



SMERA RATINGS LIMITED

Universal Multi-State Credit Co-operative Society Limited (UMSCCSL)

Rating Rationale

July 23, 2015

Facility	Amount (Rs. Crore)	Rating
Proposed Fixed Deposit	100	SMERA FBB- (Assigned)

SMERA has assigned a rating of '**SMERA FBB-**' (read as **SMERA F double B minus**) to the Rs.100.00 crore fixed deposits of Universal Multi State Credit Co-operative Society Limited (UMSCCSL). The rating is supported by the long-standing experience and strong domain knowledge of the promoters. The rating is also supported by the society's high capital adequacy and nil non-performing asset (NPA) levels. However, the rating is constrained by the society's short track record, small-scale of operations and limited geographical diversification.

UMSCCSL, incorporated in 2013, is a Kolkata-based co-operative credit society engaged in the business of taking deposits and providing loan facilities to its members in Uttar Pradesh, West Bengal and Andaman and Nicobar Islands. The society benefits from its experienced management. The chairman, Mr. Raj Kumar Roy has over three decades of experience in the banking industry. Also, the management consists of Mr. S.K. Hota, Director-Finance and Mr. Dinesh Singh, Secretary, having more than two decades of experience in credit cooperative sector and in banking industry respectively. Besides, the top management is supported by well experienced and professional second line of management.

UMSCCSL has comfortable capital adequacy level of 54.05 per cent and low gearing of 0.77 times as on March 31, 2014. The society has maintained strong asset quality with nil net NPAs over the years. The society has a loan portfolio of Rs.30.81 crore (provisional) as on March 31, 2015 as compared to Rs.19.50 crore as on March, 2014. UMSCCSL's total borrowings stood at Rs.14.80 crore (provisional) as on March 31, 2015 as compared to Rs.10.86 crore in the previous year. The total borrowings constitute fixed deposits raised through society's members.

The society has short track record of operations. Also, the scale of operations are small with interest income of Rs.0.25 crore and loan portfolio of Rs.19.05 crore for FY2013-14. With maximum advances concentrated in Uttar Pradesh, the society's loan portfolio has limited geographical diversification. Further, UMSCCSL's operations are limited only to Uttar Pradesh, West Bengal, Andaman and Nicobar Islands.

Outlook: Stable

SMERA believes the outlook on UMSCCSL's rated facilities will remain stable over the medium term. The society will continue to benefit from its experienced management and strong asset quality. The outlook may be revised to 'Positive' in case the society achieves sustained growth in its asset books while maintaining strong asset quality and healthy returns. The outlook may be revised to

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‘Negative’ in case of expansion of operations resulting in deterioration of asset quality, profitability or capital levels of the society.

Rating sensitivity factors

- Size of operations
- Asset quality
- Capital adequacy levels

About the Society

UMSCCSL, incorporated in 2012, is a Kolkata-based cooperative credit society engaged in the business of taking deposits and providing loan facilities to its members in Uttar Pradesh, West Bengal and Andaman and Nicobar Islands. The society is promoted and managed by Mr. Raj Kumar Roy.

UMSCCSL reported profit after tax (PAT) of Rs.0.19 crore on interest income of Rs.0.25 crore and loan portfolio of Rs.19.05 crore for FY2013–14. The society’s capital adequacy stood at 54.05 per cent and net worth stood at Rs.11.13 crore as on March 31, 2014.

UMSCCSL reported PAT of Rs.0.25 crore on interest income of Rs.0.28 crore and loan portfolio of Rs.30.81 crore (provisional) for FY2014–15. The society’s net worth stood at Rs.19.15 crore (provisional) as on March 31, 2015.

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