

November 03, 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 (November 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 (November 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 (November 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 (November 2017)
Fixed Deposit Programme	-	MAA+ (Stable)
Non Convertible Debenture Programme	25.00	[ICRA]AA (stable)
Commercial Paper Programme	2025.00	[ICRA]A1+

Event Update

The IDFC and Shriram Capital group have announced on October 30, 2017 that the confidentiality, exclusivity and standstill agreement entered into to evaluate merger or take-over of key entities under the Shriram Capital group by the IDFC group stands terminated with immediate effect. The reason for the same has been cited as the inability to arrive at a mutually acceptable structure and valuation. ICRA takes note of this announcement and ICRA's ratings on group entities of IDFC and Shriram Capital remain unaffected by this.

The IDFC group and Shriram Capital group had entered into the agreement on July 8, 2017 for a 90 day period which was later extended to November 8, 2017.

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.

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.

For H1FY2018, the bank reported a net profit of Rs. 671 crore in H1FY2018 as compared to Rs. 653 crore in H1FY2017. The loan book stood at Rs. 65,177 crore as on September 30, 2017 with gross NPAs of 3.9% and net NPAs of 1.6%. The capital adequacy stood at 19.3% with Tier 1 of 19.0% as on September 30, 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).

The company, on standalone basis, 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.

For H1FY2018, the bank reported a net profit of Rs. 144.36 crore as compared to Rs. 96.32 crore in H1FY2017.

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.

STFC had AUM of Rs. 81,612 crore and a loan book of Rs. 68,301 crore as on June 30, 2017. The company reported a net profit of Rs. 449 crore in Q1FY2018 when compared with a net profit of Rs. 374 crore in Q1FY2017 (Rs. 1,257 crore in FY2017). The company's gross NPAs stood at 8.03% and net NPAs at 2.49% as on June 30, 2017. Its capital Adequacy stood at 16.26% with Tier I of 14.89% as on June 30, 2017.

Company Profile – Shriram City Union Finance Limited

SCUF is a deposit accepting NBFC that commenced operations in 1986. The company was largely focused on vehicle finance till 2002 post which it gradually shifted its focus to other retail financing segments. SCUF is currently engaged in small enterprise finance (55% of total portfolio as on June 30, 2017), two wheeler loans (17%), gold loans (15%), and auto and personal loans (13%). SCUF's total loan portfolio stood at Rs. 24,053 crore as on June 30, 2017 (Rs. 19,577 crore as on March 31, 2016) with a total network of 998 branches spread across 22 states; around 80% of the company's branches are located in semi-urban areas across the country. The company's loan portfolio is largely concentrated in the southern states of Tamil Nadu and Andhra Pradesh, which together accounted for about 62% of its portfolio as on March 31, 2017.

During FY2017, the company reported a net profit of Rs.556 crore on a managed asset base of Rs. 24,576 crore compared with a reported net profit of Rs. 530 crore on a managed asset base of Rs. 21,238 crore during FY2016.

During Q1FY2018, the company achieved a net profit of Rs. 194 crore (unaudited) on a managed asset base of around Rs. 25,448 crore compared with a net profit of Rs. 182 crore on a managed asset base of around Rs. 21,673 crore during Q1FY2017.

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