

March 28, 2025

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
NCD programme	0.00	2,800.00	[ICRA]AAA (Stable); assigned
Long-term/Short-term fund based – Bank facilities	2,132.00	2,132.00	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed
Long-term fund-based term loan	2,000.00	2,000.00	[ICRA]AAA (Stable); reaffirmed
Long-term market linked debenture programme	899.13	899.13	PP-MLD[ICRA]AAA (Stable); reaffirmed
Long-term market linked debenture programme	97.24	0.00	PP-MLD[ICRA]AAA (Stable); reaffirmed and withdrawn
NCD programme	3,211.00	3,211.00	[ICRA]AAA (Stable); reaffirmed
Intercompany deposit (ICD)	2,000.00	3,000.00	[ICRA]A1+; assigned/reaffirmed
CP programme	4,000.00	4,000.00	[ICRA]A1+; reaffirmed
Total	14,339.37	18,042.13	

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

Rationale

The ratings for Citicorp Finance (India) Limited (CFIL) derive significant strength from its ultimate parent – Citibank NA¹ (Citibank; rated Aa3/Stable by Moody's Investors Service), as well as its operational synergies with the ultimate parent. The ratings factor in the company's alignment with Citigroup's governance practices, robust risk management systems and standards, treasury platforms and liability structuring expertise. The ratings also consider CFIL's strong capitalisation profile (net worth of Rs. 4,204 crore and gearing of 0.5 times as on December 31, 2024), diversified borrowing mix, good financial flexibility by virtue of its parentage, its strong liquidity profile and comfortable asset quality indicators (nil gross non-performing advances (NPAs) as on December 31, 2024).

ICRA notes that while the sale of the consumer finance business led to a significant reduction in the size of CFIL's gross loan book in FY2024, it continues to offer loans through other institutional lending products and has grown its loan book through various new and existing clients in 9M FY2025. The gross loan book increased to Rs. 3,408 crore as on December 31, 2024 from Rs. 2,236 crore as on March 31, 2024. 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 9M FY2025 with a return on assets (RoA) of 4.9% compared with 3.0% in FY2024 as the low leverage led to an improvement in the net interest margin (NIM). Going forward, CFIL's ability to grow the business volumes in its focus segments and keep fresh slippages and credit costs under control shall be key for its earnings profile.

The Stable outlook reflects ICRA's expectation that CFIL will continue to benefit from operational synergies and management oversight from its ultimate 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.

¹ Largely held by a wholly-owned subsidiary of Citibank COIC and through COIC's other subsidiaries – YIC/Associates FS LLC

ICRA has reaffirmed and withdrawn the rating for the Rs. 97.24-crore long-term market linked debenture programme with no amount outstanding against the same. The rating has been withdrawn as per ICRA's policy on the 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. Any dilution in the support or a revision in Citibank's credit profile could warrant a change in CFIL's ratings. The parentage has also supported the company's financial flexibility and it has been able to borrow at competitive rates. Additionally, sanctioned but unutilised banking facilities from Citibank of Rs. 1,832 crore support CFIL's liquidity profile. In addition to the financial flexibility enjoyed by CFIL by virtue of being a part of the Group, it 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 strong in relation to its current scale of operations. The company reported a capital adequacy ratio (capital-to-risk weighted assets ratio – CRAR) of 74% (Tier I – 73.7%) as on December 31, 2024. The gearing increased slightly to 0.5 times as on December 31, 2024 from 0.4 times as on March 31, 2024 as business growth is being funded from incremental borrowings. ICRA notes that there has been significant dividend outflow in the current fiscal year as a part of capital optimisation for the current business growth expectations. Nevertheless, CFIL continues to have strong capitalisation levels for the current scale of operations. In ICRA's opinion, the company would be able to fund its targeted growth while maintaining prudent capitalisation levels without any external capital requirement. 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 December 31, 2024. Delinquencies have been nil, following the sale of the consumer finance business, as the delinquent accounts in the past 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 loan concentration risk. This risk is partially mitigated by the better credit profile of the borrowers in this category. 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) RoA of 1.6%, NIM of 3.0% and gearing of 1.2 times. However, the profitability improved in 9M FY2025 with the RoA at 4.9% on account of the higher NIM of 5.0%. This was driven by the decline in the leverage and the increase in the yields. 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 (1.0%) in 9M FY2025. The operating ratio is expected to remain stable, going forward as well. In line with the past year, the credit cost has remained nil in the corporate book, supporting the overall profitability. Going forward, the NIM could moderate with the increase in the leverage from the current level with the growth in the loan book.

Modest scale of operations – Following the sale of the personal loan book, asset-backed finance and a part of the mortgage loan portfolio to Axis Bank, CFIL witnessed a 60% YoY decline in the loan book in FY2023. The company continues to offer loans through institutional lending products. The gross loan book increased by 70% on an annualised basis to Rs. 3,408 crore in 9M FY2025 (Rs. 2,236 crore as on March 31, 2024) on account of incremental disbursements to various new and existing corporate clients. In addition to the loan book, the company has a trading book, which includes investments in high rated corporate

bonds and Government securities (G-Secs). CFIL is expected to increase its disbursements and grow its loan book, going forward, with focus on institutional lending products.

Liquidity position: Strong

CFIL's liquidity profile is strong. As per the latest asset-liability maturity (ALM) statement, there are positive cumulative mismatches across all buckets. As on February 28, 2025, debt obligations over the next six months stood at Rs. 2,475 crore against which the company had cash and bank balances of Rs. 323 crore and liquid investments worth Rs. 385 crore. Further inflows from advances of Rs. 1,132 crore are expected over the next six months. Additionally, liquid investments of Rs. 815 crore will be maturing in the next six months to one year. ICRA also notes that CFIL enjoys strong financial flexibility by virtue of its parentage and access to high-net-worth individual (HNI) investors. The company's funding mix is diversified with ~54% of the borrowings in the form of non-convertible debentures (NCDs), 38% in the form of intercorporate deposits (ICDs) and about 8% in the form of market linked debentures as on December 31, 2024.

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. CFIL also enjoys a high level of operational synergies with its ultimate 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 December 31, 2024, the total portfolio stood at ~Rs 3,361 crore, comprising LAS of Rs. 783 crore and corporate loans of Rs. 2,578 crore.

CFIL reported a net profit of Rs. 218 crore on total income of Rs. 449 crore in 9M FY2025 compared with a net profit of Rs. 198 crore on total income of Rs. 462 crore in FY2024. As on December 31, 2024, the company's net worth was Rs. 4,204 crore and its total assets stood at Rs. 6,338.3 crore.

Key financial indicators (audited)

CFIL	FY2023	FY2024	9M FY2025*
Total income	387^	462	449
Profit after tax	124	198	218
Total managed assets	7,750	5,509	6,365
Return on managed assets	1.4%	3.0%	4.9%
Gearing (times)	1.0	0.4	0.5
Gross stage 3	0.0%	0.0%	0.0%
CRAR	69.1%	100.7%	74%

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; * Unaudited

Status of non-cooperation with previous CRA: Not applicable
Any other information: None
Rating history for past three years

Instrument	Type	Current (FY2025)				Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Mar 28, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term market linked debenture programme	Long term	899.13	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)
			-	Sep 30, 2024	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)
			-	Sep 30, 2024	[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)
NCD programme	Long term	2,800.00	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-
Short-term debt (ICD)	Short term	2,000.00	[ICRA]A1+	Aug 19, 2024	[ICRA]A1+	Jan 12, 2024	[ICRA]A1+	Mar 13, 2023	[ICRA]A1+	Mar 08, 2022	[ICRA]A1+
			-	Sep 30, 2024	[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+
Short-term debt (ICD)	Short term	1,000.00	[ICRA]A1+	-	-	-	-	-	-	-	-

Instrument	Type	Amount rated (Rs. crore)	Current (FY2025)		Chronology of rating history for the past 3 years						
			Mar 28, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
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+
			-	Sep 30, 2024	[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)
			-	Sep 30, 2024	[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-based bank lines	Long term/Short 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	-
			-	Sep 30, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	May 16, 2023	[ICRA]AAA (Stable)/[ICRA]A1+	Jan 04, 2023	-	Dec 28, 2021	-
			-	-	-	-	-	Sep 15, 2022	-	May 05, 2021	-

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 March 28, 2025

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
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)
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)
INE915D07P99	MLD	Mar-17-2025	NIFTY 50 linked	Sep-17-2027	150.00	PP-MLD [ICRA]AAA (Stable)
INE915D07P24	MLD	Nov-28-2022	NIFTY 50 linked	Nov-28-2029	55.90	PP-MLD [ICRA]AAA (Stable); withdrawn
INE915D07P40	MLD	Jan-30-2023	NIFTY 50 linked	Jan-30-2030	9.00	PP-MLD [ICRA]AAA (Stable); withdrawn
INE915D07O17	MLD	Mar-30-2021	NIFTY 50 linked	Mar-30-2028	32.34	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)
INE915D08CY6	NCD	Nov-07-2024	Floating NCD	Dec-09-2026	500.00	[ICRA]AAA (Stable)
INE915D08CZ3	NCD	Feb-13-2025	Floating NCD	Mar-16-2027	900.00	[ICRA]AAA (Stable)
Yet to be placed	MLD	NA	NA	NA	565.83	PP-MLD [ICRA]AAA (Stable)
Yet to be placed	NCD	NA	NA	NA	4,011.00	[ICRA]AAA (Stable)
Yet to be placed	CP	NA	NA	NA	4,000.00	[ICRA]A1+
Unallocated	Intercorporate deposits (ICD)	NA	NA	7-365 days	3,000.00	[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	2,132.00	[ICRA]AAA (Stable)/[ICRA]A1+

Source: CFIL

[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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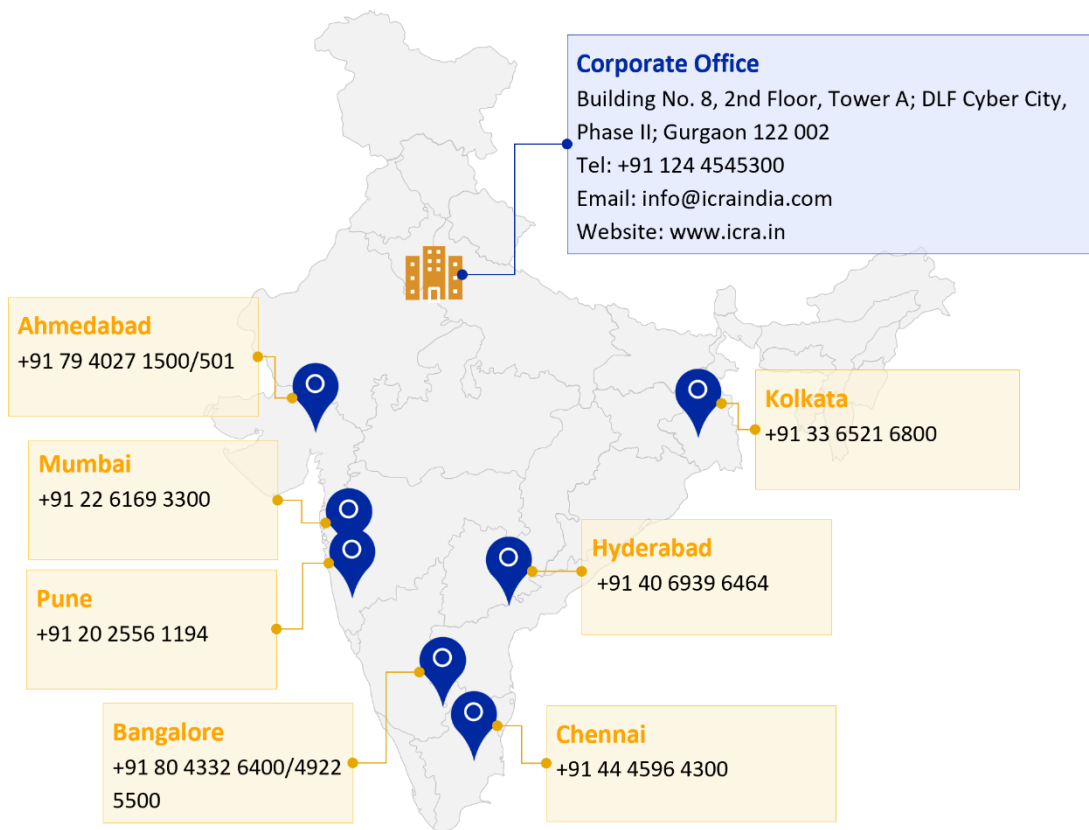
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