

India Ratings Downgrades Altico Capital India's NCDs to 'IND D'

30

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By Pankaj Naik

India Ratings and Research (Ind-Ra) has downgraded Altico Capital India Limited's (Altico) non-convertible debentures (NCDs) to 'IND D' from 'IND C'. The detailed rating action is as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating	Rating Action
NCDs* (Long-term)	-	-	-	INR30.5	IND D	Downgraded

* Details in Annexure

#The suffix emr denotes the exclusion of the embedded market risk from the rating. The rating of market-linked debentures is based on an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that the coupon payment on these instruments will be based on the performance of a reference index or equity share (detailed in the information memorandum of the issue).

PP-MLD refers to full principal protection in the equity-linked notes, wherein the issuer is obligated to pay the full principal upon maturity.

KEY RATING DRIVERS

The downgrade reflects Altico's non-payment of the NCDs (ISIN: INE587O07149) that were due on 26 September 2019.

For the detailed rationale, please [click here](#).

RATING SENSITIVITIES

Positive: Timely debt servicing for at least three consecutive months could be a credit positive.

COMPANY PROFILE

Altico was established in 2004 by the funds managed by Clearwater Capital Partners as Clearwater Capital Partners India Private Limited for wholesale lending to capital-constrained Indian small and medium enterprises. It was registered as a non-deposit-accepting non-banking finance company with the Reserve Bank of India in January 2005. Its business strategy initially focused on special situation opportunities across the capital structure. In FY15, the company was renamed Altico Capital India Limited, and its business strategy was changed. Altico is focused on high-yield asset-backed senior secured credit opportunities in the real estate sector.

FINANCIAL SUMMARY

Particulars	FY19	FY18
Total assets (INR billion)*	83.3	66.8
Total equity (INR billion)*	29.6	24.4
Profit after tax (INR billion)	1.5	2.6
Return on average assets (%)	1.9	4.9
Tier 1 capital (%)	42.0	40.3
Source: Company, Ind-Ra's analysis, *excluding deferred tax assets and intangible assets		

RATING HISTORY

Instrument Type	Current Rating			Historical Rating/Outlook			
	Rating Type	Rated Limits (billion)	Rating	13 September 2019	3 September 2019	24 August 2018	27 February 2018
Issuer rating	Long-term/Short-term	-	IND D	IND D	IND A+/-Negative/IND A1	IND AA-/Stable/IND A1+	IND AA-/Stable/IND A1+
NCDs	Long-term	INR30.5	IND D	IND C	IND A+/-Negative	IND AA-/Stable	IND AA-/Stable
Bank loans	Long-term	INR44	IND D	IND D	IND A+/-Negative	IND AA-/Stable	IND AA-/Stable
Commercial paper	Short-term	INR8.5	IND A4	IND A4	IND A1	IND A1+	IND A1+
Principal protected market-linked debenture	Long-term	INR1	IND PP-MLD Cemr	IND PP-MLD Cemr	IND PP_MLD A+emr/Negative	IND PP-MLD AA-emr/Stable	IND PP-MLD AA-emr/Stable

ANNEXURE

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Issue Subscribed/Outstanding (billion)	Rating
NCD	INE587007016	18 April 2016	9.95	28 May 2021	INR1.54	INR1.54	IND D
NCD	INE587007024	18 April 2016	9.95	28 May 2021	INR1.54	INR1.54	IND D
NCD	INE587007040	19 December 2016	9.11	28 May 2021	INR1.55	INR1.55	IND D
NCD	INE587007073	6 July 2017	10.25	2 September 2020	INR0.285	INR0.285	IND D
NCD	INE587007099	24 August 2017	10.5	23 August 2020	INR1.625	INR1.625	IND D
NCD	INE587007149	26 March 2018	10.5	26 September 2019	INR0.75	INR0.75	IND D
NCD	INE587007156	26 March 2018	10.5	26 March 2021	INR0.75	INR0.75	IND D
NCD	INE587007164	29 June 2018	10.5	29 September 2019	INR0.20	INR0.20	IND D
NCD	INE587007172	29 June 2018	10.5	29 December 2019	INR0.30	INR0.30	IND D
NCD	INE587007180	29 June 2018	10.5	29 March 2020	INR0.20	INR0.20	IND D
NCD	INE587007198	29 June 2018	10.5	29 June 2020	INR0.30	INR0.30	IND D
NCD	INE587007214	20 July 2018	Zero Coupon	15 July 2021	INR0.382	INR0.382	IND D
NCD	INE587007222	20 July 2018	Zero Coupon	12 August 2021	INR0.262	INR0.262	IND D
NCD	INE587007230	16 August 2018	SBI 1 Yr. MCLR + 258 bps	16 August 2021	INR2.0	INR2.0	IND D
NCD	INE587007222	4 September 2018	Zero Coupon	12 August 2021	INR1.00	INR0.265	IND D
NCD	INE587007222	26 September 2018	Zero Coupon	12 August 2021	INR1.00	INR0.285	IND D
NCD	INE587007271	9 October 2018	Zero Coupon	10 May 2022	INR0.732	INR0.732	IND D
NCD	INE587007222	31 October 2018	Zero Coupon	12 August 2021	INR1.00	INR0.115	IND D
NCD	INE587007297	18 February 2019	12.5	18 November 2020	INR2.5	INR2.5	IND D
NCD	INE587007289	18 February 2019	-	18 November 2020	INR2.5	INR2.5	IND D
Total utilised						INR 18.081	
Total unutilised						INR 12.419	
Principal protected market-linked debenture	INE587008030	10 April 2017	Zero coupon	9 April 2021	INR0.50	INR0.096	IND PP-MLD Cemr
Total utilised						INR0.096	
Total unutilised						INR0.904	

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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Applicable Criteria

[Financial Institutions Rating Criteria](#)

[Non-Bank Finance Companies Criteria](#)

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