

IDFCFIRSTBANK/SD/69/2023-24

July 03, 2023

**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C - 1, G - Block  
Bandra-Kurla Complex, Bandra (East)  
Mumbai 400 051.

**NSE Symbol: IDFCFIRSTB****BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai 400 001.

**BSE Scrip Code: 539437**

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.**

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform that after considering the recommendations and reports of the Audit Committee and the Committee of Independent Directors, the Board of Directors of IDFC FIRST Bank Limited (“**IDFC FIRST Bank**” or “the **Bank**”), at its meeting held today, July 03, 2023, has *inter alia*, approved the composite Scheme of Amalgamation (“**Scheme**”) amongst IDFC Financial Holding Company Limited and IDFC Limited and the Bank, and their respective shareholders, under Sections 230 to 232 of the Companies Act, 2013 (“the **Act**”) and other applicable laws including the rules and regulations which envisages (i) the amalgamation of (a) IDFC Financial Holding Company Limited into and with IDFC Limited; and (b) IDFC Limited into and with the Bank, and (ii) reduction of securities premium account of the Bank (“**Proposed Transaction**”).

The Scheme is subject to the receipt of requisite approvals from the Reserve Bank of India (“**RBI**”), Securities and Exchange Board of India (“**SEBI**”), the Competition Commission of India, the National Company Law Tribunal, BSE Limited and the National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) and other statutory and regulatory authorities, and the respective shareholders, under applicable laws.

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.

The Board of Directors of the Bank has also accorded approval for the execution of an implementation agreement between IDFC Limited and IDFC FIRST Bank (“**Implementation Agreement**”), which, *inter alia* sets out the manner of implementing the Proposed Transaction contemplated under the Scheme, the representations and warranties being given by each party and the rights and obligations of the respective parties in relation to the Proposed Transaction.

The Scheme shall be operative from the Effective Date (as defined in the Scheme). As per the Scheme, the ‘Appointed Date 1’ means close of business hours on the day immediately preceding the Effective Date, and ‘Appointed Date 2’ means opening of business hours on the Effective Date.

The information in connection with the Proposed Transaction and the Implementation Agreement pursuant to Regulation 30 of the Listing Regulations read with SEBI circular dated September 09, 2015, bearing reference no. CIR/CFO/CMD/4/2015, is given in **ANNEXURE I** and **ANNEXURE II**, respectively.

A press release being issued by IDFC FIRST Bank, is enclosed herewith.

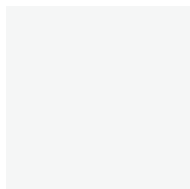
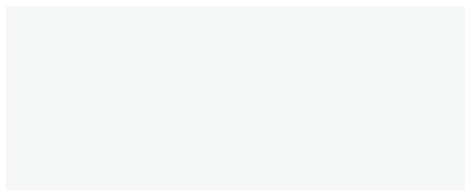
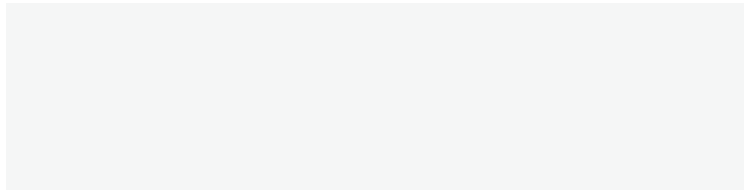
Please take the above on record.

Thanking you,

Yours faithfully,  
For **IDFC FIRST Bank Limited**

**Satish Gaikwad**  
**Head – Legal & Company Secretary**

*Encl.: As Above*



**Details on Amalgamation / Merger:**

Sr. No.	Details of event that needs to be provided	Information of such event
1.	Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.	<p>IDFC FIRST Bank has Total Assets of ₹ 2,39,941.66 crore, Net Worth of ₹ 25,721.16 crore as on March 31, 2023, and Turnover of ₹27,194.51 crore, Profit After Tax of ₹ 2,437.13 crore for the financial year ended March 31, 2023.</p> <p>IDFC Limited has Total Assets of ₹ 9,570.64 crore, Net Worth of ₹9,518.64 crore as on March 31, 2023, and Turnover of ₹ 2,076.00 crore for the financial year ended March 31, 2023.</p> <p>IDFC Financial Holding Company Limited has Total Assets of ₹10,822.44 crore, Net Worth of ₹ 10,785.43 crore as on March 31, 2023, and Turnover of ₹ 3,676.31 crore for the financial year ended March 31, 2023.</p> <p><u>Note:</u> <i>The above details for IDFC Limited and IDFC Financial Holding Company Limited are as per Indian Accounting Standards ('IndAS').</i></p>
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length".	<p>The Proposed Transaction is between IDFC FIRST Bank and its promoter/ promoter group.</p> <p>The Proposed Transaction is at arm's length basis. The share exchange ratio has been determined based on joint valuation report issued by the independent valuers, supported by a fairness opinion by a SEBI registered merchant banker.</p>
3.	Area of business of the entity(ies)	<p>i. IDFC Financial Holding Company Limited ("<b>IDFC FHCL</b>") ('Transferor Company') is a non-operative financial holding company ("<b>NOFHC</b>") registered with the RBI as a non-deposit taking NBFC.</p> <p>ii. IDFC Limited ('Amalgamating Company' or the 'Transferee Company') is a public listed company and is operating as an NBFC - Investment Company registered with the RBI mainly holding investment in Transferor Company. The equity shares of Amalgamating Company are listed on Stock Exchanges.</p> <p>iii. IDFC FIRST Bank ('Amalgamated Company') is registered with RBI as a banking company under the provisions of the Banking Regulation Act, 1949. The equity shares of the Bank are listed on the Stock Exchanges.</p>

4.	Rationale for amalgamation/merger	<p><b><u>Rationale for the Scheme of Amalgamation</u></b></p> <p>(i) The Scheme, <i>inter alia</i>, provides for the Amalgamation and various other matters consequential or otherwise integrally connected therewith.</p> <p>(ii) As per conditions of RBI's Guidelines for Licensing of New Banks in the Private Sector on February 22, 2013 ("<b>Private Banking Licence Guidelines</b>"), the equity shares of IDFC FIRST Bank must be listed on a recognised stock exchange in India within a time period of 3 (three) years of commencing of business as a bank. The promoter(s) namely IDFC Limited must not be conducting any financial regulated business directly under it.</p> <p>(iii) It was mandated to hold the equity investment in IDFC FIRST Bank and other regulated financial entities only through IDFC FHCL. Hence, IDFC Limited (promoter of IDFC FIRST Bank) invested in IDFC FIRST Bank only through a Non-Operating Financial Holding Company i.e., IDFC FHCL, due to other regulated financial services entities of the group.</p> <p>(iv) Hence, the 39.93% (thirty nine point nine three percent) equity stake in IDFC FIRST Bank is held by IDFC Limited through IDFC FHCL. As on date of the Board of IDFC FHCL approving the Scheme, IDFC FHCL has closed/ sold/ exited all other regulated financial services business.</p> <p>(v) IDFC Limited and IDFC FHCL have minimal operations and have no businesses or stake in any other financial services entities regulated by RBI or other financial sector regulators. Further pursuant to the letter dated July 20, 2021, RBI has clarified that after the expiry of lock-in period of 5 (five) years (i.e. after September 30, 2020), IDFC Limited, the Amalgamating Company can exit as the promoter of IDFC FIRST Bank Limited, the Amalgamated Company.</p> <p>(vi) The Private Banking Licence Guidelines, and subsequent clarification by RBI, also permit IDFC Limited to exit or to cease to be a promoter after lock-in period of 5 (five) years, subject to RBI's regulatory and supervisory comfort and SEBI regulations.</p>
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(vii) In view of the above, this Scheme *inter alia* contemplates the (a) amalgamation of IDFC FHCL with IDFC Limited, and (b) the subsequent amalgamation of IDFC Limited with IDFC FIRST Bank and issuance of IDFC FIRST Bank shares to the shareholders of IDFC Limited, in the manner and subject to the terms and conditions set out in this Scheme, keeping the best interest of all the stakeholders of IDFC FHCL, IDFC Limited and IDFC FIRST Bank.

(viii) The Amalgamation will result in the shareholders of IDFC Limited directly holding shares in IDFC FIRST Bank, which will lead to simplification of the shareholding structure.

#### **Benefits of the Scheme of Amalgamation**

(i) The opportunities in the Indian banking system are expected to grow manifold in the next decade and the Bank is well placed to participate in and contribute to such growth. The Bank has firmly established itself in the Indian market with an excellent deposit franchise with strong track record of growth. The Bank has a robust lending model, with proven and consistent track record of high asset quality of over a decade, including the track record of the companies that combined to create IDFC FIRST Bank. IDFC FIRST Bank has launched highly ethical and customer friendly products which are highly accepted in the marketplace. The Bank maintains the highest levels of corporate governance. Thus, IDFC FIRST Bank is well placed to consistently grow in a profitable manner. All the shareholders and stakeholders of the IDFC FHCL, IDFC Limited and IDFC FIRST Bank shall benefit from such growth at the Bank, leading to opportunity for value creation in the long run and for maximizing the value and returns to the shareholders.

(ii) This Scheme will provide all public shareholders of IDFC Limited with direct shareholding in IDFC FIRST Bank thereby helping them to unlock value of their investments in the business of IDFC FIRST Bank which is currently held by IDFC Limited through IDFC FHCL. Consequently, these shareholders of IDFC Limited can take independent decisions with respect to their holdings in IDFC FIRST Bank without being constrained to hold investment in IDFC Limited to be able to derive value of benefit from IDFC FIRST Bank's business.

		<p>(iii) The Scheme will facilitate compliance by IDFC Limited with the promoter ownership norms set out under the Private Banking License Guidelines.</p> <p>(iv) The Amalgamation through this Scheme shall simplify the corporate and organizational structures of IDFC FHCL, IDFC Limited and IDFC FIRST Bank by consolidating them in a single large listed company. This will also lead to unification and streamlining of the regulatory compliances of both, IDFC Limited and IDFC FIRST Bank.</p> <p>(v) The shareholders of IDFC Limited will be allotted shares of IDFC FIRST Bank and will therefore become shareholders of a larger free public float of the combined listed company with multiple growth avenues. Upon effectiveness of the Scheme, IDFC FIRST Bank will continue to be professionally managed and shall only have public shareholders.</p> <p>(vi) In so far as the proposed utilisation of securities premium account to set off the accumulated losses as set out in Clause 32 of the Scheme is concerned, the book value of shares, IDFC FIRST Bank's net worth, equity capital structure and shareholding pattern will all remain unchanged. Thus, this is balance sheet neutral action and will not result in reduction in the paid-up share capital of IDFC FIRST Bank. This shall also enable IDFC FIRST Bank to explore opportunities which benefit the shareholders (including dividend payout).</p>
5.	In case of cash consideration – amount or otherwise share exchange ratio	In case of the amalgamation of IDFC Limited into and with IDFC FIRST Bank, the Share Exchange Ratio 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.
6.	Brief details of change in shareholding pattern (if any) of listed entity	Upon the Scheme becoming effective, IDFC FIRST Bank will issue equity shares (in the share exchange ratio as mentioned above) to the shareholders of IDFC Limited as on the record date. The equity share(s) held by IDFC Limited in IDFC FIRST Bank will be cancelled/ extinguished as per the Scheme.

**Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof:**

Sr. No.	Details of event that needs to be provided	Information of such event
1.	Name(s) of parties with whom the agreement is entered.	Implementation Agreement between IDFC Limited and IDFC FIRST Bank.
2.	Purpose of entering into the agreement.	The Implementation Agreement <i>inter alia</i> sets out the manner of effecting the Proposed Transaction contemplated under the Scheme, the representations and warranties being given by each party and the rights and obligations of the respective parties.
3.	Shareholding, if any, in the entity with whom the agreement is executed.	As on date, IDFC Limited, through IDFC Financial Holding Company Limited [NOFHC], holds 39.93% of paid-up equity share capital of IDFC FIRST Bank.
4.	Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.	The Implementation Agreement <i>inter alia</i> sets out the manner of effecting the Proposed Transaction contemplated under the Scheme, the representations and warranties being given by each party and the rights and obligations of the respective parties.
5.	Whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship.	IDFC Limited is the promoter of IDFC FIRST Bank Limited.
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length".	The agreement is between IDFC FIRST Bank and its promoter, as mentioned above.  The Implementation Agreement is for the purpose of implementing the Proposed Transaction, which is on arm's length basis.
7.	In case of issuance of shares to the parties, details of issue price, class of shares issued.	Not Applicable

8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.	None
9.	<p>In case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):</p> <ul style="list-style-type: none"> <li>a) name of parties to the agreement;</li> <li>b) nature of the agreement;</li> <li>c) date of execution of the agreement;</li> <li>d) details of amendment and impact thereof or reasons of termination and impact thereof.</li> </ul>	Not Applicable



Press Release

## Board of Directors of IDFC FIRST Bank approves amalgamation of IDFC Limited with IDFC FIRST Bank

Mumbai, 3<sup>rd</sup> July, 2023: The Board of Directors of IDFC FIRST Bank Limited (“IDFC FIRST Bank” or “the Bank”) at its meeting held today, July 03, 2023, have approved the Scheme of Amalgamation of IDFC limited with IDFC FIRST Bank. The Share Exchange Ratio for the amalgamation of IDFC Limited with IDFC FIRST Bank shall be 155 equity shares of face value of ₹ 10/- each fully paid-up of IDFC FIRST Bank for every 100 equity shares of face value of ₹ 10/- each fully paid-up of IDFC Limited.

As a result of the proposed merger, the standalone book value per share of the Bank would increase by 4.9%, as calculated on audited financials as of March 31, 2023.

### Rationale:

1. The merger will lead to simplification of the corporate structure of IDFC FHCL, IDFC Limited and IDFC FIRST Bank by consolidating them into a single entity and will help streamline the regulatory compliances of the aforesaid entities.
2. The merger will help create an institution with diversified public and institutional shareholders, like other large private sector banks, with no promoter holding.

The Scheme is subject to the receipt of requisite approvals from the Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”), the Competition Commission of India, the National Company Law Tribunal, BSE Limited and the National Stock Exchange of India Limited (collectively, the “Stock Exchanges”) and other statutory and regulatory authorities, and the respective shareholders, under applicable law.

**Background:** IDFC Limited, a premier, successful infrastructure Financing Domestic Financial Institution (DFI) since 1997, was granted “in-principle” approval by the RBI to set up a Bank in April 2014, leading to the creation of IDFC Bank Limited. The Bank started its operation in October 2015. The loan assets and liabilities of IDFC Limited were transferred to IDFC Bank. Capital First Limited was a successful consumer and MSME financing institution since 2012 with a strong track record of growth, profits, and asset quality.

On December 18, 2018, the IDFC Bank and Capital First merged, and subsequently renamed IDFC FIRST Bank. As of June 30, 2023, IDFC Limited through its non-financial holding company has 39.93% shareholding of IDFC FIRST Bank.

**IDFC FIRST Bank** is a full-service universal bank with pan-India presence. The Bank has transformed from infrastructure financing to a universal banking franchise in the last four years. The Bank has built a strong deposit franchise, which has grown at a 4-year CAGR of 36% since the merger to reach Rs. 136,812 crore by March 31, 2023. The Bank has increased CASA ratio from 8.6% at the time of merger with Capital First in December 2018, to 49.77% (March 31, 2023) and has set up 809 branches and 925 ATMs as of March 31, 2023.

In terms of assets, the Bank has a well-diversified loan book of Rs. 1,60,599 crore with a balance sheet size of Rs. 239,942 crore as on March 31, 2023. The Bank recorded a PAT of Rs. 2,437 crore in FY23, with strong Capital Adequacy of 16.82% as of March 31, 2023. The Bank aims to grow its balance sheet by 20-25% per year in the near to medium term.

Speaking about the merger Mr. Sanjeeb Chaudhuri, Chairperson, IDFC FIRST Bank, said *“This is an important event for the Bank and for all the shareholders of the Bank as well as IDFC Limited. We now embark on the next phase of our growth journey towards our long-term vision, and to create sustainable shareholder value in the years to come.”*

Speaking about the merger, Mr. V. Vaidyanathan, MD & CEO, IDFC FIRST Bank, said *“With this merger, we are very happy to welcome all the shareholders of IDFC Limited to become direct shareholders of IDFC FIRST Bank. We have built a strong foundation for our Bank including a strong deposit franchise, digital innovation, customer friendly products, strong capital buffer, growing profitability and high corporate governance. We look forward to building on our vision to create a world class Bank in India with the support of existing and new shareholders.”*

*“ India provides terrific opportunities for growth, and we have built significant specialization in our business lines. We look forward to strong growth with quality in the years to come.”*

**Advisors:**

Deloitte Touche Tohmatsu India LLP and Mr. Harsh Chandrakant Ruparelia (Registered Valuer) acted as valuers to IDFC FIRST Bank.

ICICI Securities, provided a Fairness Opinion on the valuation provided by the valuers.

AZB & Partners acted as legal advisors to IDFC FIRST Bank.

JM Financial Limited acted as Financial Advisor to IDFC FIRST Bank.

## **About IDFC FIRST Bank**

**Vision:** IDFC FIRST Bank's vision is to build a world-class bank in India that's guided by ethics, powered by technology, and a force for social good.

**Philosophy:** The Bank has a customer-first philosophy offering high-quality products including current accounts, savings accounts, fixed deposits, retail loans, business loans, corporate banking, cash management solutions, FASTag, wealth management, and 24/7 customer care services. IDFC FIRST bank is one of the select banks to work with the regulator for pilot projects for many banking technology initiatives for India like CBDC, UPI for foreigners etc.

**Unique Benefits for customers:** The Bank is the first and only bank in India that offers Zero fees for 28 essential services on savings accounts including for ATM cash withdrawals, IMPS, RTGS, NEFT, Cash Deposits and Cash withdrawals at branches, SMS Alerts, Cheque book, Demand Drafts, Pay-order, duplicate statements, etc. IDFC FIRST Bank is the first bank to offer monthly credit on savings accounts, so customers earn more with us. The bank's credit cards have unique features such as lifetime free, never-expiring rewards points, zero interest on cash withdrawal at ATMs and low APR.

**Ethics First:** IDFC FIRST Bank prioritizes ethics in all our dealings and product design. We believe income earned unethically is not worth earning. The Bank applies a "Near and Dear" Test in all product design, so that the employees of the Bank serve only such products to customers that they'd want for their own loved ones.

**Transformation:** IDFC FIRST Bank has transformed from infrastructure to retail banking in four years since merger, increasing CASA ratio from 8.6% to 49.77% (March 31, 2023) and increased retail deposits from 27% to 76% of total deposits, and set up 809 branches and 925 ATMs.

**Financial Performance:** The Bank recorded a PAT of Rs. 2,437 crore (US\$ 301 million) in FY23, with strong Capital Adequacy of 16.82%. The Bank has high asset quality, with retail loans having Gross NPA of 1.65% and Net NPA of 0.55% as of March 31, 2023. Overall Gross NPA including legacy infrastructure financing book is 2.51% and Net NPA is 0.86%.

**ESG Goals:** The Bank is highly committed to ESG. The Bank has high governance scores, the business lines naturally support social goals, and efforts are ongoing to achieve environmental goals.