

May 26, 2026

## IDFC FIRST Bank Limited: Ratings reaffirmed for PTCs issued under two-wheeler loan securitisation transaction

### Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated Amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Bharat 2025 Series I	Series A1 PTC	531.26	531.26	170.08	[ICRA]AAA(SO); reaffirmed
	Series A2 PTC	29.51	29.51	29.51	[ICRA]AA+(SO); reaffirmed
	Series A3 PTC	29.51	29.51	29.51	[ICRA]A(SO); reaffirmed

\*Instrument details are provided in Annexure II

### Rationale

The pass-through certificates (PTCs) are backed by a pool of two-wheeler loan receivables originated by IDFC FIRST Bank Limited {IDFC FIRST / Originator, rated [ICRA]AA+ (Stable)}. IDFC FIRST is also the servicer of the rated transaction. The ratings actions factor in the build-up of the credit enhancement cover on account of high amortisation and healthy pool performance. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably below the actual collection level observed in the pools till the April 2026 payout month.

### Pool performance summary

Parameter	Bharat 2025 Series I
Payout month	April 2026
Months post securitisation	12
Pool amortisation	61.2%
PTC amortisation	
Series A1 PTC	68.0%
Series A2 PTC	0.0%
Series A3 PTC	0.0%
Cumulative collection efficiency <sup>1</sup>	97.8%
Cumulative prepayment rate	2.8%
Loss-cum-90+ days past due <sup>2</sup> (dpd; % of initial pool)	1.7%
Loss-cum-180+ dpd <sup>3</sup> (% of initial pool)	0.9%
Cumulative cash collateral (CC) utilisation	0.0%
CC (% of balance pool)	12.9%
EIS for Series A1 PTC: (Excess Interest Spread; % of balance pool) <sup>4</sup>	8.3%
Subordination for Series A1 PTC: (EIS; % of balance pool) <sup>5</sup>	25.8%

<sup>1</sup> Cumulative current and overdue collections till date / Cumulative billings till date

<sup>2</sup> Inclusive of Unbilled and Overdue principal portion of contracts delinquent for more than 90 dpd, as a % of Initial pool principal

<sup>3</sup> Inclusive of Unbilled and Overdue principal portion of contracts delinquent for more than 180 dpd, as a % of Initial pool principal

<sup>4</sup> (Future Pool interest – Future PTC interest) / Pool principal outstanding

<sup>5</sup> (Future Pool principal – Future PTC principal) / Pool principal outstanding

## Transaction structure

The transaction has a three-tranche structure, wherein Series A1, A2 and A3 PTCs will be equivalent to 90%, 5% and 5% of the initial pool principal, respectively. Payouts to Series A3 PTC will be subordinated to Series A2 PTC while payouts to Series A2 PTC will be subordinated to Series A1 PTC.

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout firstly to Series A1, followed by A2 and then A3 PTC. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) to Series A1 PTC, followed by Series A2 PTC (after Series A1 PTC are fully paid off) and lastly Series A3 PTC (after Series A2 PTC are fully paid off). Further, the cash collateral (CC) can be utilised in case of a shortfall in any month for the payment of the promised interest payout to Series A1, A2 and A3 PTC and for the expected principal payout to Series A1 PTC (up to 90% of the billed principal). The principal is promised on the final maturity date for all three tranches. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal, followed by Series A2 PTC (after Series A1 PTC are fully paid off) and lastly Series A3 PTC (after Series A2 PTC are fully paid off).

## Key rating drivers and their description

### Credit strengths

**Adequate servicing capability of IDFC** - The originator has adequate processes for servicing the loan accounts in the securitised pool. It has a long track record of regular collections and recoveries across a wide geography and multiple economic cycles.

**Build-up of credit enhancement available in the structure** – The rating factors in the build-up in the credit enhancement as on April 2026 payout month, with the cash collateral (CC) increasing to ~13% of the balance pool principal from 5% at time of securitisation alongwith subordination for Series A1 PTC and Series A2 PTC has increased to ~26% and ~13% from 10% and 5% respectively, at the time of the securitisation. Further, there have been no instances of CC utilisation till date owing to the strong collection performance and the presence of subordination and EIS in the transaction.

**Healthy pool performance** – The pool's performance has been healthy with a cumulative collection efficiency of ~98% till the April 2026 payout month, which has resulted in low delinquencies with the 90+ days past due (dpd) at 2.5%. The breakeven collection efficiency is also low compared to the collection efficiency observed in the pool.

### Credit challenges

**High geographical concentration** – The pool has high geographical concentration with the top 3 states, viz. Uttar Pradesh, West Bengal and Maharashtra, contributing ~39% to the balance pool principal amount. Its performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

**Risks associated with lending business** – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

## Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 2.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4% to 9% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

## Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Bharat 2025 Series I
Originator	IDFC FIRST Bank Limited
Servicer	IDFC FIRST Bank Limited
Trustee	IDBI Trusteeship Services Limited
CC holding Bank	Axis Bank
Collection and payout account Bank	Citibank N.A.

## Liquidity position

### Superior for Series A1 PTC

The liquidity for Series A1 PTC is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~7.25 times the estimated loss in the pool.

### Strong for Series A2 PTC

The liquidity for Series A1 PTC is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5 times the estimated loss in the pool.

### Adequate for Series A3 PTC

The liquidity for Series A1 PTC is adequate after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~2.50 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors for Series A1 PTC** – Not applicable

**Positive factors for Series A2 and A3 PTCs** – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

**Negative factors** – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the ratings.

## Analytical approach

The rating action is based on the performance of the pool till April 2026 (payout month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Securitisation Transactions</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

## About the originator

IDFC Bank Limited was set up after IDFC Limited received a banking licence from the Reserve Bank of India (RBI) in 2014. IDFC Limited's infrastructure assets and liabilities were demerged into IDFC Bank Limited. Apart from the Government of India (GoI), the leading shareholders of IDFC Limited included foreign financial institutions involved in infrastructure development worldwide. IDFC Limited was classified as an infrastructure finance company by the RBI in June 2010. It was granted in-principle approval by the RBI in April 2014 for undertaking banking business in India. IDFC Bank Limited started operations on October 1, 2015, after receiving the final licence from the RBI in July 2015.

Capital FIRST Limited, a non-deposit taking, systemically important, non-banking financial company (NBFC-ND-SI) registered with the RBI, was founded in 2012 by Mr. Vaidyanathan through a management buyout of an existing listed NBFC. The company specialised in providing finance to Indian consumers in the form of home loans and other consumption loans and to small businesses for working capital, business expansion, plant and machinery purchase, office automation and other such purposes. Following the receipt of approval from the National Company Law Tribunal (NCLT) for the merger of Capital FIRST Limited and its two subsidiaries with IDFC Bank Limited, which became effective on December 18, 2018, the merged entity was named IDFC FIRST Bank Limited.

### Key financial indicators

IDFC FIRST Bank Limited (standalone)	FY2024	FY2025	FY2026
Total income	22,245	25,968	28,874
Profit after tax	2,957	1,525	1,636
Total assets (Rs. lakh crore)	3.0	3.4	4.0
Gross NPAs	1.9%	1.9%	1.6%
CRAR	16.1%	15.5%	15.6%

Source: IDFC FIRST Bank Limited, ICRA Research;

Total income = Net interest income + Non-interest income; Amount in Rs. crore unless mentioned otherwise

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

### Rating history for past three years

Trust name	Instrument	Current rating (FY2027)		Chronology of rating history for the past 3 years			
		Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				May 26, 2026	May 07, 2025	March 19, 2025	-
Bharat 2025 Series I	Series A1 PTC	531.26	170.08	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	-
	Series A2 PTC	29.51	29.51	[ICRA]AA+(SO)	[ICRA]AA+(SO)	[ICRA]AA+(SO)	-
	Series A3 PTC	29.51	29.51	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A(SO)	-

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator

		such as IRDAI, PFRDA (%)
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(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure :** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

### Complexity level of the rated instrument

Trust	Instrument	Complexity indicator
Bharat 2025 Series I	Series A1 PTC	Highly Complex
	Series A2 PTC	Highly complex
	Series A3 PTC	Highly complex

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 II: Instrument details**

ISIN	Trust name	Instrument type	Date of issuance / sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
NA	Bharat 2025 Series I	Series A1 PTC	March 25, 2025	8.20%	March 15, 2029	170.08	[ICRA]AAA(SO)
		Series A2 PTC		8.75%		29.51	[ICRA]AA+(SO)
		Series A3 PTC		9.25%		29.51	[ICRA]A(SO)

Source: Company

**Annexure III: List of entities considered for consolidated analysis**

Not applicable

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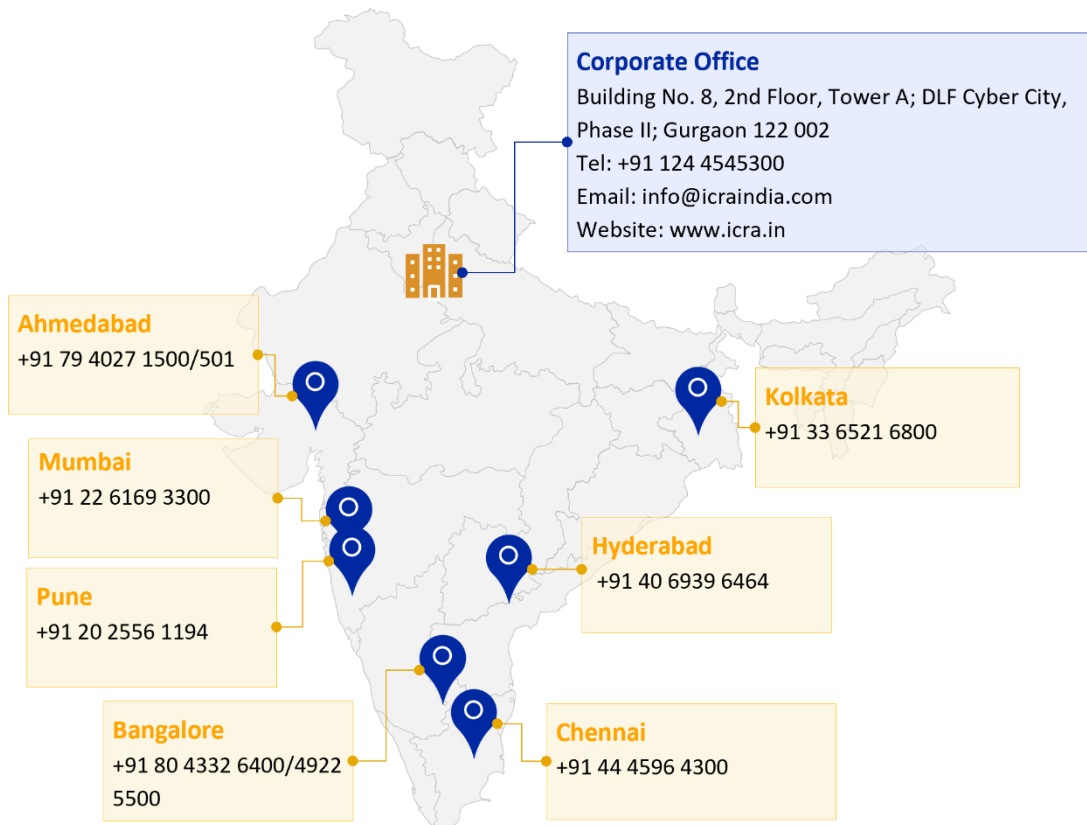
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