

Press Release

Unimoni Financial Services Limited

February 24, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Action
1.	Long Term Fund Based Facility – Cash Credit	324.00	IVR A-/ Stable Outlook (IVR Single A Minus with Stable Outlook) (Under Credit Watch with developing implications)
2.	Long Term Fund Based Facility – Working Capital Demand Loan	546.00	IVR A-/ Stable Outlook (IVR Single A Minus with Stable Outlook) (Under Credit Watch with developing implications)
3.	Long Term Fund Based Facility – Term Loan	44.35	IVR A-/ Stable Outlook (IVR Single A Minus with Stable Outlook) (Under Credit Watch with developing implications)
4.	Short Term Fund Based Facility - Overdraft	20.00	IVR A2+ (IVR Single A Two Plus) (Under Credit Watch with developing implications)
5.	Short Term Non Fund Facility – Treasury Limit	15.00	IVR A2+ (IVR Single A Two Plus) (Under Credit Watch with developing implications)
6.	Long Term /Short Term Non Fund Based Facility – Bank Guarantee	10.00	IVR A-/ Stable Outlook (IVR Single A Minus with Stable Outlook) & IVR A2+ (IVR Single A Two Plus) (Under Credit Watch with developing implications)
	Total	959.35	

Detailed Rationale

Infomerics has placed Unimoni Financial Services Limited’s rating on watch following the news in media regarding the allegations placed against Dr. B.R. Shetty, which sheds light on his complex share arrangement and casting doubts about his Networth while also criticizing NMC’s accounts. However, sufficient clarity on the event is yet to emerge.

Rating Sensitivities:

The credit watch with developing implications indicates that the ratings may be affirmed, downgraded or upgraded upon resolution. Infomerics expects to resolve the credit watch with developing implications by April 15 2020, based on the clarity on the above issue.

Analytical Approach & Applicable Criteria

Standalone

Rating methodology for Non-Banking Finance companies

Financial ratios and Interpretation (Financial Sector)

Liquidity

Unimoni's working capital utilization remained moderate for the last six months' period ended October 2019. With the current business model, the company has been relying majorly on bank borrowings to fund its lending business. Also, the ALM profile is fairly matched across all time buckets. Overall, liquidity position is expected to be Adequate.

About the Company

Promoted by Mr. B.R. Shetty, Unimoni Financial Services Limited (UFSL) (erstwhile UAE Exchange & Financial Services Limited) was incorporated in the year 1995 as a Public Limited Company (unlisted), headquartered in Kochi. Presently, it is classified as a 'Systemically Important Non-Deposit taking NBFC (NBFC-ND-SI)'. UFSL initially started as a money transfer agent for UAE Exchange Centre LLC (Abu Dhabi) and since then has expanded into diverse business areas. Currently, it is engaged in providing services of inward money transfer, money changing, loan business (Gold loans & Loan against Property), insurance services and prepaid payment instruments systems including domestic money transfer.

Financials

(Rs. crore)

For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	251.69	301.08
Finance Cost	56.63	85.59
PAT	10.81	8.20
Total Debt	622.24	765.03
Tangible Net worth	178.00	185.11
Total Loan Assets	629.25	819.19
Ratios (%)		

a. PAT Margin	4.29	2.72
b. Overall Gearing Ratio	3.47	4.12
c. Total CAR (%)	21.59	17.92
d. Gross NPA (%)	1.35	0.74
e. Net NPA (%)	0.25	0.17

* Classification of financial numbers is as per Infomerics' standards

Status of non-cooperation with previous CRA: N.A

Any other information: N.A

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1	Long Term Fund Based Facility – Cash Credit	Long Term	324.00	IVR A-/ Stable Outlook	--	--	--
2	Long Term Fund Based Facility – WCDL	Long Term	546.00	IVR A-/ Stable Outlook			
3	Long Term Fund Based Facility – Term Loan	Long Term	44.35	IVR A-/ Stable Outlook			
4	Short Term Fund Based Facility - Overdraft	Short Term	20.00	IVR A2+			
5	Short Term Non Fund Facility – Treasury Limit	Short Term	15.00	IVR A2+			
6	Long Term /Short Term Non Fund Based Facility – Bank Guarantee	Long Term & Short Term	10.00	IVR A-/ Stable Outlook & A2+			

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.

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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. 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 Fund Based Facility – Cash Credit	--	--	--	324.00	IVR A-/ Stable Outlook
Long Term Fund Based Facility – WC DL	--	--	--	546.00	IVR A-/ Stable Outlook
Long Term Fund Based Facility – Term Loan	--	--	March 2022 – February 2025	44.35	IVR A-/ Stable Outlook
Short Term Fund	--	--	--	20.00	IVR A2+

Based Facility - Overdraft					
Short Term Non Fund Facility – Treasury Limit	--	--	--	15.00	IVR A2+
Long Term /Short Term Non Fund Based Facility – Bank Guarantee	--	--	--	10.00	IVR A-/ Stable Outlook & A2+