

July 13, 2017

IDFC Bank Limited

ICRA has following ratings outstanding on entities of IDFC Group and Shriram Capital Group

IDFC Limited (IDFC): For the latest rating rationale for IDFC, please click [here](#).

Instrument	Amount Rated (in Rs. crore)	Rating Outstanding (July 2017)
Commercial paper Programme	1,500.00	[ICRA]A1+

IDFC Bank Limited (IDFC Bank): For the latest rating rationale for IDFC Bank, please click [here](#).

Instrument	Amount Rated (in Rs. crore)	Rating Outstanding (July 2017)
Certificate of Deposits Programme	30,000.00	[ICRA]A1+
Non Convertible Debenture Programme	47,282.12	[ICRA]AAA (stable)

Shriram Transport Finance Limited (STFC): For the latest rating rationale for STFC, please click [here](#).

Instrument	Amount Rated (in Rs. crore)	Rating Outstanding (July 2017)
Fixed Deposit Programme	-	MAA+ (Stable)

Shriram City Union Finance Limited (SCUF): For the latest rating rationale for SCUF, please click [here](#).

Instrument	Amount Rated (in Rs. crore)	Rating Outstanding (July 2017)
Fixed Deposit Programme	-	MAA+ (Stable)
Non Convertible Debenture Programme	25.00	[ICRA]AA (stable)
Commercial Paper Programme	25.00	[ICRA]A1+

Event Update

The IDFC group and Shriram Capital group has entered into 90 day confidentiality, exclusivity and standstill arrangement during which they are expected to evaluate merger or take-over of key entities under the Shriram Capital group by the IDFC group. Both parties would engage in due-diligences and discussion during the exclusivity period, re-approach their respective Boards post the above and then take forward the process.

The process would be subject to shareholders and regulatory approvals. Given the initial stages, ICRA will take an appropriate rating action as and when more clarity emerges.

Company Profile – IDFC Bank Limited

IDFC Limited (IDFC) was set up by the Government of India (GoI), to facilitate infrastructure development in the country. Apart from the GoI, leading shareholders of IDFC included foreign financial institutions involved in infrastructure development world-wide. IDFC was classified as an Infrastructure Finance Company by the Reserve Bank of India (RBI) in June 2010. IDFC was granted an in-principle approval by the RBI in April 2014, for undertaking banking business in India. IDFC Bank Limited –



started operations on October 01, 2015 after receiving the final licence from RBI in July 2015. IDFC Limited holds ~52.9% stake in the bank as on March 31, 2017.

Recent Results

IDFC Bank had an asset base of Rs. 112,160 crore and a loan book of Rs. 66,567 crore as on March 31, 2017. The bank reported a net profit of Rs. 1020 crore in FY2017, which was its first full year of operation. The bank's gross NPAs stood at 3.0% and net NPAs at 1.1% as on March 31, 2017. Its capital Adequacy stood at 18.90% with Tier I of 18.54% as on March 31, 2017.

Company Profile – IDFC Limited

In April 2014, IDFC Limited was granted an in-principle approval by the Reserve Bank of India to set up a new private sector bank, as per the Guidelines for Licensing of New Banks in the Private Sector. Subsequently, a Scheme of Arrangement was filed with the Madras High Court for Demerger of Financial Undertaking (the lending business of IDFC) to IDFC Bank. All the requisite approvals were obtained and the Madras High Court approved this demerger by its order dated June 25, 2015.

IDFC Limited, currently registered as an NBFC- IC holds 100% stake in IDFC Non Operating Financial Holding Company (IDFC FHCL) which in turn, holds equity in IDFC Bank, IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC Securities Limited and IDFC Infrastructure Finance Limited (erstwhile IDFC Infra Debt Fund Limited).

Recent Results - Standalone

The company reported a profit after tax (PAT) from continuing operations of Rs. 55.75 crore in FY2017 as compared to Rs. 141.70 crore in FY2016. After adding the discontinued operations, IDFC reported net profit of Rs. 55.75 crore vis-a-vis a net loss of Rs 1,162 crores in FY2016. The loss in FY2016 was on account of the specific provisions created against identified assets of Rs. 2,500 crores prior to conversion to bank.

Company Profile – Shriram Transport Finance Limited

STFC was incorporated in 1979 and is a part of the Shriram group of companies. The company is a deposit accepting asset financing non-banking financial company. STFC provides financing for vehicles such as CVs (both pre-owned and new), tractors, and passenger vehicles and is the market leader in used-CV financing. It has a pan-India presence, with 918 branches and 854 rural centers as on March 31, 2017. STFC is also engaged in construction equipment financing business through its erstwhile wholly owned subsidiary, Shriram Equipment Finance Company that was merged with STFC with effect from 1st April 2015.

Recent Results

STFC had AUM of Rs. 78,761 crore and a loan book of Rs. 65,463 crore as on March 31, 2017. The company reported a net profit of Rs. 1,257 crore in FY2017. The company's gross NPAs stood at 8.16% and net NPAs at 2.65% as on March 31, 2017. Its capital Adequacy stood at 16.94% with Tier I of 15.20% as on March 31, 2017.

Company Profile – Shriram City Union Finance Limited

Shriram City Union Finance Limited (SCUF) is part of the Shriram group of companies. SCUF commenced operations in 1986, and was largely focussed on vehicle finance till 2002 post which it

shifted its focus to other retail financing segments. SCUF is currently engaged in small enterprise finance (55% of total portfolio as on March 31, 2017), two wheeler loans (18%), gold loans (15%), auto loans (6%) and personal loans (6%). SCUF's total assets under management (AUM) stood at Rs. 23,132 crore as on March 31, 2017 as compared to Rs. 19,576 crore as on March 31, 2016. The company's AUM is largely concentrated in the southern states of Tamil Nadu, Andhra Pradesh and Karnataka, which together accounted for about 64% of the loan book as on March 31, 2017.

Recent Results

During FY2017, the company reported a standalone net profit of Rs.556 crore on a total asset base of Rs. 24,291 crore compared with a standalone net profit of Rs. 530 crore on a total asset base of Rs. 20,685 crore during FY2016. The company's gross NPAs stood at 6.73% and net NPAs at 1.79% as on March 31, 2017 (based on 120+ dpd NPA recognition norm). Its capital Adequacy stood at 23.91% with Tier I of 22.25% as on March 31, 2017.

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