

### Universal Multi State Credit Co-operative Society Limited: Upgraded

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Fixed Deposit	100.00	SMERA FBB/Stable (Upgraded from SMERA FBB-/Stable)
Proposed Term Loan	50.00	SMERA BB/Stable (Assigned)

SMERA has upgraded the long term rating of Universal Multi State Credit Co-operative Society Limited to '**SMERA FBB (read as SMERA F double B)**' from SMERA FBB- for the fixed deposit programme of Rs.100 crore and assigned a long term rating of SMERA BB (read as SMERA double B) to the proposed term loan of Rs.50 crore .

The ratings continue to be supported by the healthy asset quality and significant improvement in the profitability indicators. However, the above ratings are constrained by the small scale of operations and short track record of operations.

#### Update

The ratings are supported by improvement in the overall scale of operations and improved track-record. The Net Interest Margin improved from 3.56 per cent in FY2015 to 4.54 per cent in FY2016. Furthermore, the overall return on average assets improved significantly due to a sizeable decline in operating expenses. The overall debt plus deposits to total equity continued to remain healthy – despite an increase from 0.77 times in FY2015 to 2.64 times in FY2016.

SMERA also takes note of the fact that despite an increase in the loan portfolio size, the Gross NPAs and Net NPAs continued to remain zero. As a result, UMSCCSL's overall asset quality continues to remain very healthy.

However, the ratings are significantly constrained by the small scale of operations and high exposure to the agricultural sector. While the total business of the society has continued to grow, it stood at Rs.88.14 crore in FY2016 against Rs.45.61 crore in FY2015.

UMSCCSL also benefits from its highly experienced management. The Chairman, Mr.Rajkumar Roy has over three decades of experience in the banking industry. Also, the management consists of the other members in the Board having more than two decades of experience in various industries including Co-operative Banking, Micro- Finance Sector and Banking Industry. The society's operations are also supported by well experienced and professional second line of management.

#### Outlook- Stable

SMERA believes that UMSCCSL will maintain a stable outlook in the medium term on account of healthy asset quality and improving profitability indicators. The outlook may be revised to 'Positive' in case of further improvement in the scale of operations apart from significant rise in the profitability of the society. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in asset quality and more-than-expected rise in debt plus deposits to equity ratio.

#### Rating Sensitivity Factors

- Improvement in scale of operations
- Increase in profitability
- Deterioration in asset quality

### Criteria applied to arrive at the ratings

- Non-Banking Finance Companies

### About the Society

UMSCCSL, incorporated in January 2013, is a Kolkata-based Credit- Co-operative Society engaged in the business of taking deposits from its members and providing loan facilities. The society is registered under Multi-state Co-operative Societies Act, 2002 (MSCS) and regulated by the Central Registrar, Ministry of Agriculture to support weaker sections of society. The credit society operates in Uttar Pradesh, West Bengal and Andaman and Nicobar Island. UMSCCSL reported Profit After Tax (PAT) of Rs.0.90 crore on Net Interest Income of Rs.1.82 crore in FY2016 against PAT of Rs.0.25 crore on Net Interest Income of Rs. 0.89 crore.

### Rating History

Date	Rating Type	Amount (RsCrore)	Rating Assigned
23 July, 2015	Proposed Fixed Deposit	100.00	SMERA FBB-/Stable

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### ABOUT SMERA

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