

IDFC Infrastructure Finance Limited ^{Revised}

November 23, 2018

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture programme	5,700	5,700	[ICRA]AAA(stable); outstanding
Commercial paper programme	600	600	[ICRA]A1+; outstanding
Total	6,300	6,300	

For the last rating rationale for IDFC Infrastructure Finance Limited, please click [here](#).

Update

On October 31, 2018, IDFC Limited announced the entering into a definitive agreement with National Investment and Infrastructure Fund II (“NIIF II”) for selling its majority stake in IDFC Infrastructure Finance Limited (IDFC IFL) to NIIF. IDFC Limited currently holds 81.48% in IDFC IFL as on September 30, 2018. The transaction is subject to regulatory approvals.

ICRA has taken note of the announcement. With the strong financial flexibility of NIIF with Government of India being the anchor with 49% stake, ICRA expects timely capital and liquidity support to IDFC IFL to enable the company to scale up its operations. ICRA would continue to monitor the developments and take appropriate rating action, if required, upon receiving further clarity on the transaction and business plans of the entity.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[ICRA’s Credit Rating Methodology for Non-Banking Finance Companies](#)

About the company:

IDFC IFL is an infrastructure debt fund (IDF) set up in March 2014, under the non-banking finance company structure, by IDFC Limited. Equity share capital of Rs. 440 crore is held by IDFC Financial Holding Company Limited (IDFC FHC), which is a 100% subsidiary of IDFC Limited. In March 2016, the company received additional equity of Rs. 100 crore from Housing Development Finance Corporation (HDFC) Limited and SBI Life Insurance Company Limited, resulting in partial dilution of IDFC FHC’s stake to 81.48%. As on March 31, 2018, IDFC FHC held 81.48%, followed by HDFC Limited (11.11%) and SBI Life Insurance Company Limited (7.41%).

During FY2018, the company reported a net profit of Rs. 86.49 crore on a total income base of Rs. 336.52 crore vis-à-vis a net profit of Rs. 70.84 crore on a total income base of Rs. 206.93 crore in FY2017. The company’s net worth stood at Rs. 738.86 crore as on March 31, 2018. The company’s gearing¹ was 5.03x with a portfolio size of Rs. 4,220 crore as on March 31, 2018 (3.33x as on March 31, 2017 with a portfolio of Rs. 2,683 crore).

¹ Debt equity ratio

The net worth of IDFC IFL as on September 30, 2018 is ~Rs. 790 crore (Rs 777.8 crores IND AS). The loan book of IDFC IFL increased to Rs. 4,521 (crore on September 30, 2018 from Rs. 4,220 crore on March 31, 2018). The asset quality remains strong with Nil NPAs and a strong capital adequacy of 23% (22.2% IND AS).

About NIIF:

NIIF is sponsored by GoI to catalyse funding into the country's infrastructure sector. NIIF has three funds, each of which are registered with SEBI as Category II AIFs. NIIF's investment objective is to generate attractive long-term risk-adjusted returns for its investors on a sustainable basis. GoI's aggregate contribution to NIIF is Rs. 20,000 crore and it is proposed that a similar amount will be raised from third party investors such that GoI contribution will be 49% of NIIF. NIIF has also received commitment from certain domestic and international institutions including Abu Dhabi Investment Authority (ADIA) and Temasek.

More details about NIIF are available at www.niifindia.in

Key financial indicators (Audited) (Indian GAAP)

	FY2017	FY2018
Net interest income	67	92
Profit before tax	71	86
Profit after tax	71	86
Portfolio	2,683	4,220
Total assets	2,837	4,475
% Tier 1	28.49%	21.61%
% CRAR	28.96%	22.10%
Gearing	3.33	5.03
% Net profit/Average total assets	3.33%	2.37%
% Return on net worth	11.48%	12.43%
% Gross NPAs	0%	0%
% Net NPAs	0%	0%

Amount in Rs. crore

Source: IDFC IFL, ICRA research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Corrigendum

Rationale dated November 23, 2018 has been revised with changes as below:

The caption on the website for the press release has been changed from "IDFC Infrastructure Finance Limited: Update on Material Event" to "Update on IDFC Infrastructure Finance Limited."

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