

## Capital First Limited

January 22, 2018

### Summary of Rated Instrument:

#### IDFC Bank Limited

Instrument	Rated Amount(Rs. crore)	Rating Outstanding
Certificate of Deposits Programme	30,000.00	[ICRA]A1+
Non Convertible Debenture Programme	47,282.12	[ICRA]AAA (stable)
<b>Total</b>	<b>77,282.12</b>	

#### Capital First Limited

Instrument	Rated Amount(Rs. crore)	Rating Outstanding
Commercial Paper Programme	3,000.00	[ICRA]A1+
<b>Total</b>	<b>3,000.00</b>	

### Event Update

On January 13, 2018, the Boards of Directors of IDFC Bank Limited (IDFC Bank) and Capital First Limited (Capital First) approved a merger of Capital First Limited and its wholly owned subsidiaries Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank in an all stock transaction through a Composite Scheme of Arrangement. Pursuant to the merger, IDFC Bank will issue 139 shares for every 10 shares of Capital First and the two entities will combine to form a single entity with a brand name that will have the composition of both brands. The process would be subject to shareholders and regulatory approvals. Mr. Vaidyanathan, currently Chairman and MD of Capital First, will succeed Dr. Rajiv Lall as MD and CEO of the combined entity upon completion of the merger. Dr. Lall would step into the role of non-executive Chairman of IDFC Bank.

ICRA has taken note of the announcement and will take an appropriate rating action, if required, subsequent to shareholders and regulatory approvals.

### About the company:

#### IDFC Bank Limited

IDFC Limited (IDFC) was set up by the Government of India (GoI), to facilitate infrastructure development in the country. Apart from the GoI, leading shareholders of IDFC included foreign financial institutions involved in infrastructure development world-wide. IDFC was classified as an Infrastructure Finance Company by the Reserve Bank of India (RBI) in June 2010. IDFC was granted an in-principle approval by the RBI in April 2014, for undertaking banking business in India. IDFC Bank Limited – started operations on October 01, 2015 after receiving the final licence from RBI in July 2015. IDFC Limited holds ~52.9% stake in the bank as on March 31, 2017.

IDFC Bank had an asset base of Rs. 112,160 crore and a loan book of Rs. 66,567 crore as on March 31, 2017. The bank reported a net profit of Rs. 1,020 crore in FY2017, which was its first full year of operation. The bank's gross NPAs stood at 3.0% and net NPAs at 1.1% as on March 31, 2017. Its capital Adequacy stood at 18.90% with Tier I of 18.54% as on March 31, 2017.

For H1FY2018, the bank reported a net profit of Rs. 671 crore in H1FY2018 as compared to Rs. 653 crore in H1FY2017. The loan book stood at Rs. 65,177 crore as on September 30, 2017 with gross NPAs of 3.9% and net NPAs of 1.6%. The capital adequacy stood at 19.3% with Tier 1 of 19.0% as on September 30, 2017.

### **Capital First Limited**

Capital First is a non-deposit taking, systemically important, non-banking financial company (NBFC-ND-SI) registered with the Reserve Bank of India. 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 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.

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. As on September 30, 2017, the company had an outstanding portfolio of Rs. 23,267 crore and gross and net NPAs of 1.63% and 1.00% respectively on 90 dpd NPA recognition basis.

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