

December 24, 2015

CARE REVISES RATINGS TO THE BANK FACILITIES AND NCD AND REAFFIRMS AND ASSIGNS 'CARE A1+ (SO)' RATING TO THE CP ISSUE OF INTEC CAPITAL LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	675 (Rupees Six Hundred Seventy Five crore only)	CARE BBB [Triple B]	Revised from CARE BBB+ [Triple B plus]
Non-Convertible Debentures (NCDs)	50 (Rupees Fifty crore only)	CARE BBB [Triple B]	Revised from CARE BBB+ [Triple B plus]
Commercial Paper (CP)	10 (Rupees Ten crore only)	CARE A1+ (SO)[*] [A One Plus (Structured Obligation)]	Reaffirmed
Commercial Paper (CP)	10 (Rupees Ten crore only)	CARE A1+ (SO)[#] [A One Plus (Structured Obligation)]	Assigned

* The rating is based on the credit enhancement in the form of unconditional and irrevocable stand by letter of credit (SBLC) from Bank of Maharashtra rated CARE AA (Lower Tier II Bonds)

The rating is based on the credit enhancement in the form of unconditional and irrevocable stand by letter of credit (SBLC) from Central Bank of India rated CARE AA- (Lower Tier II Bonds)

Rating Rationale

The revision in the ratings of Intec Capital Limited (ICL) factors in the weakening of credit profile of the company marked by significant deterioration in asset quality and decline in income and profitability. Furthermore, in FY15 (refers to the period April 01 to March 31) ICL has revised the provisioning policy for the non performing assets which has led to decline in the provisioning coverage for non performing assets. The rating also factors in the company's exposure to small and medium enterprises which have relatively weaker credit and business profiles. The ratings however, derive strength from the company's long track record of operations, comfortable capital adequacy, diversified borrowing profile and adequate liquidity.

The ability of the company to achieve the growth in business while improving its asset quality, spreads and capital adequacy in a subdued economic environment are the key rating sensitivities.

Background

Incorporated in February 1994, ICL (formerly known as Intec Securities Limited) is promoted by Mr Sanjeev Goel and Mr Rajeev Goel. In October 1994, the company was converted into a public limited company and subsequently in September 2009, it was renamed to its present name. ICL is registered with RBI as Non deposit accepting (ND) NBFC (Asset Finance Company) and is listed at Bombay Stock Exchange & Delhi Stock Exchange.

ICL is primarily engaged in the business of providing funding for office equipment, medical equipment, plant & machinery, computer peripherals, etc, to small and medium enterprises as well as government, semi-government and private sector customers. These loans are given against hypothecation of the equipment/ machinery. ICL sources majority of its business through tie-ups with equipment sellers/ manufacturers.

During FY15, ICL recorded a net profit of Rs.6.43 crore on a total income of Rs.138.02 crore as compared to net profit of Rs.18.16 crore on a total income of Rs.155.66 crore in FY14. As on March 31, 2015, the gross loan portfolio stood at

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

Rs.938.96 crore as compared to Rs.952.29 crore as on March 31, 2014. The gross NPA and Net NPA as on March 31, 2015 stood at 6.44% and 3.86% respectively as compared to 3.25% and 1.50% respectively as on March 31, 2014. The overall CAR as on March 31, 2015 stood at 21.54% (21.33% as on March 31, 2014). In H1FY16 (refers to the period April 01 to September 30), ICL reported a total income of Rs.67.44 crore with a net profit of Rs.6.43 crore. The overall CAR as on September 30, 2015 stood at 21.11%.

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings 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.

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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