



Press Release
UNIMONI FINANCIAL SERVICES LIMITED
September 10, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of **'ACUITE BBB-'** (read as **ACUITE triple B minus**) on the Rs.100.00 Cr. bank loan rating of Unimoni Financial Services Limited (UFSL). The outlook is **'Stable'**.

Rationale for the rating:

The rating takes into account the experienced management, improvement in earning profile and healthy growth in the operational performance of the company. UFSL has reported a PAT of Rs.30.30 Cr. during FY24(Prov) as compared to Rs. 26.78 Cr. during FY23. The improvement in earning profile is on the back of growth in disbursements. The company's AUM has increased to Rs. 304.65 Cr. as on March 31, 2024(Prov) as compared to Rs. 251.07 Cr. as on March 31, 2023. The company's disbursements have gained traction as reflected by FY24 disbursements of Rs. 540.72 Cr. as against Rs. 466.18 Cr. in FY23. The Capital Adequacy Ratio (CAR) stood adequate at 70.08 percent as on March 31, 2024(Prov) as against 76.80 percent as on March 31, 2023.

These strengths are partially offset by geographically concentrated portfolio in the state of Telangana with ~30.68 percent of the AUM as on March 31, 2024. Moreover, the rating is constrained by background of the earlier promoter group of Shetty family and the financial turmoil and regulatory investigations faced by Finabl and UAE Exchange, the company underwent significant ownership changes, now being a subsidiary of Wizz Financial Group. Further the rating is constrained by the legacy accounts in Secured Business loan book with NPAs amounting to Rs 11 Cr. as on March 31, 2024. The GNPA stood at 3.49 percent as on March 31, 2024 as against 6.71 percent as on March 31, 2023. However it is noteworthy that the NPAs in gold loan segment stands nil as on March 31, 2024. The rating is also constrained due to highly competitive business of lending against gold.

Acuite believes, going forward, the ability of the company to maintain comfortable capitalization levels with regular equity infusion, healthy resource raising ability and further augment its scale of operations while maintaining healthy profitability & asset quality will be a

key rating monitorable.

About the Company

Karnataka based, Unimoni Financial Services Limited was incorporated in 1995. The company is engaged in providing Services of inward money transfer, money changing, travel & ticketing, gold loan business, insurance services and prepaid payment instruments system, including domestic money transfer. Mr. Ram Nirankar Rastogi, Mr. Mavanur Venkatachala Sampath Kumar Iyengar, Mr. Rajamony Krishnan are directors of the company.

About the Group

Wizz Financial group, which is part of Prism Group AG, a company headquartered in Switzerland with offices in the United Kingdom and the United Arab Emirates, which funds innovative businesses that leverage technology to drive transformation in the financial

services, biotechnology, and renewables sectors. The founders of the group, Mr Amir Nagammy and Mr Guy Rothschild, are entrepreneurs and investors with decades of experience in scaling and managing companies, M/s WizzPay India Holdings Limited is a holding company of Unimoni Financial Services Limited and UTX Travels Private Limited is a wholly owned subsidiary company of Unimoni Financial Services Limited. Ernakulam, Kerala based UTX Travels Private Limited is a 2018 incorporated company engaged in the Transportation and Logistics Industry. Mr. Rajamony Krishnan and Mr. John George are the directors if the company.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Unimoni Financial Services Limited and UTX Travels Private Limited for arriving at the rating. The consolidation is in view of common promoters and management, integrated businesses, shared brand name, and significant operational and financial linkages between these entities.

Key Rating Drivers

Strength

Experienced management team

The extensive experience of the promoters and senior management team, with the addition of independent directors, should continue to support the business. Mr. Manoj V Mathew Joined Unimoni Financial Services Limited in 2005 and currently serves the Company as its Chief Financial Officer. He is responsible for the overall financial strategy and direction at Unimoni. Within finance, he guides the Financial controls, Treasury, Secretarial functions, Accounting, Taxation, Administration and Audit functions to pursue the company's aggressive growth strategy. Mr. Manoj is a commerce Graduate from MG University and an alumnus of Institute of Chartered Accountants of India (ICAI). Mr Ranjith Babu is an extensively experienced professional with 23+ years of experience in Anti Money Laundering, Operations Management, Compliance, Risk Management, Accounts, Audit, Statutory & Regulatory Compliance. Ranjith holds an MBA and is a certified AML & KYC Specialist. Mr Titus has been with Unimoni Financial Services Ltd since 2008 and has rich experience in retail loans domain - Gold Loan, Vehicle Loan, Personal Loan. Since 2020, he has been heading the Gold Loan Department of the Company. Titus is a Graduate in Commerce from the Mahatma Gandhi University. Mr. Prakash Bhaskar is part of Unimoni Financial Services Ltd since 2005 and has risen up the ranks from a Branch Manager at the Chinnakada Branch to the National Business Head for Forex Business of the company. He has rich experience in the sales and operations of Foreign Exchange, Treasury, FX Prepaid Instruments, Remittances and Bank note. Mr Prakash is an Economics graduate and has also done his Post-Graduation in Marketing Management with a Diploma in Cooperative Banking. Mr. John George is heading the Tours & Travel Business of the company and is in charge of Travel & Holidays business of Unimoni India, which includes products such as Air Tickets, Holidays and VISA services. He is entrusted with bring up business through retail branches, B2B agents and B2C digital channels.

Acuite believes that company will continue to benefit from the extensive experience of the promoters and management team along with Independent Director.

Healthy growth in AUM

AUM grew to Rs. 304.65 Cr. as on March 31, 2024 (Prov) as compared to Rs. 251.07 Cr. as on March 31, 2023 (Rs.201.36 Cr. as on March 31, 2022). Loan against gold contributes 92 percent to the total POS followed as on March 31, 2024. The growth in AUM is owing to increase in

disbursements. The company made disbursements of Rs 540.72 Cr. as on March 31, 2024 (Prov) as against disbursements of Rs 466.18 Cr. as on March 31, 2023.

Acuité believes that going forward the ability of the company to maintain comfortable asset quality and growth momentum in AUM will be key rating sensitivity.

Improvement in financial performance

The company's AUM has increased to Rs.304.65 Cr. as on March 31, 2024 (Prov) from Rs. 251.07 Cr. as on March 31, 2023. Improvement in earnings profile is attributed to rise in income from forex and loan segments. The income from forex amounted to Rs 118.43 Cr. and from the loan segment it is Rs 62.57 Crore as on March 31, 2024 (Prov). The company reported a PAT of Rs 30.30 Cr. during FY24 (Prov) compared to Rs. 26.78 Cr. during FY2023.

Acuité believes that UFSL will be able to sustain its financial performance and any impact on profitability metrics due to higher provisioning requirements would remain key monitorable.

Weakness

Earlier Promoter Background

UAE exchange was founded by B.R Shetty in 1980 and grew to become one of the leading global remittance and foreign exchange companies. Finabl the parent company was created to consolidated Shetty's financial services businesses including UAE Exchange, Travelex and others. In 2020 Finabl a parent company of UAE Exchange disclosed hidden debts leading to severe financial distress. UAE exchange had to suspend operations due to the financial turmoil and subsequent regulatory investigations. BR Shetty faced numerous lawsuits from creditors and investors seeking to recover their funds. Regulatory authorities in UAE and UK launched investigation into financial irregularities and potential fraud within Finabl. Though no borrowings of Unimoni India was defaulted, some lenders had recalled the borrowings in Q1 of FY21. However The company settled the external borrowings of approximately Rs 680 cr + on time by running down the loan book. By Dec 2020, the company became debt free As a part of revival of the troubled Finabl group, the ownership of Finabl was transferred completely to Prism Group led by Mr. Amir Nagammy who is an investor in Technology and Financial Services. Consequentially, Unimoni India sought approval of RBI for Change of Control in December 2021 and got final approval in Apr 2023. Major equity of Unimoni was moved to new division, Wizz Financials which is formed to consolidate Financial Services Business under Prism Group. UFSL is now the subsidiary of WizzPay India Holdings Ltd (75%), an entity under the Wizz Financial Group and headquartered in the Abu Dhabi Global Market.

Moderate asset quality;Albeit Improving

The company's asset quality is marked by on time portfolio of 67.78 percent with a GNPA of 3.49 percent as on March 31, 2024 (Prov). The legacy accounts in Secured Business loan with NPAs amounting to Rs 11.01 Cr. as on March 31, 2024. The GNPA stood at 3.49 percent as on March 31, 2024 (Prov) as against 6.71 percent as on March 31, 2023. However it is noteworthy that the NPAs in gold loan segment stands nil as on March 31, 2024. Going forward, the incremental provisioning requirement against the same will have a bearing on the overall profitability metrics of the company.

Geographical concentration risks

UFSL's major concentration is in the state of Telangana with exposure of 30.68 percent as on March 31, 2024. The company's AUM stood at Rs. 304.65 Cr. as on March 31, 2024 (Prov) as compared to Rs.251.07 Cr. as on March 31, 2023 (Rs.201.36 Cr. as on March 31, 2022). Thus, the company's performance is expected to be sensitive to highly competitive business of lending against gold and the occurrence of events such as natural calamities, which may adversely impact the credit profile of the borrowers. The company has plans to expand its operations in newer geographies and portfolio quality in these newer geographies is yet to be tested.

Acuite believes that geographical concentration coupled with improved earning profile will continue to weigh on the company's credit profile.

Rating Sensitivity

- Movement in capital structure and timely infusion of capital

- Movement in Cost of borrowing and maintenance of adequate liquidity
- Movement in AUM and its impact on asset quality
- Movement in profitability metrics.
- Movement in asset quality
- Changes in Regulatory environment

Liquidity Position

Adequate

UFSL's overall liquidity profile remains adequate with no negative cumulative mismatches in near to medium term as per ALM dated March 31, 2024. ALM is comfortable mainly on account of shorter tenor of loans provided by UFSL with access to longer tenure borrowings. As on March 31, 2024, the company had cash and bank balance of about Rs 46.49 Cr.

Outlook: Stable

Acuité believes that UFSL will maintain 'Stable' outlook over the near to medium term supported by the sustainable growth in its profitability along with timely infusion of capital. The outlook may be revised to 'Positive' in case of significant and sustainable growth in its AUM while maintaining profitability, asset quality and capitalization indicators. The outlook may be revised to 'Negative' if the company faces challenges in raising fresh equity or long-term debt funding commensurate with its near-term business requirements and higher than expected deterioration in asset quality and profitability.

Other Factors affecting Rating

None

Key Financials (Consolidated)

Particulars	Unit	FY24(Provisional)	FY23 (Actual)
Total Assets	Rs. Cr.	474.84	381.27
Total Income*	Rs. Cr.	207.88	190.88
PAT	Rs. Cr.	30.30	26.78
Net Worth	Rs. Cr.	317.02	286.72
Return on Average Assets (RoAA)	(%)	7.08	7.53
Return on Average Net Worth (RoNW)	(%)	10.04	9.76
Debt/Equity	Times	0.23	0.07
Gross NPA	(%)	3.49	6.71
Net NPA	(%)	1.93	2.59

Status of non-cooperation with previous CRA (if applicable)

None

Any Other Information

None

Applicable Criteria

- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general

understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.72	ACUITE BBB- Stable Assigned
City Union Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Nov 2024	Simple	36.57	ACUITE BBB- Stable Assigned
SHRIRAM FINANCE LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Apr 2025	Simple	15.02	ACUITE BBB- Stable Assigned
Incred Financial Services Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Feb 2025	Simple	11.44	ACUITE BBB- Stable Assigned
Moneywise Financial Services Private Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Mar 2025	Simple	6.25	ACUITE BBB- Stable Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Unimoni Financial Services Limited
2	UTX Travels Private Limited

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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