

**No. CARE/HO/RR/2020-21/1918**  
**Shri T.C.Guruprasad**  
**Managing Director**  
**Ebixcash World Money India Limited**  
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March 30, 2021

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

Please refer to our letter dated March 08, 2021 on the above subject.

2. The Rating Rationale on the above rating is enclosed for your perusal as **Annexure-I**.
3. We request you to peruse the Rating Rationale and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible.

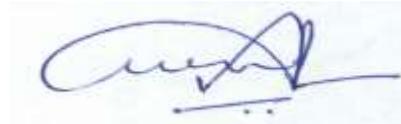
If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,



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Encl.: As above

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**Annexure I**  
**EbixCash World Money India Limited**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Rating<sup>1*</sup></b>	<b>Rating Action</b>
Long Term Bank Facilities- Working Capital	249.13	<b>CARE A-; Stable (Single A Minus; Outlook: Stable)</b>	<b>Reaffirmed</b>
Short Term Bank Facilities -Non-Fund Based	8.00	<b>CARE A2 (Single A Two)</b>	<b>Reaffirmed</b>
<b>Total Facilities</b>	<b>257.13 (Rupees Two Hundred Fifty Seven crores and Thirteen lakhs only)</b>		

*\*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

*The ratings assigned to the bank facilities of EbixCash World Money India Limited (EWMIL) continues to factor in EWMIL's position as one of the leading foreign exchange dealers in India with a strong domestic branch and sub-agent network and strong parentage post acquisition by Ebix Group which helps in business growth on account of synergies. The ratings further takes into account exposure to group companies in the form of ICDs and guarantees and comfortable solvency parameters. The ratings, however, remain constrained by moderation in profitability, margin pressures in remittance and money changing business due to high competition, moderate exposure to credit and market risk. Growth in business volumes, profitability, solvency and earnings diversification are the key rating sensitivities.*

**Rating Sensitivities**

**Positive factors: Factors that could, individually or collectively, lead to positive rating action/downgrade:**

- Improvement in scale of operations with sustainable increase in profitability.

**Negative factors- Factors that could, individually or collectively, lead to negative rating action/downgrade:**

- Substantial deterioration in profitability
- Increase in gearing levels beyond 3x
- Deterioration in liquidity.

**Detailed description of the key rating drivers**

**Key Rating Strengths**

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

EWMIL 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

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

& 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) for its remittance business. Under the WUMT business, EWMIL ranks second in terms of business volumes in India and first in terms of branch network (incl. sub agent network) across the world. EWMIL's business volumes under both money changing and money transfer businesses are supported by its strong domestic franchise. After the acquisition by Ebix Group, company closed down 59 branches on account of duplication in the number of branches within the same region and as on March 31, 2020, the company has 35 branches including 14 locations on airports catering to money changing and money transfer businesses. The company has a long track record of over 20 years as a foreign exchange dealer.

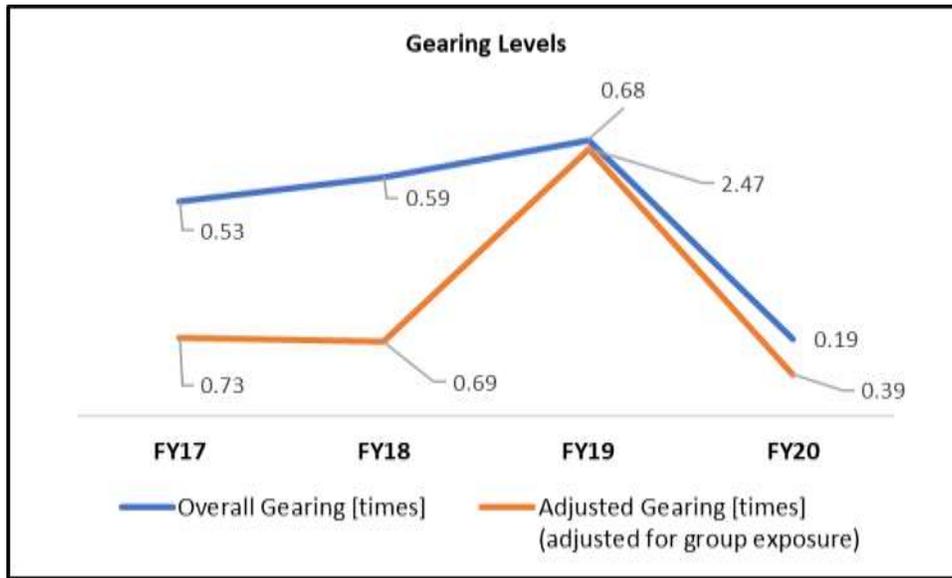
### **Strong Parentage**

EWMIL was previously a part of Weizmann Group till it got acquired by Ebix Inc in Jan, 2019. Ebix Inc is a USA based and NASDAQ listed company (market cap of approx. USD 800mn+ as on January 31, 2021) and is a leading international supplier of on-demand software and E-commerce services to insurance, financial and healthcare industries and is promoted by Mr. Robin Raina. Ebix has its headquarters in USA while having 50+ offices across the world in countries like Australia, Brazil, New Zealand, Singapore, Canada, U.K and India. EbixCash, is also one of Southeast Asia's leading travel exchanges with over 2,200 employees, 212,450 agent network, 25 branches and over 9,800 corporate clients across the globe. Ebix Group through its acquisitions has invested almost Rs. 4000 crores across various sectors primarily being travel, money changing and remittance space. The company has its future strategy to become one of the leading companies in the forex and money exchange industry. Ebix Inc. & Subsidiaries (Consolidated) have reported PAT of USD 72.88mn in & total assets size of USD 1,550.55mn as on September 30, 2020. As on FY20, the tangible networth of EWMIL stood at Rs. 138.94 crores.

### **Comfortable Solvency Parameters**

Overall gearing improved to 0.19 times as on March 31, 2020 as against 0.68 times as on March 31, 2019. Adjusted gearing taking into account for exposure to related Ebix entities improved to Rs. 0.39 times as on March 31, 2020 as against 2.47 times as on March 31, 2019. The company usually borrows to fund the internal working capital requirements and also due to the lack of business during COVID times. The company also maintained cash and bank balances of Rs. 34.38 crore as on March 31, 2020. As on December 31, 2020, the company had cash and bank balances of Rs. 22.42 crore along with unutilised bank lines of Rs. 89.68 crore.

Figure-1: Gearing Levels



**Exposure to group companies in the form of ICDs and corporate guarantees**

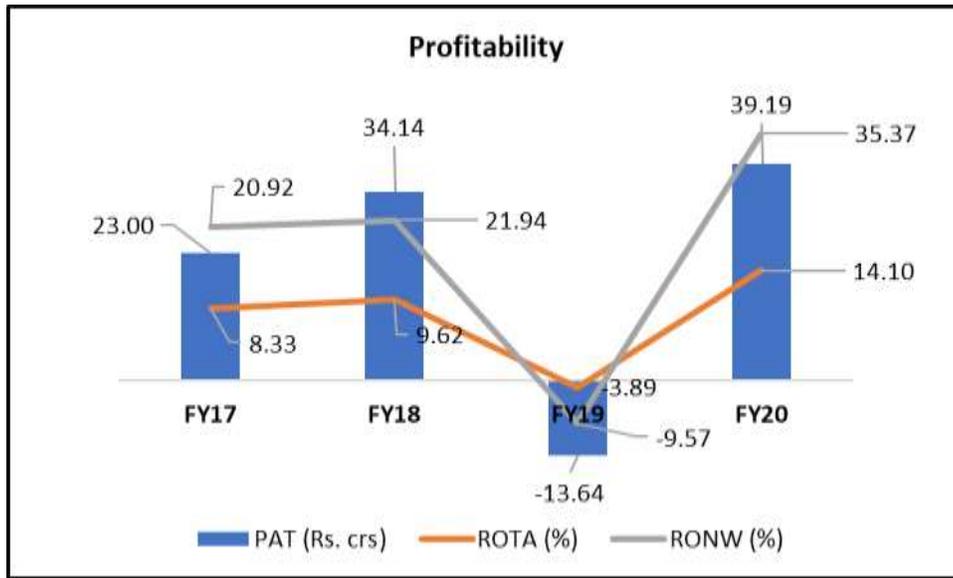
As on March 31, 2020, the company had ICDs extended as loans of Rs. 70.63 crores (Rs. 74.35 crore as on December 31, 2020) given to Ebix Travels Pvt Ltd and Ebix Corporate Services Private Limited as against network of Rs. 138.94 crore. Also, the company had corporate guarantees issued on its behalf to the airports to the tune of Rs. 15.11 crore as on March 31, 2020.

**Key Rating Weaknesses**

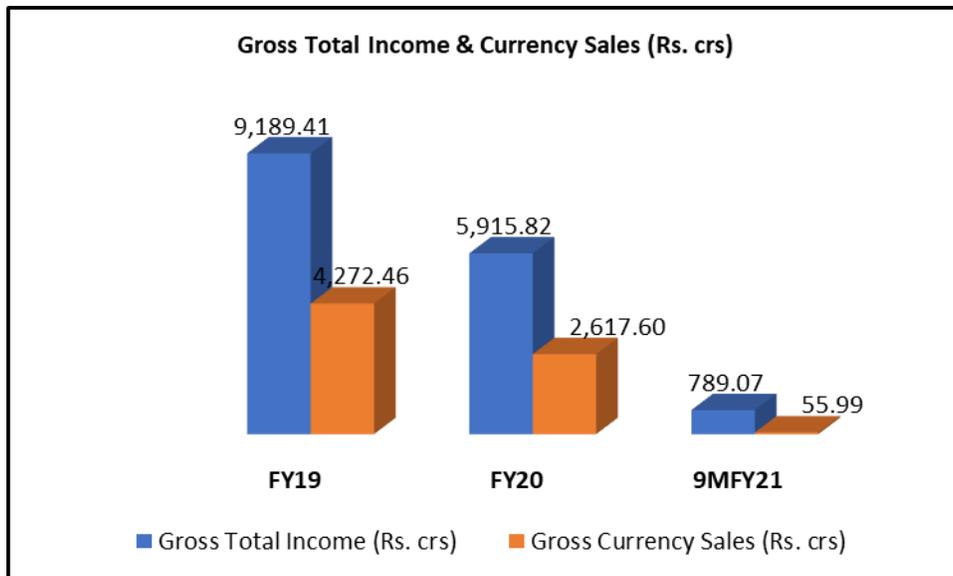
**Moderation in profitability**

During FY20, Company reported PAT of Rs. 39.19 crore on a total income of Rs. 181.36 crore as compared to loss of Rs. 13.64 crore on a total income of Rs. 221.17 crore in FY19. Also, the company has reported profit of Rs. 14.42 crore in Q3FY21. ROTA of the company stood at 14.10% in FY20 as compared to -3.89% in FY19. The company’s money changing business declined in FY20 as the onset of COVID pandemic restricted international travel leading to contraction in volumes of money changing activities as well as lower demand from corporates who had started to cut down on their travel plans. Also, some business was shifted to the EbixCash World Money Limited, due to their common nature of business. The company’s money transfer business has increased from Rs. 76.28 crore in FY19 to Rs. 79.71 crore in FY20 as the Money transfer services saw a slight pickup due to inability of people to move across geographies leading them to transfer money instead. The remittances were continuing due to transfer from students living abroad, fees transferred for admissions to foreign universities for study, people winding up jobs abroad and transferring money to India to settle during COVID-19 times, medical remittances, etc.

**Figure-2: Profitability**



**Figure-3: Gross Sales & Total Income**



**Moderate credit risk**

EWMIL carries counterparty risk in the money changing business in case of corporate clients and other money changers. In the bulk segment (banks, FFMCs and franchisees), the company has payment cycle of maximum 15-30 days in case of corporate clients. Around 11% of the currency turnover for FY20 (12% in FY19) was from walk in clients while bulk (banks, FFMCs and franchisees) constituted 79% of total currency sales in FY20 (76% for FY19). The corporate clients in money changing business are given maximum credit period of up to 25-30 days. As on March 31, 2020, Rs. 5.33 crore were in 31-60 days buckets and Rs. 13.46 crore were in 60-beyond 180 days buckets. These were mainly

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customers which were not accessible due to COVID and payment collation would require some time lag from their end. This risk is mitigated to some extent as EWMIL extends credit selectively and only to those entities with proven track record of payments.

#### **Moderate market risk**

EWMIL is exposed to the currency risk; considering that the business nature mandates the company to carry physical stock of foreign currency on daily basis and an adverse movement in exchange rate can result in loss for the company. However, the market risk is mitigated to a great extent through hedging mechanism in the form of taking forward cover on the exposure. EWMIL has online branch wise monitoring and reporting systems which enable the branches to report their stock positions on a daily basis, based on which, the company takes a forward cover on its exposures. There is a natural hedge inherent in the business such that depreciation of rupee will benefit the inward remittance business and rupee appreciation would benefit the money changing and outward remittance business.

During FY20, the company reported inward remittance volume of Rs. 8,054 crore while money changing and outward remittance volume stood at Rs. 2,404 crore. The company hedges for 80% of the average net exposure for 2 days (T+1) and has 100% hedging mechanism on stock of currency.

#### **Low margins under money changing and remittance business**

Money transfer business margin improved to 0.99% in FY20 as compared to 0.72% in FY19. However, the volume of remittances reduced from Rs. 10,563 crore during FY19 as against Rs. 8,054 crore during FY20. During 9MFY21, the volume of remittances stood at Rs. 3,588 crore. During FY20, income earned from money transfer/inward remittance business increased to Rs. 79.71 crore as against Rs. 76.28 crore during FY19. During 9MFY21, the income from money transfer business stood at Rs. 27.78 crore. Improvement of margins in money transfer/inward remittance business was somewhat offset by reduction in volume. Income from money changing business decreased to Rs. 84.16 crore in FY20 as against Rs. 102.24 crore in FY19 due to decrease in volumes, though improvement in margins were seen during the period of 2019-2020.

#### **Liquidity: Adequate**

EWMIL's liquidity remained adequate marked by low average utilization of working capital limits in the range of 17% to 40% for the months from April 2020 to December 30, 2020 largely on account of short holding period of stock of currencies. As on December 31, 2020, EWMIL had comfortable liquidity to cover its next 6 months' debt obligations. As on December 31, 2020, EWMIL had cash & cash equivalents of Rs. 22.42 crore & Rs. 89.68 crore of unutilized bank lines.

#### **Covid Impact on the business of the Company:**

The company is involved mainly in foreign currencies, remittances, traveller's cheques, prepaid travel cards, etc. Since, the revenue of the company is dependent on travel and tourism industry, the profitability may be impacted in case of

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any further adversities arising going forward. As on FY20, the company's gross sales income stood at Rs. 5,915.82 crore as against Rs. 9,189.41 crore in FY19. Further, as on 9MFY21, the company reported a gross sales of Rs. 789.07 crore. The sales of the company saw reduction due to restrictions on travel from March, 2020 and lesser money exchange transactions being reported due to COVID-19 whereas the money transfer business continued to generate moderate revenues with lesser impact. Similarly, since the retail sales of company were mainly derived from leisure travel, there was decrease in sales in that segment as well. The company will continue to closely monitor material changes in markets along with assessing their impact on the future economic conditions.

**Analytical Approach: Standalone credit profile of EWMIL along with EWMIL's linkages with various entities of Ebix group.**

**Parent Entity:**

**EbixCash World Money Limited**

**APPLICABLE CRITERIA:**

[Criteria on assigning 'Outlook' and 'Credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Notching by factoring Linkages in Ratings](#)

[Rating Methodology- Service Sector Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for short-term instruments](#)

**About the Company**

**EbixCash World Money India Limited**

EWMIL incorporated in August 1997, is a RBI-licensed Authorized Dealer (AD) Category II - Money Changer. EWMIL 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. EWMIL 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 along with Ebix Asia Holdings Inc and Ebix Inc acquired 74.84% stake from its existing promoter and promoter group entities. As on December 2020, Ebix Group through its subsidiary and Indian counterpart namely EWML holds 89.94% stake. EWMIL financials shall be merged with the financials of EWML going forward, till then it shall remain the subsidiary of EWML for FY21.

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### Standalone Financial Performance

As on / Period Ended (Rs. crs)	FY17 (I-GAAP)	FY18 (IND-AS)	FY19 (IND-AS)	FY20 (IND-AS)
Income from Money Changing (net)	76.65	91.92	102.24	84.16
Income from Money Transfer (net)	114.35	102.15	76.28	79.71
Other income	14.38	19.84	42.65	17.50
<b>Total Income</b>	<b>205.38</b>	<b>213.91</b>	<b>221.17</b>	<b>181.36</b>
Employee Costs	40.97	48.62	54.22	24.09
Other operating expenses	111.49	101.95	178.15	52.57
Depreciation & amortization	4.57	4.45	2.73	32.40
Interest Expense & Financial Charges	10.24	6.80	4.43	11.89
<b>Total Expense</b>	<b>167.27</b>	<b>161.82</b>	<b>239.53</b>	<b>120.95</b>
PBIDT	51.84	63.35	-11.19	104.71
<b>PBT</b>	<b>37.03</b>	<b>52.10</b>	<b>-18.35</b>	<b>60.42</b>
Tax	14.03	17.96	-20.12	21.23
<b>PAT</b>	<b>23.00</b>	<b>34.14</b>	<b>-13.64</b>	<b>39.19</b>
Cash Flow from Operations (CFO) [net]	24.10	64.75	-5.64	-4.13
<b>Net Worth</b>	<b>119.36</b>	<b>202.34</b>	<b>82.69</b>	<b>138.94</b>
Total Debt	63.11	118.90	55.94	26.40
Fixed Assets including intangible	38.51	38.82	7.91	6.03
Investments	36.48	80.48	0.38	0.38
Cash and Bank Balance	35.98	69.14	88.01	34.38
Trade Receivables	96.34	153.73	105.61	39.49
Stock of Currencies	23.65	24.24	30.18	9.84
<b>Total Assets</b>	<b>284.11</b>	<b>408.13</b>	<b>293.13</b>	<b>262.94</b>
<b>Key Ratios%</b>				
Overall Gearing (times)	0.53	0.59	0.68	0.19
Adjusted gearing <sup>#</sup>	0.73	0.69	2.47	0.39
Interest coverage (times)	4.62	8.66	-3.14	6.08
PBIDT / Total Income (%)	25.24	29.62	-5.06	57.74
Total Debt/PBIDT (times)	1.22	1.88	-5.00	0.25
Total Debt/CFO (times)	2.62	1.84	-9.92	-6.39
Interest/ borrowed funds (%)	14.56	8.46	5.07	28.89*
Operating Expenses/Avg. total assets (%)	56.87	46.80	67.05	39.22
ROTA (PAT / Avg. Total Assets) (%)	8.33	9.62	-3.89	14.10
RONW (%)	20.92	21.94	-9.57	35.37
Return on Capital Employed (%) (PAT/Capital employed)	12.60	10.63	-9.84	23.70
Adjusted Return on Capital Employed (%)	15.37	11.71	-17.35	41.38

*#Adjusted for group exposure*

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

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**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term Bank Facilities	-	-	-	249.13	CARE A-; Stable
Non-fund-based-Short Term bank facilities	-	-	-	8.00	CARE A2

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based-Long Term bank facilities	LT	249.13	CARE A-; Stable	-	1)CARE A-; Stable (27-Mar-20)	1)CARE A- (CWD) (10-Jan-19) 2)CARE A-; Stable (08-Oct-18)	1)CARE A-; Stable (09-Oct-17) 2)CARE BBB+; Stable (03-May-17)
2.	Non-fund-based-Short Term bank facilities	ST	8.00	CARE A2	-	1)CARE A2 (27-Mar-20)	1)CARE A2 (CWD) (10-Jan-19) 2)CARE A2 (08-Oct-18)	1)CARE A2 (09-Oct-17) 2)CARE A3+ (03-May-17)

**Annexure-3: Complexity level of various instruments rated for this Company**

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

**Note on complexity levels of the rated instrument:** 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 welcomed to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**(This follows our brief rationale for the entity published on March 12, 2021)**

### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

CARE's 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. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on 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 or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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*CIN - L67190MH1993PLC071691*

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