

**Delphi World Money Limited
(erstwhile EbixCash World Money India Limited)**

December 21, 2023

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|--------------------------------|---------------------|--|
| Long Term Bank Facilities | 25.00 (Reduced from 115.50) | CARE BBB- (RWN) | Revised from CARE BBB+; Stable ; Placed on Rating Watch with Negative Implications |
| Short Term Bank Facilities | - | - | Revised from CARE A2 to CARE A3 and Withdrawn |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision of the rating for Delphi World Money Limited (DWML) takes into account the company's continued exposure to group companies in the form of inter corporate deposits (ICDs) and equity investments primarily pertaining to acquisitions made by the group in the recent past. Major acquisitions being in similar line of business, i.e., forex; which has exposure to credit and market risk and the nature of business which continues to be highly competitive. Further, the ratings take into account filing for bankruptcy in US and its consequent impact on the financial flexibility of the overall group.

The ratings, however continue to factor in DWML's long standing track record in the foreign exchange (forex) dealer business, comfortable capital structure and the profitable scale up of its operations during FY23.

The ratings have been put on '**Rating watch with negative implications**' on account of the filing of bankruptcy by the ultimate parent , Ebix inc. and lack of clarity with respect to its impact on the credit profile of DWML. CARE Ratings will continue to monitor the developments in this regard and accordingly take a final rating action once there is clarity regarding the impact of this event on the business and financial risk profile of the company and of the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operation leading to significant improvement in profitability with RONW exceeding 40% on sustained basis.
- Improvement in promoter profile

Negative factors

- Any implication of Ebix Inc.'s bankruptcy, adversely affecting the financial flexibility of the company.
- Any regulatory policies or actions restricting the business activities.
- Continued weak profitability and deterioration in liquidity levels.
- Increase in gearing levels beyond 1x

Analytical approach:

Standalone credit profile of DWML along with DWML's linkages with various entities of the Ebix group.

Outlook: Not Applicable

Detailed description of the key rating drivers:

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Leading foreign exchange dealer with a strong domestic franchise and long track record of operations

DWML is one of India's leading foreign exchange dealers with presence across retail and wholesale segments of the market having long track record of 20 years. Under the money changing business, the company is involved in purchase & sale of Foreign Currency Notes and Prepaid Foreign Currency Travel Debit Cards. Under the inward remittance business, the company is one of the largest principal agents of Western Union Money Transfer (WUMT) and key principal agent for Moneygram for its remittance business. Under the WUMT business, DWML ranks second in terms of business volumes in India and first in terms of branch network (incl. sub agent network) across the world. DWML's business volumes under both money changing and money transfer businesses are supported by its strong domestic franchise. ECWML and DWML have a combined branch strength of 186 branches. These include branches in all major airports in India as well as covering majority tier 1 and tier 2 cities.

Improvement in profitability

The revenue growth for the company is driven primarily by improved activities in Indian travel industry post covid related disruption in the earlier years. The revenue of the company increased from Rs.73.39 crore in FY22 to Rs.99.52 crore in FY23. With the improving scale and stable operating expenses, the company has reported improved profitability with a PBILDT margin of 33.71% for FY23 as against a PBILDT margin of 29.78% for FY22. Further, the PAT for the company increased to Rs. 15.04 for FY23 as against a PAT of Rs. 7.92 crore for FY22.

Key weaknesses

High exposure to group companies in the form of ICDs

The company continues to have a high exposure towards its group companies. The exposure is in the form of ICD which were at Rs. 138.6 crore as on March 31, 2023 and Rs. 133.04 crore as on June 30, 2023. These exposures are towards Ebix Travels Pvt Ltd, Ebix Smartclass Educational Services Pvt Ltd and EbixCash Financial Technologies Pvt. Ltd. As informed by the management, these ICDs are expected to continue as the company earns interest on these ICDs. The company is deploying its excess cash for the working capital requirement of its group companies and also to meet any short term liquidity mismatches of these companies.

Weak promoter profile

Delphi is a subsidiary of Ebixcash World Money Ltd (ECWML). ECWML was previously a part of Centrum Group till it got acquired by Ebix Inc. in April 2018. Ebix Inc., which is the ultimate parent of ECWML is a USA based and NASDAQ listed company and is an international supplier of on-demand software and E-commerce services to insurance, financial and healthcare industries and is promoted by Mr. Robin Raina. Ebix Inc has filed for bankruptcy on December 18th, 2023, however it has also stated that its approximately 200 affiliates outside the United States are not included in the U.S.-only Chapter 11 filing and will continue to operate normally. Ebix's international subsidiaries and their franchisees around the world are similarly not included in the Chapter 11 filing and their all worldwide operations will continue to operate in the ordinary course and without any interruption.

The group had made various acquisitions over past few years across different sectors primarily being forex, payment solutions, travel and remittance services. However, due to COVID-19 and the stress on the travel industry, the acquisition led to a stress on the cashflow of these entities. Overall, \$700 million were spent by Ebix group for the funding of these acquisitions out of which \$350 million was funded from Ebix Asia Holdings Inc, Mauritius in the form of CCDs and remaining through equity from parent that is Ebix Inc and internal accruals of EbixCash Limited and Ebix Singapore PTE level. The ultimate parent had raised external debt in U.S.A market for funding the acquisitions done in India and other geographies.

Moderate credit risk & market risk

DWML carries counterparty risk in the money changing business in case of corporate clients and other money changers. Majority of the revenue i.e. 64% is contributed by bulk segment while retail segment contributes around 26%. The remaining is contributed by the corporate segment where the company has a payment cycle of around 15-20 days, however this risk is mitigated to some extent as DWML extends credit selectively and only to entities which have proven track record of payments. As of June 30, 2023, out of total debtors of Rs. 52.63 crore, around Rs. 0.11 crore were in 31-60 days buckets while there were no debtors in 60-90 days buckets and Rs. 23.03 crores in the above 180 days bucket.

The company faces currency risk as the nature of DWML's business requires the company to carry stock of foreign currency on a daily basis. As per discussion with the management, the company has 100% confirmed orders for physical trades and 70% for export trades. The physical trades are usually in the nature of back-to-back trades. The remaining risk is however managed through centralized risk management system which enables real time monitoring of currency position across branches as well as hedging mechanism of DWML by taking forward cover on currency exposures. The company's treasury team monitors the currency price movement along with the team of dealers and mark to market positions on a real time basis across the branches which are centrally linked and covers the positions in the event of unfavourable currency movements.

Highly competitive nature of business

The competition in money changing and remittances business has risen in the past few years, with entry of many banks and financial institutions, there are several players taking advantage of opportunities available in the market. However, with vintage and experience in the industry, the company stands at an advantage.

Liquidity: Adequate

DWML's liquidity remained adequate marked by no utilization of working capital limits in the months from January 2023 to June 2023 largely on account of short holding period of currencies. On March 31, 2023, DWML's has no outstanding borrowing. The company utilizes CC/WCDL limit of Rs. 10 crores as per requirement. Besides this the company has maintained unencumbered cash and bank balances of Rs.33 crore as on March 31, 2023.

Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

| Macro Economic Indicator | Sector | Industry | Basic Industry |
|--------------------------|--------------------|----------|--------------------------|
| Financial Services | Financial Services | Finance | Other Financial Services |

DWML, incorporated in August 1997, is a RBI-licensed Authorised Dealer (AD) Category II-Money Changer. DWML was earlier a part of the Weizmann group, which is engaged in textile processing and exports, money changing and money transfer activities, import/export payment solutions, power generation from renewable energy, etc. It commenced its business activities in April 2000, following the demerger of money-changing and money-transfer activities carried on by Weizmann Ltd. DWML currently

offers services of 1) money changer; 2) principal agents for leading remittance services companies; 3) distribution of third-party financial products and other travel and tourism-related services. In January 2019, Ebix Cash World Money Limited (ECWML), along with Ebix Asia Holdings Inc and Ebix Inc, acquired 74.84% stake from its existing promoter and promoter group entities. As of September 2023, ECWML held 75% stake in DWML while the remaining is held by the public shareholders.

| Brief Financials (Rs. crore) | 31-03-2022 (A) | 31-03-2023 (A) | 30-09-2023 (A) |
|------------------------------|----------------|----------------|----------------|
| Total income | 73.39 | 99.52 | 51.36 |
| PAT | 7.92 | 15.04 | 8.42 |
| Interest coverage (times) | 5.15 | 11.08 | 15.03 |
| Total Assets | 297.04 | 301.45 | 332.06 |
| Tangible Net Worth* | 185.20 | 201.78 | 210.06 |
| ROTA (%) | 2.79 | 5.03 | 5.07 |

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

*Net of intangible assets and deferred tax assets (DTA);

All ratios are as per CARE Ratings Limited's calculations.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|---------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based-Long Term | | - | - | - | 25.00 | CARE BBB-(RWN) |
| Non-fund-based-Short Term | | - | - | - | 0.00 | Withdrawn |

Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|----------------|---|--|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 |
| 1 | Fund-based-Long Term | LT | 25.00 | CARE BBB-(RWN) | - | 1)CARE BBB+; Stable (07-Nov-22) 2)CARE A-; Stable (06-Apr-22) | - | 1)CARE A-; Stable (12-Mar-21) |
| 2 | Non-fund-based-Short Term | ST | - | - | - | 1)CARE A2 (07-Nov-22) 2)CARE A2 (06-Apr-22) | - | 1)CARE A2 (12-Mar-21) |

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: NA
Annexure-4: Complexity level of the various instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|---------------------------|------------------|
| 1 | Fund-based-Long Term | Simple |
| 2 | Non-fund-based-Short Term | Simple |

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

| | |
|--|--|
| <p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 91-44-2850 1001 E-mail: pradeep.kumar@careedge.in</p> | <p>Analytical Contacts</p> <p>Gaurav Dixit Director CARE Ratings Limited Phone: +91-120-445 2002 E-mail: gaurav.dixit@careedge.in</p> <p>Sudam Shrikrushna Shingade Associate Director CARE Ratings Limited Phone: +91-22-6754 3453 E-mail: sudam.shingade@careedge.in</p> <p>Chaitanya Agarwal Rating Analyst CARE Ratings Limited Phone: +91-22-6754 1432 E-mail: chaitanya.Agarwal@careedge.in</p> |
|--|--|

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**