**About Company**:

Broadway Hire Purchase Private Limited, a private company, was incorporated in the year 1991, registered in Chandigarh. Its first 3 directors were – Rajesh Kumar, Ramesh Kumar & Rakesh Kumar. It was engaged in hire purchase of the machinery at very micro level from 2000 to 2014. However, the company received the approval of change of Management from Reserve Bank of India, Chandigarh. The company is now promoted by Mr. Nayan Kambli & Mrs. Gunjan Sharma collectively operating under the brand name of “Money2Me” which has diversified interests in the field of Financial Services. The company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions. It is presently classified as Systematically Important Non Deposit Taking NBFC (NBFC-ND-SI). It is now engaged, inter alia, in the business of providing Non-Banking financial services.

**Business they are into:**

Money2Me aims to provide the financial assistance mainly to Retail and SME sector of the economy in the quickest turnaround time. It offers Gold Loan to customer against gold ornaments with a range of Rs.50,000 to Rs.20 Lakhs for Retail and SME vendors for their personal or business need. Serving over 100 customers daily, they assist almost every section of the society in obtaining quick cash for leveraging their dreams.

**List of Directors & Shareholding Pattern**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Money2Me is a board-managed company consisting of 3 directors. As per the Articles of Association of the company, the number of directors cannot be less than three and more than twelve. The details of the Board of Directors are given below:   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Name | Age | Designation | No. of shares | Percentage of shares | | Nayan S. Kambli | 39 | Director | 48,580 | 81% | | Gunjan D. Sharma | 34 | Director | 3,000 | 5% | | Drashti Doshi |  |  | 4,200 | 7% | | Mitesh Shah |  |  | 1,780 | 3% | | Rupa Shah |  |  | 2,400 | 4% | | **Total** |  |  | **60,000** | **100%** |   The day-to-day affairs of the company are overseen by Mr. Nayan S Kambli and Ms. Gunjan Sharma. The detailed profile of the Directors including other directorships is given below. None of the directors of the company appear in RBI Defaulter List.  **Promoter’s Profile:-**   |  |  |  |  | | --- | --- | --- | --- | | |  | | --- | | Mr. Nayan S. Kambli | | |  | | --- | | * Holds Master in Financial Management degree from Mumbai University. * Over 15 years of rich and diversified exposure in fund raising / finance including PE / VC funding, equity routes like public issue, private placement, preferential allotment, structured financial instruments. * Vide Experience in negotiation with Govt. Department and Regulators | | | |  | | --- | | Ms. Gunjan D. Sharma | | |  | | --- | | * Directors of the Broadway Hire Purchase Pvt. Ltd * Holds Bachelor of Commerce degree from Mumbai university * Vide experience in GOLD LOAN Sector, Worked with NBFC like Muthoot Group, IIFL (Gold Loan) and Decimus.Finance Ltd | | | |  | | --- | | Mr. Mitesh Shah (Financial Investor) | | |  | | --- | | * Holds Fellow Chartered Accountant degree from CA institute of India * Diploma in Information System Audit (DISA) * Over 12 years of rich and diversified exposure in fund raising / finance including PE / VC funding, equity routes like public issue, private placement, preferential allotment, FCCB, PIPE, structured financial instruments and also debt products like Term Loans, working capital, ECB, FCNR * Specialise in handling / overviewing matters pertaining to Direct / Indirect Taxation, Secretarial, Legal and corporate affairs | | |
| **Business Model:-**   * The company is broadly into gold-loans. To target the semi-urban populated area having a community which holds gold as their ancestral reserves, they started their first branch in Mira Bhayandar. In the 1st year of operation, they have acquired 7% share of the total Mira Bhayandar Gold Loan Business, inspite of the presence of other NBFC’s like Muthoot Finance, IIFL and many others since years. They lend starting from Rs.50,000 to Rs.20 Lakhs per loan. The loan value is generally 65% of the gold value (jewellery). The average rate of interest is 18-20% per annum. The loan is disbursed either immediately or in a day time. They don’t hold any gold reserves at their branches. However, they have hired an agency like CMS, who collects & drops the security, at some operational cost.   They aspire to start their other streams like unsecured business finance, personal loans, vehicle loans, etc.  **Current Banking Facilities**:   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Company Name** | **Amount (Rs.)** | **ROI (%)** | **Tenor**  **(months)** | | **EMI (Rs.)** | **Type of Loan** | | India Bulls | 41,00,000 | 11 | | 180 | 79,000 | Secured |  |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Name of Party** | **Amount (Rs.)** | **ROI (%)** | **Type of Loan** | **Remarks** | | Directors/ Shareholders | 84,00,000 | 12 | Unsecured | Sub-ordinated | | Shareholders | 20,00,000 | 12 | Unsecured | Sub-Ordinated | | Loans from Friends | 20,00,000 | 12 | Unsecured | Convertible to Debentures by Mar’18 | | Debentures | 20,00,000 | 13 | Unsecured | Not Ordinated | | Other Various Loans | 25,00,000 | 13 | Unsecured | Not-Sub-ordinated | | Rama Corporate and IT Solutions | 20,00,000 | 13 | Unsecured | Not Sub-ordinated, Convertible to Equity |   **Bank Statement Analysis**:   |  |  |  |  | | --- | --- | --- | --- | | SR. NO. | MONTH | CREDIT SUMMATION | INWARD CHEQUE RETURN | | 1 | Jan17 | 23,09,358 | - | | 2 | Feb17 | 10,27,890 | - | | 3 | Mar17 | 47,14,552 | - | | 4 | Apr17 | 24,77,757 | - | | 5 | May17 | 16,36,643 | - | | 6 | June17 | 12,36,160 | - | | 7 | July17 | 23,53,314 | - | | 8 | Aug17 | 13,45,249 | - | | 9 | Sept17 | 42,22,303 | - | | 10 | Oct17 | 27,55,734 | - | | 11 | Nov17 | 19,88,765 | - | | 12 | Dec17 | 47,01,859 | - | | |  |
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| **Financial Summary :-**   |  |  |  |  | | --- | --- | --- | --- | | **P&L Sheet (All figures in Rs. Thou)** | **Mar 31, 18** | **Mar 31, 17** | **Mar 31, 16** | | Total Income | 7,619.3 | 1,023.0 | 694.2 | | PBDIT | 4,100.4 | 10.3 | 56.6 | | Interest | 1,017.7 | 28.7 | 0.0 | | Depreciation | 116.3 | 110.8 | 0.0 | | PBT | 2,966.4 | -129.2 | 56.6 | | Tax | 0.0 | 0.0 | 0.0 | | PAT | 2,966.4 | -129.2 | 56.6 | | Cash Profits | 3,082.7 | -18.4 | 56.6 | | **Liabilities** |  |  |  | | Tangible Networth | 23,345 | 20421.1 | 3758.9 | | Short Term Debt | 0.0 | 0.0 | 0.0 | | Long Term Debt | 13134.1 | 0.0 | 0.0 | | Unsecured loans from promoters | 16,045 | 0.0 | 0.0 | | Total Debt | 29179.1 | 0.0 | 0.0 | | Current Liabilities & Provisions | 274.8 | 198.6 | 99.7 | | **Total Liabilities** | **52798.9** | **20619.8** | **3858.5** | | **Assets** |  |  |  | | Net Fixed Assets | 1123 | 840.8 | 0.0 | | Investments | 0.0 | 0.0 | 0.0 | | Loans & Advances | 48307.7 | 14428.4 | 233.0 | | Sundry Debtors | 0.0 | 225.0 | 0.0 | | Inventories | 0.0 | 0.0 | 0.0 | | Other Current Assets | 3368.2 | 5125.5 | 3625.5 | | Total Current Assets | 51,675.9 | 19778.9 | 3858.5 | | **Total Assets** | **52798.9** | **20619.8** | **3858.5** | | **Financial Ratios** |  |  |  | | Gross Margin (PBDIT/TI) | 53.8% | 1.0% | 8.2% | | Net Margin (PAT / TI) | 38.9% | -12.6% | 8.2% | | Current Ratio | -2853.6 | 411.77 | #DIV/0! | | Interest Coverage | 5.73 | 0.36 | #DIV/0! | | DSCR | 0.73 | 0.36 | #DIV/0! | | Debt / Equity Ratio | 1.25 | 0.00 | 0.00 | | Leverage (TOL / Tangible Networth) | 1.26 | 0.01 | 0.03 | | TOL (excl Unsec loans) / Tangible NW | 0.34 | 0.01 | 0.03 | | Current Assets / Sales | 6.96 | 19.34 | #DIV/0! | | Debtor Days | 0.00 | 80.28 | #DIV/0! | | Inventory Days cost of sales | 0.00 | 0.00 | 0.00 | | Creditors days as cost of sales | -1.88 | 17.31 | 0.00 |   **Comments on Financials:**  ***Turnover Growth***: Sales trend is in upward direction reflecting the vision of the company to expand and capture the market at right time at right place. Sharp inclination in sales trend shows positive outlook and will continue to be in upward trend with addition of funds in the company.  ***Profitability Margin***: Company is lending at 18-20% rate of Interest to customers, whereas the cost of borrowing would not be more than 12% p.a. hence, grossly margins are sustainable and as the company grows, the cost will only go south.  ***Promoters Equity***: Promoters has infused capital to the tune of 2 crores. Also, managed quasi equity from Friends & relatives of about 1.6 crores. This shows high interest of promoters and company is now ready to fly high with more funds coming into the system.  ***Gearing & Leverage:*** There is just one secured liability of Rs. 41 lacs from Indiabulls against office premises. There are some debentures subscribed by again family and friends valued Rs. 90 lacs. All Short term or long term loans will be subordinated, can be considered as quasi equity. Hence, gearing is about 1.25%. Loans from institutions will give them opportunity to leverage on this high capital.  ***Repayment Capacity***: Repayment of Gold loans are majorly secure as it is backed by liquid collateral like Gold. Customers pay interests every month @ 20%p.a. which takes care of their cash flow. Increase in interest income from 10.23 lacs in March 2017 to Rs. 74.24 lacs by Mar18 shows that cash flow of the company is healthy. Buldeging books will say that in entirety.  ***Current Ratio***: It will be generally very positive in case of Gold Loan NBFCs as their principle will show as receivable till the lending is on to that customer.  ***Repayment Capacity Assessment***: Repayment of these loans will be from the monthly interest they earn from onward lending to retail clients.  **Industry Outlook & Market Scenario:**   * Possession of gold has been considered a safest form of investment that provides hedge against inflation. Due to the borrowing practices of a particularly large section of society against the collateral of gold for years now have emerged **‘specialised gold loan companies’**. Since the Southern states of India accounts for the highest accumulated gold stock, the gold-loan market is very well established there. However this trend is changing gradually, as witnessed in the strong expansion of branches of the leading gold loans providing NBFCs in Northern and Western India. * The major players in the organised gold loans market in India are commercial banks, cooperative banks and gold loan NBFC’s. With the gold market getting more organized within a formal setup, in recent years there has been rapid growth in the gold loans market particularly in gold loans NBFC’s. Gold loans NBFCs have been the most focussed business and, therefore, have built their service offerings through good investment. They have been commanding premium yields and high profitability. Although banks continue to retain the dominant share in the gold loan market, the share of NBFCs has been steadily increasing over the years. * The prevalence of high level of rural indebtedness, easy availability of gold loans in flexible terms, relative constriction of personal and retail loans by banks have led to the sharp increase in the gold loans outstanding in recent years. To sum up, in India, the demand for gold has not been adversely impacted by rising gold prices in recent years. * Gold loan NBFCs source their funds from the banks as well as from other non-banks sources like NCDs. The growth rate of gold loans disbursed by NBFCs remains higher than the growth of gold loans disbursed by banks, with slight moderation in the latest year. |
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**SWOT ANALYSIS OF BROADWAY**

*Strengths:*

❖ Well Experienced Staff from Gold Loan Sector.

❖ Strong Management team.

❖ Entire process will be systems driven using state of the art technology platform.

*Weakness:*

❖ Minimal track record in the line of business.

❖ Limited Fund raising capacity due to lack of credit rating and limited investors backup.

❖ The gold loan market in India is still under-penetrated considering the abundant availability of gold as collateral with Indian private households and the existing size of the gold loan market (approximately 1.2% of the total gold stock).

*Opportunities:*

❖ Scope for cross-sell opportunities in future including other gold-based products.

❖ Opportunity to capture the growing under-served and under-penetrated market.

❖ Since more than 75% of the gold loan market is still with the unorganized segment as of 2010, the organized segment has a huge potential for growth through cannibalization of the unorganized segment.

*Threats:*

❖ Existing competition.

❖ Volatility in Gold Rate.

❖ Emergence of new competitors.

❖ Regulatory changes.

**Proposed Facility:-** They are looking for re-finance for onward lending upto Rs.5 crores.

**Securities offered:-** Securitization of the Gold Jewellery

**Rationale for Recommendation:**

The promoters are professional, experienced and company has proved its business model is working and scalable. It is a sunrise sector where NBFCs are stealing the show with new age technology and prompt service. With additional funds at disposable, they will definitely cross the turnover benchmark.