Capital First Limited

January 09, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper programme	6,000.00	6,000.00	[ICRA]A1+; withdrawn
Total	**6,000.00**	**6,000.00**	

Rationale

The short-term rating [ICRA]A1+ (pronounced ICRA A one plus) outstanding on Rs. 6,000 crore commercial paper (CP) programme of Capital First Limited (CFL) has been withdrawn following the merger of CFL and its two subsidiaries namely Capital First Home Finance Limited (CFHFL) and Capital First Securities Limited (CFSL) with IDFC Bank Limited (IDFCBK). The rating has been withdrawn in accordance with ICRA's policy on withdrawal and suspension. The above mentioned CP programme is currently outstanding and has been transferred to the merged entity.

Outlook: Not Applicable

Key rating drivers

Key Rating drivers has not been captured as the rated instrument is being withdrawn.

Liquidity position

Not applicable since the rating has been withdrawn following the merger of CFL with IDFCBK. The debt outstanding on the erstwhile CFL and CFHFL, including the rated facility (commercial paper), have been transferred to the merged entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation / Standalone	The rating is based on consolidated financial statements of Capital First Limited

About the company

Capital First Limited is a non-deposit taking, systemically important, non-banking financial company (NBFC-ND-SI) registered with the Reserve Bank of India. The company is engaged in retail funding and provides debt capital to consumers, self-employed professionals and MSMEs in India. Capital First is listed on both the National Stock Exchange and the Bombay Stock Exchange. Capital First was founded in FY2013 through a management buyout of an existing listed NBFC led by Mr. V. Vaidyanathan and backed by Warburg Pincus. During the change in ownership, the company reconstituted its board, started new business lines, and created a new brand and entity called Capital First. The company provides financing to Indian consumers for home loans, other consumption loans and to small businesses for working capital, business expansion, plant and machinery purchase, office automation and other such purposes. Capital First Limited along with the two subsidiaries namely Capital First Home Finance Limited (CFHFL) and Capital First Securities Limited (CFSL) has completed its merger with IDFC Bank Limited (IDFCBK) with effect from December 18, 2018.

Key Financial Indicators

	FY2017	FY2018	H1 FY2019
Net Operating Income	1,568	2,239	1,270
Profit after tax	239	327	206
Net-worth	2,304	2618	2,928
Loan Book (AUM)	19,936	27,273	32,377
Total assets	17,655	26,168	29,536
Return on assets	1.48%	1.49%	1.48%
Return on equity	11.92%	13.31%	14.86%
Gross NPA	0.94%#	1.64%*	1.91%*
Net NPA	0.29%#	0.98%*	0.91%*
Capital adequacy ratio	20.34%	15.88%	15.75%
Gearing	6.19	8.43	8.56

Note: All numbers are on consolidated basis; Amounts in Rs. Crore

 # 120 days past due NPA recognition

** 90 days past due NPA recognition*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019) Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Jan-19	Chronology of Rating History for the past 3 years FY2019 Nov-18	FY2019 Sep-18	FY2019 Jul-18	FY2018 Jan-18	FY2018 Jan-18	FY2018 Oct-17	FY2018 Jul-17	FY2017 -	FY2016 -
1	Commercial Paper Programme	Short term	6000	-	[ICRA] A1+; withdrawn	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	[ICRA] A1+	-	-

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

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Commercial paper	-	-	-	6000	[ICRA]A1+; withdrawn

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Capital First Home Finance Limited	100.00%	Full Consolidation
Capital First Securities Limited	100.00%	Full Consolidation
Capital First Commodities Limited	100.00%	Full Consolidation

Source – Company

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in

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