

Intec Capital Limited

February 24, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	95.36	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	95.36 (Rs. Ninety-Five Crore and Thirty-Six Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 07, 2021 placed the ratings of Intec Capital Limited (ICL) under the 'issuer non-cooperating' category as ICL had failed to provide information for monitoring of the rating exercise as agreed to in its rating agreement. Intec continues to be non-cooperative despite repeated requests for submission of information through e-mails dated December 13, 2021, December 03, 2021 and November 23, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating 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(s).

Detailed description of the key rating drivers: At the time of last rating on January 07, 2021, following were the key rating strengths and weaknesses (updated from information available from registrar of company):

Key Rating Weaknesses

Ongoing delays: As per annual report 2021, the company has defaulted in repayment of Term loan and Working capital. The default has been continuing since 2019.

Weak Asset Quality: The asset quality of the company continues to deteriorate with GNPA and NNPA ratios of the company, at 91% and 79% respectively as on March 31, 2021, compared to 84.85% and 57.86% respectively as on March 31, 2020 owing to further rise in slippages.

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. In FY21, the net loan book improved to Rs 90.85 crore, due to lower impairment charges. The Company reported net profit of Rs. 19.04 crore in FY21 as against net loss of Rs. 36.18 crore in FY20, due to negligible interest expenses and reversals in credit provisions. For 9MFY22, ICL reported net losses to Rs 2.14 crore as compared to Rs 10.2 crore net loss in 9MFY21.

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: As on last Press release date January 07, 2021, the liquidity of the company was poor as reflected in delay in servicing of scheduled debt obligations. However latest liquidity status is not available. As per annual report 2021, the company has defaulted in repayment of Term loan and Working capital. The default has been continuing since 2019.

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

Analytical approach: Standalone**Applicable Criteria**
[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Financial Ratios - Financial Sector](#)
[Rating Outlook and Credit Watch](#)
[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. 90.85 crore as on March 31, 2021, increased from Rs. 77.8 crore as on March 31, 2020

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	17.24	8.04	7.89
PAT	-36.18	19.04	-2.14
Interest coverage (times)	-5.01	137.05	NA
Total Assets	245.46	236.31	NA
Net NPA (%)	0.00	0.00	NA
ROTA (%)	-13.13	7.90	NA

A: Audited

Status of non-cooperation with previous CRA: NA**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 for this company:** Annexure 4**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	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*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Rating history			
			Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based-Long Term	LT	95.36	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jan-21)	1)CARE D (07-Jan-20)	1)CARE D (05-Sep-18)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (05-Sep-18)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based-Long Term	Simple

Annexure 5: Bank Lender Details for this Company

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

Note on complexity levels of the rated instrument: CARE Ratings Ltd. 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.

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About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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