

September 30, 2024

Citicorp Finance (India) Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term fund based – Others	1,832.00	2,132.00	[ICRA]AAA (Stable)/[ICRA]A1+; assigned/reaffirmed
Long-term fund-based term loan	2,000.00	2,000.00	[ICRA]AAA (Stable); reaffirmed
Long-term market linked debenture programme	996.37	996.37	PP-MLD[ICRA]AAA (Stable); reaffirmed
Long-term market linked debenture programme	105.40	0.00	PP-MLD[ICRA]AAA (Stable); reaffirmed and withdrawn
NCD programme	3,211.00	3,211.00	[ICRA]AAA (Stable); reaffirmed
Short-term debt (ICD)	2,000.00	2,000.00	[ICRA]A1+; reaffirmed
CP programme	4,000.00	4,000.00	[ICRA]A1+; reaffirmed
Total	14,144.77	14,339.37	

*Instrument details are provided in Annexure I; ICD – Intercorporate deposits; CP – Commercial paper

Rationale

The ratings for Citicorp Finance (India) Limited (CFIL) derive significant strength from its ultimate parentage in the form of Citibank NA (rated Aa3/Stable by Moody's Investors Service) and the operational synergies with the parent. The ratings consider the company's alignment with Citigroup's governance practices, robust risk management systems and standards, treasury platforms and liability structuring expertise. The ratings also factor in CFIL's strong capitalisation profile (net worth of Rs. 4,022 crore and gearing of 0.4 times as on March 31, 2024), diversified borrowing mix, good financial flexibility by virtue of its parentage, strong liquidity profile and comfortable asset quality indicators (nil gross non-performing advances (NPAs) as on March 31, 2024). ICRA notes that while the sale of the consumer finance business has led to a significant reduction in the size of its gross loan book, the company continues to offer loans through other institutional lending products. Further, the loan portfolio declined to Rs. 2,195 crore as on March 31, 2024 from Rs. 2,732 crore as on March 31, 2023 on account of large repayments and moderation in fresh disbursements.

ICRA believes that CFIL will remain strategically important to Citigroup, given the shared brand name and similar lines of business, and expects that support would be forthcoming, as and when required. The profitability indicators improved in FY2024 with a return on assets (RoA) of 3.0% compared with 1.4% in FY2023 on account of the higher net interest margin (NIM). Going forward, CFIL's ability to grow the business volumes in its focus segments and arrest fresh slippages, thus keeping a check on the credit costs, will have a bearing on its overall earnings profile.

The Stable outlook reflects ICRA's expectation that CFIL will continue to benefit from operational synergies and management oversight from its parent. It also indicates ICRA's expectation that the company will maintain a strong capitalisation and liquidity profile and support from the parent would be forthcoming as and when required.

ICRA has reaffirmed and withdrawn the ratings on the Rs. 105.40 crore long term market linked debenture programme and there is no amount outstanding against the rated instrument. The ratings have been withdrawn as per ICRA's policy on withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Strong parentage, enabling access to funding and managerial support – CFIL’s ratings are underpinned by the support from the ultimate parent, i.e. Citibank NA. Any dilution in support or a revision in the parent’s credit profile could warrant a change in the company’s ratings. The parentage has also supported CFIL’s financial flexibility, which has been able to borrow at competitive rates. Moreover, sanctioned but unutilised banking facilities of Rs. 1,832 crore from Citibank NA support CFIL’s liquidity profile. In addition to the financial flexibility enjoyed by CFIL as a part of the Group, the company benefits from the high level of operational synergies with its parent, which include common risk management systems and standards, treasury platforms and liability structuring expertise.

Strong capitalisation – CFIL’s capitalisation levels are good in relation to its current scale of operations. The company reported a net worth of Rs. 4,022 crore and a healthy capital adequacy ratio (capital-to-risk weighted assets ratio – CRAR) of 100.7% (Tier I – 100.4%) as on March 31, 2024. The gearing declined to 0.4 times as on March 31, 2024 from 1.0 times as on March 31, 2023 owing to the reduction in the loan book. In ICRA’s opinion, the company would be able to fund its targeted growth over the medium term, while maintaining prudent capitalisation levels without any external capital requirement. However, internal capital generation is likely to remain modest. At the same time, ICRA expects support from the parent to be forthcoming, if required.

Comfortable asset quality indicators – CFIL’s asset quality indicators were comfortable with nil gross stage 3 assets as on March 31, 2024. Delinquencies have been nil, post the sale of the consumer finance business, as the delinquent accounts were largely from the retail business. At the same time, the significant share of corporate loans in CFIL’s portfolio increases the portfolio vulnerability arising from higher concentration. The risk is somewhat mitigated by the better credit profile of the borrowers. ICRA expects that the company would be able to leverage Citigroup’s robust risk management systems and, hence, grow the portfolio while maintaining the underwriting standards. Going forward, CFIL’s ability to maintain the asset quality while growing its business volumes will remain a key monitorable.

Credit challenges

Moderate profitability – CFIL’s profitability indicators have been moderate in the past with a 5-year average (FY2019 to FY2023) return on assets (RoA) of 1.4% and net interest margin (NIM) of 2.9%. However, the profitability improved in FY2024 with the RoA at 3.0% on account of the improvement in the NIM to 4.0%. This was driven by the decline in leverage and higher investment income from the investment book. Further, the sale of the consumer finance business, along with the reduction in corresponding costs, led to some moderation in the operating costs and operating expenses in relation to average assets (1.1%) in FY2024. The operating ratio is expected to remain stable, going forward as well. In line with the past year, the credit cost has remained nil, supporting the overall profitability. Going forward, the company’s NIM could moderate with the increase in the leverage from the current level and the elevated systemic rates. Thus, further improvement in CFIL’s profitability indicators would be contingent on its ability to grow the business and hence improve its operating efficiencies and control fresh slippages to keep the credit costs under control.

Modest scale of operations – Citigroup’s exit from its consumer franchises in Indian market led to a reduction in CFIL’s total loan book from FY2023. Following the sale, the company continues to offer loans through institutional lending products. The loan portfolio declined further by 20% in FY2024 (loan portfolio of Rs. 2,195 crore as on March 31, 2024) from FY2023 on account of certain large repayments and moderation in disbursements. In addition to the loan book, the company has a trading book, which includes investments in high rated bonds and Government securities (G-Secs). In terms of the product mix, corporate loans would continue to dominate the portfolio mix and drive growth, going forward as well.

Liquidity position: Strong

CFIL's liquidity profile is strong. As on March 31, 2024, debt obligations over the next one year are Rs. 1,189 crore against which the company has cash and liquid investments of Rs. 764 crore and investments in G-secs worth Rs. 557 crore. Further inflows from loan advances of Rs. 1,100 crore during the same period support the overall liquidity profile. ICRA also notes that CFIL enjoys strong financial flexibility to mobilise long-term funding on the back of its parentage and access to high-net-worth individual (HNI) investors.

Rating sensitivities

Positive factors – Not applicable

Negative factors – CFIL's ratings are underpinned by the support from the ultimate parent, Citibank NA, and any significant dilution in the expectation of support or a significant deterioration in the credit profile of the parent could warrant a rating downgrade. Pressure on the ratings could emerge on the sustained weakening of the capitalisation profile and/or weakening of the asset quality, leading to a deterioration in the solvency level, on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies ICRA's Policy for withdrawal of credit ratings
Parent /Group support	Ultimate Parent/Investor: Citibank NA The ratings derive significant strength from the company's ultimate parentage in the form of Citibank NA. CFIL also enjoys a high level of operational synergies with its parent, with access to senior management guidance, robust risk management systems and standards, treasury platforms and liability structuring expertise. ICRA expects liquidity support from the parent to be forthcoming, if required.
Consolidation/Standalone	Standalone

About the company

Citicorp Finance (India) Limited (CFIL) is registered as a non-banking financial company (NBFC) with the Reserve Bank of India and is ultimately owned by Citigroup Inc. Following Citigroup's announcement in April 2021 regarding its strategy review and its decision to focus on the Institutional Clients Group (ICG) business vertical and the subsequent announcement regarding the sale of the consumer business by CFIL to Axis Bank in March 2022, CFIL completed the transfer of the consumer finance business on March 1, 2023. Going forward, the company will be focusing on institutional lending, commercial real estate, and the strategic equity portfolio (loan against shares; LAS). As on March 31, 2024, the total loan book portfolio stands at ~Rs 2195 crore, comprising of LAS portfolio of ~Rs 650 crore, corporate loans of Rs 1,484 crore and CRE of Rs. 61 crore.

CFIL reported a net profit of Rs. 198 crore on total income of Rs. 462 crore in FY2024 compared with Rs. 124 crore and Rs. 387 crore, respectively, in FY2023. As on March 31, 2024, the net worth was Rs. 4,022 crore and the total assets stood at Rs. 5,509 crore.

Key financial indicators (audited)

Particulars	FY2023	FY2024
Total income	387 [^]	462
Profit after tax	124	198
Total managed assets	7,750	5,509
Return on managed assets	1.4%	3.0%
Gearing (times)	1.0	0.4
Gross stage 3	0.0%	0.0%
CRAR	69.1%	100.7%

Source: Company, ICRA Research; Amount in Rs. crore; All calculations as per ICRA Research; [^] Total income for continuing operations only; total income including discontinued operations: FY2023 = Rs. 663 crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount Rated (Rs Crore)	Current (FY2025)			Chronology of rating history for the past 3 years					
			Sep 30, 2024	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term market linked debenture programme	Long Term	996.37	PP-MLD [ICRA]AAA (Stable)	Aug 19, 2024	PP-MLD [ICRA]AAA (Stable)	Jan 12, 2024	PP-MLD [ICRA]AAA (Stable)	Mar 13, 2023	PP-MLD [ICRA]AAA (Stable)	Mar 08, 2022	PP-MLD [ICRA]AAA (Stable)
			-	-	-	May 16, 2023	PP-MLD [ICRA]AAA (Stable)	Jan 04, 2023	PP-MLD [ICRA]AAA (Stable)	Dec 28, 2021	PP-MLD [ICRA]AAA (Stable)
			-	-	-	-	-	Sep 15, 2022	PP-MLD [ICRA]AAA (Stable)	May 05, 2021	PP-MLD [ICRA]AAA (Stable)
NCD programme	Long Term	3,211.00	[ICRA]AAA (Stable)	Aug 19, 2024	[ICRA]AAA (Stable)	Jan 12, 2024	[ICRA]AAA (Stable)	Mar 13, 2023	[ICRA]AAA (Stable)	Mar 08, 2022	[ICRA]AAA (Stable)
			-	-	-	May 16, 2023	[ICRA]AAA (Stable)	Jan 04, 2023	[ICRA]AAA (Stable)	Dec 28, 2021	[ICRA]AAA (Stable)
			-	-	-	-	-	Sep 15, 2022	[ICRA]AAA (Stable)	May 05, 2021	[ICRA]AAA (Stable)
Short-term debt (ICD)	Short-term	2,000.00	[ICRA]AAA (Stable)	Aug 19, 2024	[ICRA]AAA (Stable)	Jan 12, 2024	[ICRA]AAA (Stable)	Mar 13, 2023	[ICRA]AAA (Stable)	Mar 08, 2022	[ICRA]AAA (Stable)
			-	-	-	May 16, 2023	[ICRA]AAA (Stable)	Jan 04, 2023	[ICRA]AAA (Stable)	Dec 28, 2021	[ICRA]AAA (Stable)
			-	-	-	-	-	Sep 15, 2022	[ICRA]AAA (Stable)	May 05, 2021	[ICRA]AAA (Stable)
CP programme	Short-term	4,000.00	[ICRA]A1+	Aug 19, 2024	[ICRA]A1+	Jan 12, 2024	[ICRA]A1+	Mar 13, 2023	[ICRA]A1+	Mar 08, 2022	[ICRA]A1+
			-	-	-	May 16, 2023	[ICRA]A1+	Jan 04, 2023	[ICRA]A1+	Dec 28, 2021	[ICRA]A1+
			-	-	-	-	-	Sep 15, 2022	[ICRA]A1+	May 05, 2021	[ICRA]A1+
Long-term fund-based term loan	Long Term	2,000.00	[ICRA]AAA (Stable)	Aug 19, 2024	[ICRA]AAA (Stable)	Jan 12, 2024	[ICRA]AAA (Stable)	Mar 13, 2023	[ICRA]AAA (Stable)	Mar 08, 2022	[ICRA]AAA (Stable)
			-	-	-	May 16, 2023	[ICRA]AAA (Stable)	Jan 04, 2023	[ICRA]AAA (Stable)	Dec 28, 2021	[ICRA]AAA (Stable)
			-	-	-	-	-	Sep 15, 2022	[ICRA]AAA (Stable)	May 05, 2021	[ICRA]AAA (Stable)
Long-term/Short-term fund-	Long Term/	2,132.00	[ICRA]AAA (Stable)/[ICRA]A1+	Aug 19, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	Jan 12, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	Mar 13, 2023	-	Mar 08, 2022	-

Instrument	Type	Current (FY2025)			Chronology of rating history for the past 3 years							
		Amount Rated (Rs Crore)	Sep 30, 2024	FY2025		FY2024		FY2023		FY2022		
				Date	Rating	Date	Rating	Date	Rating	Date	Rating	
based bank lines	Short-term			-		May 16, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+	Jan 04, 2023	-	Dec 28, 2021	-	
				-		-	-	Sep 15, 2022	-	May 05, 2021	-	

LT – Long term, ST – Short term

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term market linked debenture programme	Complex
NCD programme	Simple
Short-term debt (ICD)	Very Simple
CP programme	Very Simple
Long-term fund-based term loan	Simple
Long-term/Short-term fund based – Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details as on September 30, 2024

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE915D07O17	MLD	Mar-30-2021	NIFTY 50 Linked	Mar-30-2028	32.34	PP-MLD [ICRA]AAA (Stable)
INE915D07O90	MLD	Sep-29-2022	NIFTY 50 Linked	Sep-28-2029	60.50	PP-MLD [ICRA]AAA (Stable)
INE915D07P16	MLD	Nov-16-2022	NIFTY 50 Linked	Nov-16-2029	27.10	PP-MLD [ICRA]AAA (Stable)
INE915D07P24	MLD	Nov-28-2022	NIFTY 50 Linked	Nov-28-2029	55.90	PP-MLD [ICRA]AAA (Stable)
INE915D07P40	MLD	Jan-30-2023	NIFTY 50 Linked	Jan-30-2030	9.00	PP-MLD [ICRA]AAA (Stable)
INE915D07P65	MLD	Oct-17-2023	NIFTY 50 Linked	Oct-13-2028	61.50	PP-MLD [ICRA]AAA (Stable)
INE915D07P73	MLD	Sep-23-2024	NIFTY 50 Linked	Dec-23-2026	34.20	PP-MLD [ICRA]AAA (Stable)
INE915D07N42	MLD	Nov-26-2020	NIFTY 50 linked	Nov-26-2027	14.60	PP-MLD [ICRA]AAA (Stable); withdrawn
INE915D07N75	MLD	Jan-29-2021	NIFTY 50 linked	Jan-31-2028	45.60	PP-MLD [ICRA]AAA (Stable); withdrawn
INE915D07O66	MLD	Mar-30-2022	Nifty 100 Enhanced ESG index	Mar-30-2026	45.20	PP-MLD [ICRA]AAA (Stable); withdrawn
INE915D08CV2	NCD	Mar-14-2024	Floating NCD	Jun-11-2026	100.00	[ICRA]AAA (Stable)
INE915D08CX8	NCD	Jun-26-2024	Floating NCD	Jul-29-2026	500.00	[ICRA]AAA (Stable)
Yet to be placed	MLD	NA	NA	NA	715.83	PP-MLD [ICRA]AAA (Stable)
Yet to be placed	NCD	NA	NA	NA	2,611.00	[ICRA]AAA (Stable)
Yet to be placed	CP	NA	NA	NA	4,000.00	[ICRA]A1+
Unallocated	Short-term debt programme (ICD)	NA	NA	7-365 days	2,000.00	[ICRA]A1+
NA	Long term fund-based term loan	NA	NA	NA	2,000.00	[ICRA]AAA (Stable)
NA	Long-term/Short-term fund based	NA	NA	NA	1,832.00	[ICRA]AAA (Stable)/[ICRA]A1+
NA	Long-term/Short-term fund based	NA	NA	NA	300.00*	[ICRA]AAA (Stable)/[ICRA]A1+

Source: CFIL; * Dropline Overdraft facility

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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