



Fullerton India Credit Company Limited

	Amount in Rs. Crore	Rating Action
Long Term Bank Lines	2,000	[ICRA]AA+ / Stable assigned
Subordinate Debt Programme	200	[ICRA]AA+ / Stable assigned

Rating of [ICRA]AA+ (pronounced ICRA double A plus) with a stable outlook has been assigned to Rs. 200 crore subordinate debt programme and Rs. 2000 crore long term bank lines of Fullerton India Credit Company Limited (FICCL or the company). ICRA also has outstanding ratings of [ICRA]AA+ (pronounced ICRA double A plus) with a stable outlook on Rs. 2000 crore Long Term Debt Programme and Rs. 2000 crore Non Convertible Debentures Programme, Issuer Rating of IrAA+ (pronounced I R double A plus) with stable outlook, and [ICRA]A1+ (pronounced ICRA A One plus) on Rs. 3000 crore Short Term Debt Programme of the company.

The ratings are supported by its strong parentage; FICCL is a step down subsidiary of Temasek Holdings (rated Aaa/Stable by Moody's Investors Service), with demonstrated support from the parent. The ratings take into account FICCL's strong management team having vast experience in the retail finance space. Further, in light of the periodical equity infusion from the Parent, the capitalization profile remains adequate. ICRA has also positively taken note of the revised business strategy of the company focussing on a higher share of secured lending, the significant tightening in the credit policy in the unsecured loans portfolio, the operational efficiencies attained by downsizing non-performing branches and personnel, and the moderated growth plans of the unsecured loans portfolio. The ratings also factor in the improvement in profitability and stable credit costs in FY12, although the earnings profile continues to be modest. However, FICCL's ability to control asset quality in all business segments especially, the focus areas such as Mortgages and comparatively new products such as SME loans and rural segment would remain a key rating sensitivity. Furthermore, FICCL's ability to raise funds at competitive rates to support the growth plans, particularly, as the focus shifts towards lower yielding secured asset classes would have a key bearing on its incremental profitability.

Company profile

FICCL is a retail finance company with a nationwide presence through a network of around 330 branches. The company commenced operations in January 2006 focussing mainly on metros and Tier I cities. The company offers a complete range of financial products from unsecured loans such as personal loans to lending against secured assets such as commercial vehicle, two-wheelers, mortgage, used cars etc. In December 2005, Fullerton Financial Holdings Pte Ltd. Singapore (through its investment arm Angelica Investment Pte Ltd.) had acquired (92.83%) stake and management control in Dove Finance Limited (a closely held finance company) and renamed the Company as First India Credit Corporation Limited. The company was rechristened as Fullerton India Credit Company Limited in FY07. Fullerton Financial Holdings Pte Ltd, Singapore (FFH) is a wholly owned subsidiary of Temasek Holdings (Private) Limited and is Temasek's arm for holding strategic investments in the financial services sector. FFH's stake directly and indirectly in FICCL currently stands at 100% pursuant to the subsequent rounds of capital infusion.

During fiscal 2012, the company has reported a net profit of Rs. 49.79 crore on a total income of 931.89 crore as compared to a net profit of Rs. 2.64 crore on a total income of Rs. 880.61 crore for fiscal 2011. The regulatory capital adequacy ratio of the company stood at 18.88% as on March 31, 2012 (20.44% as on March 31, 2011).

For details, please refer to ICRA Rationale and Credit Perspective of June 2012.

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