

MARCH 09, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF WEIZMANN FOREX LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities – Term Loan	22.40 (Rupees Twenty two crore and forty lakhs only)	CARE BBB+ (Triple B Plus)	Reaffirmed
Long term Bank Facilities – Working Capital	195.50 (Rupees One hundred and ninety five crore and fifty lakhs only)	CARE BBB+ (Triple B Plus)	Reaffirmed
Short Term Bank Facilities – Non-fund based	61.58 (Rupees Sixty one crore and fifty eight lakhs only)	CARE A3+ (A Three Plus)	Reaffirmed

Rating Rationale

The ratings factor in WFL's strong presence in the money transfer segment with a strong domestic branch and sub agent network, margin pressure in money transfer business and high operating cost leading to moderate profitability, moderate credit and market risk profile and high dependence on money transfer business. Growth in business volumes, profitability and earnings diversification are the key rating sensitivities.

Background

Weizmann Forex Ltd., incorporated in August 1997, is a RBI-licensed Authorized Dealer (AD) Category II - Money Changer. WFL is a part of the Weizmann Group which is engaged in textile processing and exports, Money Changing and Money Transfer Activities, Power Generation from Renewable Energy etc. WFL commenced its business activities in April, 2000 following the demerger of Money Changing and Money Transfer Activities carried on by Weizmann Ltd. WFL currently offers services of 1) Money Changer 2) Principal Agents for Western Union Remittance Services 3) Distribution of third party financial products and 4) Mobile recharging and travel and ticketing. Post the closure of economically unviable branches in FY15 and H1FY16, the company has 212 own locations catering to money changing and money transfer businesses as on December 31, 2015. There are also retail sub agents of 53,214 as on December 31, 2015. WFL ranks second in terms of business volume in India for Western Union (WU). The company, through Western Union Business Solutions, also provides money transfer services to the importers/exporters in the medium and small business category. Income from money transfer contributed 60% (FY14: 62%) of total income while income from money changing contributed 28% (FY14: 25%) of total income in FY15. The company had invested in a joint venture, Horizon Remit Sdn. Bhd., in Malaysia in FY11 and as on Dec 31, 2015 the holding stood at 29.39%. The other stakeholders are Paul Merchants Ltd. (29.39%) and Western Union Processing Ltd. (40%). Horizon Remit is also an agent of Western Union Overseas in Malaysia.

In FY15, the company generated a PAT of Rs.18.6 crore (FY14: Rs.18.3 crore) on a total income of Rs.179 crore (FY14: Rs.177 crore)

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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