

July 03, 2023

The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla-Complex, Bandra (East),
Mumbai - 400 051
NSE Scrip Code: IDFC

The Manager – Listing Department
BSE Limited
1st Floor, P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 532659

Sub: Outcome of 176th Board Meeting of IDFC Limited

Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Dear Sir/Madam,

Pursuant to Regulation 30 of the Listing Regulations, we wish to inform you that after considering the recommendations and report of the Audit Committee and the Independent Directors' Committee, the Board of Directors ("**the Board**") of IDFC Limited ("**IDFC**" or "**the Company**") and IDFC Financial Holding Company Limited ("**IDFC FHCL**"), at their respective meetings held today, on July 3, 2023, have *Inter alia*, approved a composite Scheme of Amalgamation, ("**the Scheme**") which *inter alia* envisages the amalgamation of: (i) IDFC FHCL into and with IDFC; and (ii) IDFC into IDFC FIRST Bank Limited ("**IDFC FIRST 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 ("**Proposed Transaction**").

The Scheme is subject to the receipt of requisite approvals from: (i) the Reserve Bank of India ("**RBI**"), (ii) Securities and Exchange Board of India ("**SEBI**"), (iii) Pension Fund Regulatory and Development Authority, (iv) Competition Commission of India ("**CCI**"), (v) National Company Law Tribunal, (vi) BSE Limited and the National Stock Exchange of India Limited (collectively, the "**Stock Exchanges**"), and (vii) other statutory and regulatory authorities, and the respective shareholders, under applicable law.

The share exchange ratio for the amalgamation of IDFC with and into IDFC FIRST Bank shall be 155 equity shares (credited as fully paid up) of face value of INR 10 (Indian Rupees Ten) each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten) of IDFC.

The Board of IDFC has also accorded approval for the execution of an implementation agreement between IDFC 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.

As per the Scheme, (i) "Appointed date 1" means close of business hours on the day immediately preceding the Effective Date for the merger of IDFC FHCL into and with IDFC, and (ii) "Appointed Date 2" means opening of business hours on the Effective Date for merger of IDFC into IDFC FIRST Bank. The Scheme shall be operative from the Effective Date (as defined in the Scheme).

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 9, 2015, bearing reference no. CIR/CFO/ CMD/4/2015, is given in **Annexure-I** and **Annexure-II**, respectively.

IDFC Limited

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Registered Office: 4th Floor, Capitale Tower, 555, Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai – 600 018 Tel: +91 (44) 4564 4201/4202/4223
CIN: L65191TN1997PLC037415 info@idfclimited.com www.idfclimited.com



A press release being issued by the Company, is enclosed and marked as **Annexure-III**

The above information is also available on the website of the Company: www.idfclimited.com

Kindly take note of the same.

Thanking you,

Yours faithfully,
For IDFC Limited



Shivangi Mistry
Company Secretary

Encl.: A/a

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 Financial Holding Company Limited ("IDFC FHCL" or "Transferor Company") has Total Assets of INR 10,822.44 crore, Net Worth of INR 10,785.43 crore as on March 31, 2023, and Turnover of INR 3,676.31 crore for the year ended March 31, 2023.</p> <p>IDFC Limited ("IDFC" or "Amalgamating Company" or "the Transferee Company") has Total Assets of INR 9,570.64 crore, Net worth of INR 9,518.64 crore as on March 31, 2023, and Turnover of INR 2,076.00 crore for the year ended March 31, 2023.</p> <p>IDFC FIRST Bank Limited ("IDFC FIRST Bank" or "Amalgamated Company") has Total Assets of INR 2,39,941.66 crore, Net worth of INR 25,721.16 crore as on March 31, 2023, and Turnover of INR 27,194.51 crore for the year ended March 31, 2023.</p> <p>Notes:</p> <p>(i) The above details for IDFC and IDFC FHCL are as per Indian Accounting standards ("IndAS") whereas IDFC FIRST Bank as per iGAAP.</p> <p>(ii) Turnover = Total income.</p> <p>(iii) Net-worth = Share capital plus Reserves and surplus.</p>
2.	<p>Whether the transaction would fall within related party transactions?</p> <p>If yes, whether the same is done at "arm's length"</p>	<p>The Proposed transaction is between IDFC, IDFC Financial Holding Company Limited and IDFC FIRST Bank. IDFC is the promoter of IDFC FIRST Bank.</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 fairness opinion by a Securities and Exchange Board of India ("SEBI") registered merchant banker.</p>



3.	Area of business of the entity(ies)	<p>IDFC FHCL is a Non-Operative Financial Holding Company registered with the Reserve Bank of India as non-deposit taking Non-Banking Financial Company ("NBFC").</p> <p>IDFC is a public listed company and is operating as an NBFC-I registered with RBI mainly holding investment in IDFC FHCL. The equity shares of IDFC are listed on Stock Exchanges (BSE Limited and the National Stock Exchange of India Limited).</p> <p>IDFC FIRST Bank is registered with RBI as a banking company under the provisions of the Banking Regulation Act, 1949. The equity shares of IDFC FIRST Bank are listed on the Stock Exchanges (BSE Limited and the National Stock Exchange of India Limited).</p>
4.	Rationale for amalgamation/merger	<p><u>Rationale for the Scheme of Amalgamation</u></p> <p>(i) This 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 dated February 22, 2013 ("Private Baking License Guidelines"), the equity shares of IDFC FIRST Bank must be listed on a recognized stock exchange in India within a time period of 3 (three) years of commencing of business as a bank. The promoter(s), namely IDFC, 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 (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 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 and IDFC FHCL have minimal operations and</p>



		<p>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, the RBI has clarified that after the expiry of lock-in period of 5 (five) years (i.e., after September 30, 2020), IDFC, the Amalgamating Company, can exit as the promoter of IDFC FIRST Bank, the Amalgamated Company.</p> <p>(vi) The Private Banking License Guidelines, and subsequent clarification by RBI, also permit the IDFC 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 (as defined hereinafter) regulations.</p> <p>(vii) In view of the above, this Scheme contemplates the amalgamation of IDFC FHCL with IDFC and the subsequent amalgamation of IDFC with IDFC FIRST Bank and issuance of shares of IDFC FIRST Bank to the shareholders of IDFC, 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 and IDFC FIRST Bank.</p> <p>(viii) The amalgamation will result in the shareholders of IDFC directly holding shares in IDFC FIRST Bank, which will lead to simplification of the shareholding structure.</p> <p><u>Benefits of the Scheme of Amalgamation</u></p> <p>(i) The opportunities in the Indian banking system are expected to grow manifold in the next decade and IDFC FIRST Bank Limited is well placed to participate in and contribute to such growth. IDFC FIRST Bank Limited has firmly established itself in the Indian market with an excellent deposit franchise with strong track record of growth. IDFC FIRST Bank Limited 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 Limited. IDFC FIRST Bank Limited has launched highly ethical and customer friendly products which are highly accepted in the marketplace. IDFC FIRST Bank Limited maintains the highest levels of</p>
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		<p>corporate governance. Thus, IDFC FIRST Bank Limited is well placed to consistently grow in a profitable manner. All the shareholders and stakeholders of IDFC FHCL, IDFC Limited and IDFC FIRST Bank Limited shall benefit from such growth at IDFC FIRST Bank Limited, leading to opportunity for value creation in the long run and for maximizing the value and returns to the shareholders.</p> <p>(ii) This Scheme will provide all public shareholders of IDFC Limited with direct shareholding in IDFC FIRST Bank Limited thereby helping them to unlock value of their investments in the business of IDFC FIRST Bank Limited which is currently held by the IDFC Limited through IDFC FHCL. Consequently, these shareholders of IDFC Limited can take independent decisions with respect to their holdings in IDFC FIRST Bank Limited without being constrained to hold investment in IDFC Limited to be able to derive value of benefit from IDFC FIRST Bank's business.</p> <p>(iv) The Scheme will facilitate compliance by IDFC Limited with the promoter ownership norms set out under the 2013 Private Banking License Guidelines.</p> <p>(iv) The Amalgamation through this Scheme shall simplify the corporate and organisational structures of IDFC FHCL, IDFC Limited and IDFC FIRST Bank Limited by consolidating both listed entities, IDFC Limited and IDFC FIRST Bank Limited in a single large listed company. This will also lead to unification and streamlining of the regulatory compliances of both the listed entities.</p> <p>(v) The shareholders of IDFC Limited will be allotted shares of IDFC FIRST Bank Limited 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 Limited will continue to be professionally managed and shall only have public shareholders.</p>
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5.	In case of cash consideration-amount or otherwise share exchange ratio	155 equity shares (credited as fully paid up) of face value of INR 10 (Indian Rupees Ten) each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten) of IDFC.
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 as on the record date. The equity share(s) held by IDFC in IDFC FIRST Bank will be cancelled / extinguished as per the Scheme.



Annexure-II

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	The implementation agreement between IDFC Limited ("IDFC") and IDFC FIRST Bank Limited ("IDFC FIRST Bank") (" Implementation Agreement ").
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.
4.	Shareholding, if any, in the entity with whom the agreement is executed	As on date, IDFC through IDFC FHCL holds 39.93% (thirty nine point nine three percent) of fully paid-up equity share capital of IDFC FIRST Bank.
5.	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.
6.	Whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship	IDFC is promoter of IDFC FIRST Bank.
7.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";	The Implementation Agreement is between IDFC and IDFC FIRST Bank as mentioned above. The Implementation Agreement is for the purpose of implementing the Proposed Transaction, which is on an arm's length basis.
8.	In case of issuance of shares to the parties, details of issue price, class of shares issued;	Not applicable
9.	Any other disclosures related to such agreements, viz., details of	None



	nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.; and	
10	In case of termination or amendment of the agreement, listed entity shall disclose additional details to the stock exchange(s): a) name of parties to the agreement; b) nature of the agreement; c) date of execution of the agreement; and d) details of amendment and impact thereof or reasons of termination and impact thereof.	Not applicable





MEDIA RELEASE

IDFC Limited Board of Directors Approve Merger with IDFC First Bank Limited

- *The Board of Directors of IDFC Limited and IDFC Financial Holding Company Limited approved merger with IDFC FIRST Bank Limited and a share exchange ratio of 155 shares of IDFC FIRST Bank for every 100 shares held in IDFC .*
- *The merger will create value for IDFC Limited's shareholders and provide direct shareholding in IDFC FIRST Bank Limited.*

Mumbai, July 3, 2023: IDFC Limited ("IDFC"), announced a merger with IDFC FIRST Bank Limited ("Bank") and the share exchange ratio for the proposed merger.

The Board of Directors ("**the Board**") of IDFC Limited ("IDFC") and IDFC Financial Holding Company Limited ("**IDFC FHCL**") approved composite Scheme of Amalgamation of IDFC FHCL and IDFC Limited with IDFC FIRST Bank Limited in their respective board meetings held on July 3, 2023.

Commenting on this development, **Anil Singhvi, Chairman of IDFC Limited, said:** "Today marks an important day in our journey towards creating value for our stakeholders. As IDFC looks to conclude the last phase of its corporate restructuring, the merger with IDFC First Bank will help create a financial services powerhouse enabling seamless delivery of services to our customers. It will augment operational efficiency for the merged entity and create synergies for our shareholders."

As per the share exchange ratio under the scheme of amalgamation, the Bank will issue and allot to the eligible shareholders of IDFC, 155 new equity shares of the face value of 10 each (cancelling the shareholding of IDFC held through IDFC FHCL in the Bank in its entirety), credited as fully paid-up, for every 100 equity shares of the face value of Rs. 10 each fully paid-up held by such shareholder on completion of the proposed merger. The share exchange ratio will result in a premium of about 20% on the closing market price of the shares of IDFC vis-à-vis IDFC FIRST Bank Limited on June 30, 2023. Also, IDFC paid special dividend of Rs.11/- per share in February 2023 to the to the Shareholders of the Company.

History and current status of the proposed merger: IDFC was granted in-principle approval by the Reserve Bank of India to set up a bank in April 2014, leading to the creation of IDFC Bank Limited and IDFC Financial Holding Company Limited. All the regulated businesses were transferred to the IDFC FHCL as per applicable law following this approval. IDFC Bank further strengthened its business following the merger with the Capital First Ltd in December 2018 and was subsequently renamed IDFC FIRST Bank Limited. As a promoter, IDFC was required to hold a minimum of 40% equity in the Bank for five years (till September 30, 2020).

Post " in principle approval " to merge IDFC/ IDFC FHCL with the Bank(granted in December 2021) the Board of IDFC is working untiringly to get the best value of it's asset & noteworthy was the sale of AMC business to Bandhan Group. It is with utmost satisfaction that with the merger, IDFC has created huge value for it's shareholders, the market capitalisation has gone up from Rs. 8,000 Crores to Rs. 17,000 Crores.

IDFC Limited

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The merger is subject to approvals from the stock exchanges, Reserve Bank of India, Competition Commission of India, and shareholders. In addition, the scheme of amalgamation will be subject to approval by the NCLT, Chennai bench.

Advisors

SSPA & Co., Chartered Accountants (Registered Valuer) were appointed as valuers by IDFC Limited and IDFC Financial Holding Company Limited. Axis Capital Limited, SEBI Registered Merchant Banker provided fairness opinion.

Cyril Amarchand Mangaldas acted as legal advisors to IDFC Limited and IDFC Financial Holding Company Limited.

For more information, please contact:

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