IDFC First Bank Limited (Revised)

January 07, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]
Long Term Long Term Instruments	4,696.98	CARE AA; Stable (Double A; Outlook: Stable)
Total Long Term Instruments	**4,696.98 (Rs. Four Thousand Six Hundred Ninety-Six Crore and Ninety-Eight Lakhs Only)**	

Details of instruments in Annexure-1

Material Event Update

IDFC First Bank Limited (IDFC First), vide its announcement to stock exchanges on December 30, 2021, informed that the Board of Directors of the Bank, 'has considered the proposal for merger of 'IDFC Limited' and 'IDFC Financial Holding Company Limited (IDFC FHCL)' with 'IDFC First' and have expressed that they are, in-principle, in favour of the above merger, subject to the approval of the Board of Directors, shareholders, creditors, statutory and regulatory approvals of the respective entities. The Board has constituted and authorized a committee namely 'Capital Raise and Corporate Restructuring Committee', to work on the terms of proposed merger including finalizing the scheme, valuation, hiring advisors etc. as required.
The board of the bank has considered the possible merger, following the letter dated October 25, 2021 regarding 'Unlocking Value for IDFC Ltd. shareholders' from IDFC Limited to the bank on considering the possible merger.

IDFC Limited which is registered as a NBFC with RBI is the promoter of IDFC First and is currently holding shares in the bank through its wholly owned subsidiary, IDFC FHCL. Both IDFC Limited and IDFC FHCL have no business operations. IDFC FHCL holds ~100 per cent in the IDFC Asset Management Company Limited (IDFC AMC) apart from its ~37% shareholding in IDFC First.
Under the 2013 guidelines of RBI, IDFC Limited, as a promoter, was required to hold a minimum 40 per cent share-holding for a period of 5 years from commencement date of operations of the bank. This five-year lock-in period ended on September 30, 2020 and RBI vide their letter dated July 20, 2021 has clarified that after the expiry of the lock-in period of 5 years IDFC Limited can exit as the promoter of IDFC First.

CARE Ratings has taken cognizance of the above developments and continues to engage with the management of the bank as well as monitor the developments and would take appropriate rating action if warranted.

IDFC First reported Capital Adequacy Ratio (CAR) at 13.77% with Core Equity Tier I (CET I) Ratio of 13.27% as on March 31, 2021 and CAR of 15.60% with CET I Ratio of 14.85% as on September, 2021. Due to the impact of the second wave of Covid-19, all the banks (and NBFC) has seen asset quality pressures including IDFC First whose Gross NPA and Net NPA ratio stood at 4.27% and 2.09% respectively as on September 30, 2021. The bank reported net loss of Rs.478 crore on total income of Rs.9,812 crore during H1FY22 (refers to period from April 01 to September 30) as compared to profit after tax (PAT) of Rs.195 crore on total income of Rs.8,529 crore during H1FY21 owing to high credit provisions towards NPAs.

The detailed press release on IDFC First Bank is as below:
https://www.careratings.com/corporate-profile.aspx?Id=3r+4T9L2dVWoZbkHjtIlLg==

Liquidity: Adequate

Liquidity position remains satisfactory with quarterly average Liquidity Coverage Ratio (LCR) of 174% for the quarter ended September 30, 2021.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook and Creditwatch to Credit Ratings
CARE Policy on Default Recognition
CARE's Rating Methodology For Banks
Bank - Rating framework for Basel III instruments (Tier I & Tier II)

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the Company

IDFC FIRST Bank Limited was incorporated in October 2014 and the name of the bank underwent a change from 'IDFC Bank Limited' (IBL) to 'IDFC FIRST Bank Limited' with effect from January 12, 2019 following the merger of Capital First Limited with the bank. The merger of Capital First Limited and its two subsidiaries with IDFC Bank Limited has become effective from December 18, 2018. Post-merger, IDFC Limited held 36.52% stake in IDFC First Bank as the promoter which has come down to 36.56% as on September 30, 2021.

IDFC First Bank's (IFB) operations are spread across its three business verticals: corporate banking, consumer banking and rural banking. As on September 30, 2021, it has a network of 599 branches and 720 ATMs across the country. The bank is led by MD-CEO, Mr. V. Vaidyanathan, who has over 25 years of banking experience across Citibank and ICICI Bank Group.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22 (UA)
Total income	18,030	18,222	9,812
PAT	(2,864)	452	(478)
Total Assets	1,47,180	1,61,144	1,72,502
Net NPA (%)	0.94	1.86	2.09
ROTA (%)	(1.84)	0.29	(0.57)

A: Audited; UA: Unaudited

Status of non-cooperation with previous CRA:
Not Applicable

Any other information:
Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments

Name of the Instrument	ISIN No	Date of Issuance	Coupon Rate	Maturity date	Size of the Issue (Rs. Crore)	Rating assigned along with Rating Outlook
Long Term Bank Facilities	-	-	-	-	692.38	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08012	28-02-2013	10.30	28-02-2023	100.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08020	28-02-2013	10.30	28-02-2023	50.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08038	08-03-2013	11.00	08-03-2099	95.30	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08046	14-03-2013	11.00	14-03-2099	24.50	CAR E AA; Stable
Debentures- Non Convertible Debentures	INE688I08053	17-05-2013	9.50	17-05-2028	49.50	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08061	24-05-2013	10.65	24-05-2099	15.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08079	23-09-2014	10.50	23-09-2099	49.70	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08087	29-09-2015	9.40	29-09-2025	50.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08095	30-10-2015	9.25	30-10-2025	74.90	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08103	20-11-2015	9.25	20-11-2025	25.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08111	15-12-2015	9.25	15-12-2025	25.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08129	29-12-2015	9.25	29-12-2025	35.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08145	01-03-2016	10.50	01-03-2099	60.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DB6	31-05-2016	9.10	31-05-2023	20.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08152	06-06-2016	9.75	06-06-2099	30.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DD2	13-06-2016	9.10	13-06-2023	7.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DG5	19-07-2016	9.15	19-07-2023	35.20	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08160	25-07-2016	9.24	24-07-2026	30.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DI1	15-09-2016	8.70	15-09-2021	20.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DL5	20-09-2016	8.70	20-09-2021	15.00	CARE AA; Stable

Name of the Instrument	ISIN No	Date of Issuance	Coupon Rate	Maturity date	Size of the Issue (Rs. Crore)	Rating assigned along with Rating Outlook
Debentures- Non Convertible Debentures	INE092T08DM3	20-09-2016	8.75	18-09-2026	25.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DR2	28-10-2016	8.55	28-10-2021	20.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DS0	21-12-2016	8.50	21-12-2021	100.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08DX0	05-04-2017	8.40	05-04-2022	300.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EB4	03-05-2017	8.40	03-05-2022	180.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EC2	03-05-2017	8.45	03-05-2024	70.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EJ7	27-06-2017	8.25	27-06-2022	50.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EK5	14-07-2017	8.25	14-07-2022	460.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08178	24-08-2017	8.25	24-08-2027	147.30	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08186	18-09-2017	8.6	18-09-2099	78.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EU4	29-09-2017	8.25	29-09-2022	100.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EN9	08-12-2017	8.25	08-12-2022	175.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08ES8	04-05-2018	8.24	15-05-2023	340.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08194	07-06-2018	9.10	07-06-2024	30.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE688I08202	07-06-2018	9.10	06-06-2025	70.00	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EV2	12-12-2018	8.38	10-12-2021	349.40	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EW0	12-12-2018	8.60	12-12-2022	349.40	CARE AA; Stable
Debentures- Non Convertible Debentures	INE092T08EX8	12-12-2018	8.69	12-12-2023	349.40	CARE AA; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Borrowings-Secured Long Term Borrowings	LT	4696.98	CARE AA; Stable	1)CARE AA; Stable (06-Oct-21)	1)CARE AA; Stable (08-Oct-20)	1)CARE AA+; Negative (04-Mar-20) 2)CARE AA+; Negative (11-Oct-19)	1)CARE AA+; Stable (28-Mar-19)
2	Short Term Instruments-Short Term Borrowing	ST	-	-	-	1)Withdrawn (30-Oct-20)	1)CARE A1+ (04-Mar-20) 2)CARE A1+ (11-Oct-19)	1)CARE A1+ (28-Mar-19)
3	Bonds-Perpetual Bonds	LT	-	-	-	-	-	1)Withdrawn (28-Mar-19)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not Available

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Borrowings-Secured Long Term Borrowings	Complex

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please **click here**

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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