

## Intec Capital Limited

January 07, 2020

### Ratings

Facilities	Amount (Rs. crore)	Rating	Rating Action
Long-term Bank Facilities (Fund Based)	95.36	<b>CARE D; ISSUER NOT COOPERATING (Single D, ISSUER NOT COOPERATING)</b>	<b>Rating moved to ISSUER NOT COOPERATING category</b>
<b>Total Facilities</b>	<b>95.36 (Rs. Ninety Five Crore and Thirty Six Lakhs only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Intec Capital Limited (ICL) to monitor the ratings vide e-mail communications dated December 24, 2020, December 23, 2020, December 16, 2020, September 25, 2020, September 04, 2020 and numerous phone calls and final remainder dated December 30, 2020. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating reaffirmation of the long term bank facilities of ICL at CARE D; **ISSUER NOT COOPERATING\*** factors in ongoing delays in servicing of the company's scheduled debt obligations.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

### Detailed description of the key rating drivers

At the time of last rating on January 07, 2020, following were the key rating strengths and weaknesses (updated from information available from registrar of company):

### Key Rating Weaknesses

**Ongoing delays:** There are ongoing delays in servicing of the scheduled debt obligations by the company and the utilization of cash credit facilities is more than the drawing power for a period exceeding 30 consecutive days.

**Weak Asset Quality:** The asset quality of the company continues to deteriorate with GNPA and NNPA ratios of the company, at 84.85% and 57.86% respectively as on March 31, 2020, compared to 67.39% and 44.12% respectively as on March 31, 2019 owing to shrinkage in loan book size and bad quality assets in the loan book. Also, the Net NPA/Tangible Net-worth of the company has risen to 249% as on March 31, 2020 as compared to 101% as on March 31, 2019 owing to shrinking net-worth base.

**Decline in business and profitability parameters:** The net loan book of the company has been shrinking over the years from Rs 235.9 crore ending fiscal FY 18 to Rs 144.4 crore in FY 19 and further to Rs 74.6 crore as on March 31, 2020. The company has been consolidating its loan book and has not disbursed any loan since November 2016. Consequently there has been a slump in income profile as the total income dropped by 60% Y-o-Y to Rs 17.3 crore in FY20 while the net losses have more than quadrupled to Rs 36.2 crore in FY20 as against net loss of Rs 8.3 crore in FY19. Although end H1FY21, ICL reported narrowing of net losses to Rs 1.87 crore as compared to Rs 21.85 crore net loss in H1FY20 due to lower impairment costs which reduced to Rs 2.97 crore in H1FY21 from 23.65 crore in H1FY20

### Key Rating strengths

**Experienced promoters and management:** ICL was founded by Mr Sanjeev Goel, who has more than two decades of experience in financial services. He is a Chartered Accountant and holds Master's Degree in International Finance from the University of Iowa. Furthermore, ICL has been operating in the SME equipment financing for the last two decades.

### Liquidity: Poor

The liquidity of the company continues to remain poor as reflected in delay in servicing of scheduled debt obligations and over-draw of the drawing power for a period exceeding 30 consecutive days. The company has been categorized as NPA in the books of all of its lenders and the restructuring of the company is under process with the consortium banks.

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by Issuer](#)

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

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

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

[Rating Methodology - Non Banking Finance Companies \(NBFCs\)](#)

**About the Company**

Intec Capital Ltd (ICL) (formerly known as Intec Securities Ltd); established in February, 1994 as a Private Ltd Company by Mr. Sanjeev Goel (Ex. Finance Manager, Jai Bharat Maruti Ltd, CA and MBA) and Mr. Rajeev Goel (B. Tech from IIT Kanpur and MS from USA). ICL was converted into a public Ltd company in October, 1994 and subsequently in Sept 2009 its name was changed to the present name. ICL is registered with RBI as Non deposit accepting (ND) NBFC and is listed at BSE. Post-merger with Unitel Credit Pvt Ltd w.e.f February 11, 2011, ICL became a systemically important (SI) NBFC. In April 2014, company received categorization of Asset Finance Company (AFC) from RBI. Since, the loan portfolio came below Rs.500 crore in fiscal year ending March 31, 2018; the company became non-systemically important NBFC. ICL is primarily into the business of providing funding for office equipment, medical equipment, plant & machinery, computer peripherals, etc. to small and medium enterprises (SME) as well as government, semi-government and private sector customers. The net loan portfolio of ICL stood at Rs. 77.8 crore as on Sep 30, 2020, down from Rs 100.6 crore end September 30, 2019, although marginally up from Rs 74.6 crore as on March 31, 2020.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	42.93	17.25
PAT	-8.30	-36.18
Capital Adequacy ratio (CAR, %)	32.38	1.85
Total Assets (Adjusted for Deferred tax assets and intangible assets)	179.99	108.11
Net NPA (%)	44.12	57.86
ROTA (%)	-2.65	-17.48

A: Audited as per IND-AS, -; Negative

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

**Any other information:** Not Applicable

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

**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	-	-	-	95.36	CARE D; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

## 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	LT	95.36	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (07-Jan-20)	1)CARE D (05-Sep-18)	1)CARE BB; Stable (18-Aug-17)
2.	Commercial Paper	ST	-	-	-	-	-	1)Withdrawn (18-Aug-17)
3.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (05-Sep-18)	1)CARE BB; Stable (18-Aug-17)
4.	Commercial Paper	ST	-	-	-	-	-	1)Withdrawn (18-Aug-17)

\*Issuer did not cooperate; Based on best available information

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based-Long Term	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 welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### 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.

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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