

IDFC FIRST Bank Limited

July 12, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹
Long-term instruments	3,184.78	CARE AA; Stable

Details of instruments in Annexure-1

Material Event Update

IDFC FIRST Bank Limited (IDFC FIRST) vide its announcement dated July 03, 2023, informed the stock exchanges that its Board of Directors have approved the proposal of the 'composite scheme of amalgamation' amongst IDFC Financial Holding Company Limited (IDFC FHCL) and IDFC Limited and the Bank, and their respective shareholders, which envisages (i) the amalgamation of (a) IDFC FHCL into and with IDFC Limited; and (b) IDFC Limited into and with the Bank, and (ii) reduction of securities premium account of the Bank, subject to requisite approvals. The scheme of amalgamation is subject to approval from the Reserve Bank of India (RBI), Securities and Exchange Board of India, the Competition Commission of India, the National Company Law Tribunal, BSE Limited and the National Stock Exchange of India Limited and other statutory and regulatory authorities, and the respective shareholders.

The share exchange ratio for the amalgamation of IDFC Limited into and with IDFC FIRST Bank shall be 155 equity shares (credited as fully paid-up) of face value of ₹10/- each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of ₹10/- each of IDFC Limited. As a result of which the standalone book value per share of the IDFC FIRST bank would increase by 4.90%, as calculated on audited financials as on March 31, 2023.

IDFC Limited which is registered as a non-banking finance company (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. The five-year lock-in period for promoter holding of up to 40% ended on September 30, 2020.

CARE Ratings Limited (CARE Ratings) has taken cognisance of the above developments and continues to engage with the management of the bank as well as monitor the developments.

IDFC FIRST Bank reported capital adequacy ratio (CAR) at 16.82% with Core Equity Tier-I (CET I) Ratio of 14.20% as on March 31, 2023 (March 31, 2022: CAR- 16.74%, CET I- 14.88%). Owing to the improved economic environment along with better collection efforts, gross non-performing assets (GNPA) and net NPA (NNPA) ratio of the bank stood at 2.51% and 0.86%, respectively, as on March 31, 2023 (March 31, 2022: GNPA- 3.70%, NNPA- 1.53%). The bank reported improvement in profitability and reported profit after tax (PAT) of ₹2,437 crore on a total income of ₹27,195 crore during FY23 as compared with PAT of ₹145 crore on a total income of ₹20,395 crore during FY22 owing to substantial improvement in the financial performance during FY23 owing to the favourable economic environment leading to significant growth in the loans & advances coupled with rising interest rate scenario and improved asset quality performance.

The detailed press release on IDFC FIRST Bank is as below:

https://www.careratings.com/upload/CompanyFiles/PR/04102022113804_IDFC_FIRST_Bank_Limited.pdf

Liquidity: Adequate

The liquidity position remains satisfactory with quarterly average liquidity coverage ratio (LCR) of 120% for the quarter ended March 31, 2023.

Analytical approach: Standalone

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Bank](#)

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

About the company

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Banks	Private Sector Bank

IDFC FIRST was incorporated in October 2014 and the name of the bank underwent a change from IDFC Bank Limited to IDFC FIRST 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 became effective from December 18, 2018. Post-merger, IDFC Limited held a 40% stake in IDFC FIRST as the promoter, which stood at 39.99% as on March 31, 2023 (through IDFC FHCL). IDFC FIRST Bank's operations are spread across its three business verticals – corporate banking, consumer banking, and rural banking. As on March 31, 2023, it has a network of 809 branches and 925 ATMs across the country. The operations of the bank are led by V Vaidyanathan, Managing Director and Chief Executive Officer (MD & CEO), who has over 25 years of banking experience across Citibank and the ICICI Bank group. The RBI has approved the re-appointment of Vaidyanathan as the MD & CEO of the bank for a period of three years (up to December 19, 2024), which received the approval of the shareholders on September 15, 2021.

Brief Financials (₹ crore)	31-03-2022(A)	31-03-2023(A)
Total income	20,395	27,195
PAT	145	2437
Total Assets	1,90,182	239,942
Net NPA (%)	1.53	0.86
ROTA (%)	0.08	1.13

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history of 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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Long-term bank facilities*	-	-	-	-	692.38	CARE AA; Stable
Non-convertible debentures	INE688I08012	28-02-2013	10.3	28-02-2023	100.00	CARE AA; Stable
Non-convertible debentures	INE688I08020	28-02-2013	10.3	28-02-2023	50.00	CARE AA; Stable
Non-convertible debentures	INE688I08038	08-03-2013	11	08-03-2099	95.30	CARE AA; Stable
Non-convertible debentures	INE688I08046	14-03-2013	11	14-03-2099	24.50	CARE AA; Stable
Non-convertible debentures	INE688I08053	17-05-2013	9.5	17-05-2028	49.50	CARE AA; Stable
Non-convertible debentures	INE688I08061	24-05-2013	10.65	24-05-2099	15.00	CARE AA; Stable
Non-convertible debentures	INE688I08079	23-09-2014	10.5	23-09-2099	49.60	CARE AA; Stable
Non-convertible debentures	INE688I08087	29-09-2015	9.4	29-09-2025	49.30	CARE AA; Stable
Non-convertible debentures	INE688I08095	30-10-2015	9.25	30-10-2025	74.60	CARE AA; Stable
Non-convertible debentures	INE688I08103	20-11-2015	9.25	20-11-2025	25.00	CARE AA; Stable
Non-convertible debentures	INE688I08111	15-12-2015	9.25	15-12-2025	25.00	CARE AA; Stable
Non-convertible debentures	INE688I08129	29-12-2015	9.25	29-12-2025	34.20	CARE AA; Stable
Non-convertible debentures	INE688I08145	01-03-2016	10.5	01-03-2099	56.80	CARE AA; Stable
Non-convertible debentures	INE092T08DB6	31-05-2016	9.1	31-05-2023	20.00	CARE AA; Stable
Non-convertible debentures	INE688I08152	06-06-2016	9.75	06-06-2099	28.20	CARE AA; Stable
Non-convertible debentures	INE092T08DD2	13-06-2016	9.1	13-06-2023	7.00	CARE AA; Stable
Non-convertible debentures	INE092T08DG5	19-07-2016	9.15	19-07-2023	33.50	CARE AA; Stable
Non-convertible debentures	INE688I08160	25-07-2016	9.24	24-07-2026	30.00	CARE AA; Stable
Non-convertible debentures	INE092T08DM3	20-09-2016	8.75	18-09-2026	25.00	CARE AA; Stable
Non-convertible debentures	INE092T08EC2	03-05-2017	8.45	03-05-2024	70.00	CARE AA; Stable
Non-convertible debentures	INE688I08178	24-08-2017	8.25	24-08-2027	146.60	CARE AA; Stable
Non-convertible debentures	INE688I08186	18-09-2017	8.6	18-09-2099	72.50	CARE AA; Stable
Non-convertible debentures	INE092T08EU4	29-09-2017	8.25	29-09-2022	100.00	CARE AA; Stable
Non-convertible debentures	INE092T08EN9	08-12-2017	8.25	08-12-2022	175.00	CARE AA; Stable
Non-convertible debentures	INE092T08ES8	04-05-2018	8.24	15-05-2023	340.00	CARE AA; Stable
Non-convertible debentures	INE688I08194	07-06-2018	9.1	07-06-2024	29.00	CARE AA; Stable
Non-convertible debentures	INE688I08202	07-06-2018	9.1	06-06-2025	68.00	CARE AA; Stable
Non-convertible debentures	INE092T08EW0	12-12-2018	8.6	12-12-2022	349.40	CARE AA; Stable
Non-convertible debentures	INE092T08EX8	12-12-2018	8.69	12-12-2023	349.40	CARE AA; Stable

*Bank facilities are closed/repaid but not withdrawn

Annexure-2: Rating history of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Borrowings-Secured Long Term Borrowings	LT	3184.78	CARE AA; Stable	-	1)CARE AA; Stable (04-Oct-22)	1)CARE AA; Stable (07-Jan-22) 2)CARE AA; Stable (06-Oct-21)	1)CARE AA; Stable (08-Oct-20)
2	Short Term Instruments-Short Term Borrowing	ST	-	-	-	-	-	1)Withdrawn (30-Oct-20)

* 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

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings 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 us:

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