

‘IDFC First Bank enters profit zone despite impact of corporate tax cut’

SURABHI

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Shrugging off the impact of the merger, IDFC First Bank finally entered into profitability in the second quarter of the fiscal, despite the one-time impact of deferred tax assets that led to a reported net loss of ₹679.50 crore.

“The bank has entered the profit zone and hopes to continue this trend. A key highlight of this quarter is growth of retail CASA deposit of ₹6,000 crore. The bank is also highly liquid with LCR of 125 per cent,” V Vaidyanthan, MD and CEO,

IDFC First Bank, told *BusinessLine*.

For the quarter ended September 30, 2019, the bank reported a profit before tax of ₹100 crore, when compared to a loss of ₹583 crore in the corresponding period last year and loss of ₹963 crore last quarter.

Shares up 4.76%

IDFC Bank and Capital First had completed the merger in December last year to form IDFC First Bank. The lender’s scrip closed 4.76 per cent higher at ₹40.70 apiece on the BSE on Friday.

Analysts said that the bank has a healthy coverage on stressed accounts.

“IDFC First Bank, under new leadership, aims to retain its ability to grow retail asset base at healthy pace with an eye on quality.

“Building a sustainable liability franchise would act as catalyst to support valuation. Higher capital adequacy rules out any near term dilution.

“Recent recognition of stress, coupled with adequate provisions, gives comfort,” said ICICI Securities in a research note.