

July 27, 2010

**CARE ASSIGNS "CARE BBB+ (FD)" RATING TO PROPOSED FD PROGRAMME OF UAE EXCHANGE & FINANCIAL SERVICES LTD.**

CARE has assigned "**CARE BBB+ (FD)**" [**Triple B Plus (Fixed Deposits)**] rating to the to the proposed Fixed deposits program of UAE Exchange & Financial Services Ltd (UEFSL) for Rs. 50 crore. This rating is applicable for facilities having tenure of more than one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.

**Rationale**

The rating factors in UEFSL's strong brand name in the remittances business especially in South India, the company's vast branch and sub-agent network, expected support from promoters, growing profitability track record, its position as a full fledged service agency with presence in business areas of money changing, remittances, insurance, travel & ticketing and gold loans etc. The rating also factors in UEFSL's good risk management systems which support the various operations. The rating is however constrained by relatively shorter track record of the company in businesses like gold loans and mobile remittances whose impact on its credit profile needs to be observed over a longer period, delays observed in payment of some statutory dues, inherent market risk owing to volatility in the exchange rates and high concentration risk with substantial dependence on the gulf region for the remittances business. The key rating sensitivities are performance of new businesses especially gold loan business & their contribution in diversification of income, achieving greater compliance with regulatory authorities, company's ability to maintain profitability margins while successfully leveraging its operations and successfully managing the market & operational risks inherent in its business.

**Background**

UEFSL was incorporated in 1995 and is currently registered as a non deposit taking Non Banking Financial Company with the RBI. UEFSL is in the process of applying for the status of a deposit accepting NBFC with RBI. The company has been promoted by Dr. B. R. Shetty & Mr. Abdulla Humaid Al Mazroei, who are the promoters of UAE based NMC group. The day-to-day operations are headed by the country Head – Mr. George Antony, who has been working with the group for more than two decades. Mr. Antony reports to the board and is well supported by a qualified and experienced team. It is the principal paying agent of UAE Exchange Centre LLC.

Total income of UEFSL recorded y-o-y growth of 6% in FY10 and stood at Rs. 120.5 crore. About 37% of the total income of the company comes from the money transfer business and 41% business is from money changing business. The company earned a PAT of Rs 14.5 crore in FY10 recording y-o-y growth of about 15%.

**Analyst Contact**

Name: Vijay Agrawal

Tel # 022-67543416

Mobile # 9819161912

Email: [vijay.agrawal@careratings.com](mailto:vijay.agrawal@careratings.com)

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on



*Press Release*

information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Praladnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b> Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>