loan	--	--	--	Up to Dec 2026	67.86	--	IVR BBB / Stable
Fund based bank facilities - Proposed	--	--	--	--	32.14	--	IVR BBB / Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-GrowMoney-oct24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument:



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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.

