

'Will follow the path and structure of ICICI, HDFC Bank'

IDFC First Bank on Monday approved the merger with IDFC. The swap ratio for the amalgamation of IDFC into and with IDFC FIRST Bank is 155 equity shares each of IDFC First Bank for every 100 shares of face IDFC.

V VAIDYANATHAN, MD and CEO of IDFC First Bank, talks about the benefit of merger in a telephonic interview with **Manojit Saha**. Edited excerpts:

What is the scheme of merger just announced by IDFC and IDFC First Bank?

IDFC holds 39.93 per cent in IDFC FIRST Bank. As part of the merger, IDFC FIRST Bank will issue 155 equity shares for every 100 shares of IDFC and IDFC FIRST Bank will extinguish the existing shares of IDFC FIRST Bank held by IDFC.

What are the benefits for IDFC First Bank following the merger?

IDFC FIRST Bank will become a widely held, diversified financial institution with a diversified set of shareholders. Think of large public institutions, such as ICICI

Bank and HDFC Bank, with no promoter holding, we will follow their hallowed path and structure. The bank would have no promoter.

What are the benefits to IDFC shareholders?

They get to unlock their shares as they will get shares directly in the operating entity, the bank. At least now the air is cleared, and the speculation about the merger would have gone.



V VAIDYANATHAN
MD & CEO,
IDFC First Bank

What were growth numbers for the last quarter?

I can't talk about this quarter now as we are in a silent period. But we can talk about how the trend line of the bank has been over the prior reported quarters. In Q3, our deposits grew 44 per cent YoY.

How much was the loan growth?

In the fourth quarter of last year, the loan book grew by 25 per cent. The interesting thing is that the growth in profits outpaced the growth in the loan book for many



quarters now.

What are the benefits of the merger?

With all merger-related speculations out of the way, we can comfortably concentrate on growing the bank. There are big opportunities out there.

Is there any impact on capital?

Networth could go up to the extent of cash with IDFC at the date of merger. At current estimates, the bank's book value per share will be up 5 per cent over book value as of March 2023 because of the merger, that's a big takeaway. But the bigger thing is the ability to look ahead rather than look at these corporate actions.