

IDFCFIRSTBANK/SD/234/2022-23

February 06, 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: Notice of Postal Ballot**

Dear Sir / Madam,

Further to our intimation dated February 04, 2023 under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), regarding Outcome of the meeting of Board of Directors of IDFC FIRST Bank Limited ("**Bank**"), and in terms of Regulations 30 and 44 of the SEBI Listing Regulations, please find enclosed herewith a copy of the Postal Ballot Notice dated February 04, 2023, along with the Explanatory Statement ("**Postal Ballot Notice**"), for seeking approval of the Members of the Bank on the Special Business stated below and as contained in the Postal Ballot Notice, by passing the resolution through **Postal Ballot (only by means of remote e-voting process)**, pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 and General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020 read with other relevant circulars, including General Circular No. 11/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs, Government of India ("**MCA Circulars**"), Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India any other applicable law, rules, and regulations.

Sr. No.	Particulars	Type of Resolution
1.	To Issue, Offer and Allot Equity shares on Preferential basis	Special Resolution

The Postal Ballot Notice is being sent only by e-mail to those members who have registered their e-mail address with their Depository Participants or KFin Technologies Limited ("**KFintech**"), Registrar and Transfer Agent of the Bank and whose names appear in the register of members / list of beneficial owners as maintained by the National Securities Depository Limited, Central Depository Services (India) Limited and KFintech as on the **cut-off date** i.e. **Friday, January 27, 2023**.

As per the provisions of the MCA Circulars, the manner of voting on the proposed resolution is restricted only to remote e-voting. The Bank has engaged the services of KFintech for providing remote e-voting facility to all its Members. The e-voting period will commence on **Tuesday, February 07, 2023 (9:00 a.m. IST)** and end on **Wednesday, March 08, 2023 (5:00 p.m. IST)**. Members holding Equity Shares of the Bank as on the Cut-off Date ("**Eligible Members**") only shall be entitled to vote through remote e-voting process.

The Postal Ballot Notice has also been made available on the website of the Bank at the link <https://www.idfcfirstbank.com/investors/postal-ballot> and the website of KFintech, the remote e-voting service providing agency to the Bank, at [www.evoting.kfintech.com](http://www.evoting.kfintech.com).

The Bank shall commence dispatch (by electronic means) of the Postal Ballot Notice to the members from today i.e. February 06, 2023.

In accordance with the MCA Circulars, the Bank has made necessary arrangements to enable the Eligible Members who have not registered their e-mail address, to register the same so as to receive the Postal Ballot Notice and the procedure for remote e-voting along with the login ID and password related details. The procedure for registration of e-mail address by such Members and the instructions for remote e-voting are set out in Note 18 of the Postal Ballot Notice.

The results of the Postal Ballot will be announced **on or before Friday, March 10, 2023**. The results of the remote e-voting and the Scrutinizer's report will be placed on the Bank's website at [www.idfcfirstbank.com](http://www.idfcfirstbank.com), on the website of RTA at [www.evoting.kfintech.com](http://www.evoting.kfintech.com) and will be communicated to the Stock Exchanges.

Please take the above on record.

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

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

*Encl: as above*

# Notice



## IDFC FIRST Bank Limited

**CIN:** L65110TN2014PLC097792

**Registered Office:** KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India

**Tel:** + 91 44 4564 4000

**Corporate Office:** IDFC FIRST Bank Tower, (The Square), C-61, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai, 400 051

**Tel:** + 91 22 7132 5500

**Website:** [www.idfcfirstbank.com](http://www.idfcfirstbank.com) **E-mail:** [bank.info@idfcfirstbank.com](mailto:bank.info@idfcfirstbank.com)

## POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended]

Dear Members,

**NOTICE** is hereby given to the shareholders ('**Members**') of IDFC FIRST Bank Limited (the '**Bank**' or '**IDFC FIRST Bank**'), pursuant to the provisions of Section 108, Section 110 and other applicable provisions, if any, of the Companies Act, 2013, (the '**Companies Act**'), read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, and relevant circulars including General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (hereinafter collectively referred to as the '**MCA Circulars**'), Regulation 44 and other applicable provisions of the Securities and Exchange Board of India ('**SEBI**') (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI Listing Regulations**'), Secretarial Standard on General Meetings ('**SS-2**') issued by the Institute of Company Secretaries of India, including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force, and any other applicable laws, rules, guidelines, notifications, circulars and regulations, if any, the following special business is proposed to be passed by the Members of the Bank through Postal Ballot via remote Electronic Voting ('**e-Voting**') only.

The proposed Resolution and Explanatory Statement setting out material facts as required in terms of Section 102 of the Companies Act read with the rules and the MCA Circulars are appended below for seeking consent of the Members of the Bank through e-Voting.

In compliance with Regulation 44 of the SEBI Listing Regulations, and pursuant to the provisions of Sections 108 and 110 of the Companies Act read with the Rules and the MCA Circulars, the Bank is sending this Postal Ballot Notice in electronic form only and has extended only the e-Voting facility for its Members, to enable them to cast their votes electronically instead of submitting the Postal Ballot form. The Bank has appointed KFin Technologies Limited ('**KFin**') for facilitating e-Voting system to

enable the Members to cast their votes electronically. The hard copy of this Postal Ballot Notice along with Postal Ballot forms and pre-paid business envelope will not be sent to the Members in accordance with the requirements specified under the MCA Circulars. Accordingly, the communication of the assent or dissent of the Members would take place through the e-Voting system only. The instructions for e-Voting are appended to this Postal Ballot Notice.

The Board of Directors of the Bank has appointed Ms. Manisha Maheshwari, Practicing Company Secretary [Membership No. ACS: 30224 and CP: 11031], Partner of M/s. Bhandari & Associates, Company Secretaries or failing her Mr. S. N. Bhandari, Practicing Company Secretary [Membership No. FCS: 761 and CP: 366], Partner of M/s. Bhandari & Associates, Company Secretaries, as the Scrutinizer for conducting the Postal Ballot e-Voting process in a fair and transparent manner and in accordance with the provisions of the Companies Act and the rules made thereunder. You are requested to carefully read the instructions in this Postal Ballot Notice and record your assent (FOR) or dissent (AGAINST) through the e-Voting process not later than 5:00 p.m. Indian Standard Time ('**IST**') of **Wednesday, March 08, 2023**.

After completion of scrutiny of the votes, the Scrutinizer will submit its report to the Chairperson of the Bank, or a person authorized by the Chairperson. The results of Postal Ballot shall be declared on or before **Friday, March 10, 2023**, along with the Scrutinizer's report, be displayed at the Corporate Office and the Registered Office of the Bank, communicated to the Stock Exchanges and will also be uploaded on the Bank's website at [www.idfcfirstbank.com](http://www.idfcfirstbank.com) and on the website of KFin at [www.evoting.kfintech.com](http://www.evoting.kfintech.com).

The proposed Resolution, if approved, shall be deemed to have been passed on the last date of e-Voting, i.e., **Wednesday, March 08, 2023**.

## Special Business

### Item No. 1:

#### To Issue, Offer and Allot Equity shares on Preferential basis

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (**‘Companies Act’**), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other relevant rules made thereunder, in accordance with applicable rules, regulations, etc., issued by Securities and Exchange Board of India (**‘SEBI’**) including Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**‘SEBI ICDR Regulations’**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘SEBI Listing Regulations’**), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the relevant provisions of the Banking Regulation Act, 1949, the rules, circulars, directions and guidelines issued by the Reserve Bank of India (**‘RBI’**), the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder as amended, (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of Memorandum of Association and Articles of Association of

the Bank, and subject to other applicable rules and regulations and the approvals, consents, permissions and/ or sanctions, as may be required from the Ministry of Corporate Affairs (**‘MCA’**), Government of India, RBI, SEBI, Stock Exchange(s) and any other relevant statutory, governmental authorities or departments, institutions or bodies and subject to such terms, conditions, alterations, corrections, changes, variations and/ or modifications, if any, as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and/ or sanctions and which may be agreed by the Board of Directors of the Bank (**‘Board’**), the consent of the Members of the Bank be and is hereby accorded to create, offer, issue and allot 37,75,00,859 (Thirty seven crore seventy five lakh eight hundred and fifty nine) equity shares of face value of ₹ 10 (Rupees Ten only) each fully paid up, on a preferential basis, at a price of ₹ 58.18 (Rupees fifty eight and eighteen paise only) per equity share [including premium of ₹ 48.18 (Rupees forty eight and eighteen paise only) per equity share], determined in accordance with the relevant regulations under Chapter V of SEBI ICDR Regulations, to IDFC Financial Holding Company Limited (**‘IDFC FHCL’** or **‘Proposed Allottee’**), Promoter of the Bank, for cash consideration on a preferential basis (**‘Preferential Issue’**) as per the particulars set out below and on such terms and conditions as may be determined by the Board in accordance with the SEBI ICDR Regulations and other applicable laws, rules and regulations:

Name of the Proposed Allottee	Details of the Proposed Allottee	No. of Equity Shares to be allotted
<b>IDFC Financial Holding Company Limited</b> - Promoter (wholly owned subsidiary company of IDFC Limited)	Country of Incorporation: India Registered Office: 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai – 600 018, Tamil Nadu	37,75,00,859 (Thirty seven crore seventy five lakh eight hundred and fifty nine)

**RESOLVED FURTHER THAT** the **‘Relevant Date’** for determining the price of the equity shares in accordance with the SEBI ICDR Regulations, is **Monday, February 06, 2023**, being the date, which is 30 days prior to the last date for remote electronic voting for Postal Ballot (on which date the resolution, if approved, by the requisite majority through Postal Ballot will be deemed to be passed) i.e., **Wednesday, 08 March, 2023**.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid equity shares shall subject to applicable laws as well as the Memorandum and Articles of Association of the Bank, be made fully paid up at the time of allotment and shall rank *pari-passu* with the existing equity shares of the Bank in all respects and the same shall be subject to lock-in for such period as may be prescribed under Chapter V of the SEBI ICDR Regulations and any other applicable law for the time being in force.

**RESOLVED FURTHER THAT** the price determined shall be subject to appropriate adjustments, if required, as permitted under the rules, regulations, and laws, as applicable from time to time.

**RESOLVED FURTHER THAT** the equity shares be issued and allotted by the Bank to the Proposed Allottee in dematerialized form within a period of 15 (Fifteen) days from the date of receipt of Members’ approval, provided that, where the issue

and allotment of the said equity shares is pending on account of pendency of any approval by any Regulatory Authority (including, but not limited to the RBI, National Stock Exchange of India Limited, BSE Limited and/or SEBI) or the Government of India, the issue and allotment shall be completed within a period of 15 (Fifteen) days from the date of receipt of last of such approvals or such other extended period as may be permitted in accordance with SEBI ICDR Regulations, as amended from time to time.

**RESOLVED FURTHER THAT** the equity shares issued to the Proposed Allottee shall be listed on the Stock Exchanges where the existing equity shares of the Bank are listed.

**RESOLVED FURTHER THAT** the monies received by the Bank from the Proposed Allottee for application of the equity shares pursuant to this Preferential Issue shall be kept by the Bank in a separate account opened by the Bank for this purpose and shall be utilized by the Bank for the purpose for which the amount is raised in accordance with the provisions of applicable law.

**RESOLVED FURTHER THAT** subject to the receipt of such approvals as may be required under applicable law, consent of the Members of the Bank be and is hereby accorded to record the name and details of the Proposed Allottee in Form PAS-5 and the Board be and is hereby authorized to make an offer to the Proposed Allottee through Private Placement

Offer Letter cum application letter in Form PAS 4 or such other form as prescribed under the Act and SEBI ICDR Regulations containing the terms and conditions.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above resolution, the issue of the equity shares shall be subject to the following terms and conditions in addition to the terms and conditions as contained in the Statement under Section 102 of the Companies Act annexed hereto, which shall be deemed to form part hereof:

- [a] The Proposed Allottee of equity shares shall be required to bring in 100% of the consideration, on or before the date of allotment thereof;
- [b] The consideration for allotment of equity shares shall be paid to the Bank by the Proposed Allottee from their respective bank accounts; and
- [c] Allotment of equity shares shall only be made in dematerialized form.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board (which term shall deem to include any committee which the Board has constituted or may constitute

to exercise one or more of its powers, including the powers conferred by this resolution) be and is hereby authorized to take all such actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid equity shares and listing thereof with the Stock Exchanges as appropriate including but not limited to filing of requisite documents with the Registrar of Companies, Depositories and/ or such other authorities as may be necessary for the purpose, to decide and approve the other terms and conditions of the Preferential Issue of the aforesaid equity shares, to vary, modify or alter any of the terms and conditions, subject to the provisions of the Companies Act, the SEBI ICDR Regulations and/ or any other laws and regulations, and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment, utilization of issue proceeds, and to take all other steps which may be incidental, consequential, relevant or ancillary in relation to the foregoing without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By order of the Board of Directors of

**IDFC FIRST Bank Limited**

**Satish Gaikwad**

Head - Legal & Company Secretary  
Membership No. F6494

**Date :** February 04, 2023

**Place:** Mumbai

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('**Companies Act**') read with the Companies (Management and Administration) Rules, 2014, and other applicable provisions, if any, setting out the material facts and reasons for the resolution in respect of the business set out in this Notice is annexed hereto.
2. The Postal Ballot Notice along with the instructions regarding remote e-Voting has been dispatched to all the Members by e-mail, whose names appear in the Register of Members/ List of Beneficial Owners as received from Depositories i.e., National Securities Depository Limited ('**NSDL**')/ Central Depository Services (India) Limited ('**CDSL**') and who already have their e-mail address registered with the Registrar and Share Transfer Agent/ Depositories as on **Friday, January 27, 2023 ('cut-off date')**. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
3. A copy of the Postal Ballot Notice is also available on the Bank's website [www.idfcfirstbank.com](http://www.idfcfirstbank.com), on Bank's Registrar and Share Transfer Agent ('**RTA**') viz. KFin Technologies Limited ('**KFin**') e-Voting website <https://evoting.kfintech.com> and at the relevant sections of the websites of the Stock Exchanges on which the shares of the Bank are listed i.e. at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
4. Dispatch of the Notice shall be deemed to be completed on the day on which KFin or Bank sends out the communication for the Postal Ballot process by e-mail to the Members of the Bank.
5. As required by Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars and the SEBI Listing Regulations, the details pertaining to this Postal Ballot will be published in one English national daily newspaper circulating throughout India (in English language) and one Tamil daily newspaper circulating in Chennai, being place where the Registered Office of the Bank is situated (in vernacular language, i.e., Tamil) and also on the Bank's website: [www.idfcfirstbank.com](http://www.idfcfirstbank.com).
6. The Members of the Bank whose names appear in the Register of Members/ List of Beneficial Owners as received from Depositories i.e., NSDL/ CDSL as on the cut-off date (including those Members who may not have received this Postal Ballot Notice due to non-registration of the e-mail address with the RTA/ Depositories), shall be entitled to vote in relation to the resolution specified in this Postal Ballot Notice.
7. In compliance with the provisions of Sections 108, 110 and other applicable provisions, if any, of the Companies Act read with rules made thereunder, Regulation 44 of the SEBI Listing Regulations, SS-2 and relevant Circulars issued by Ministry of Corporate Affairs, and any amendments thereto, the Bank is providing facility for voting by e-Voting to all the Members of the Bank as on the cut-off date to enable them to cast their votes electronically on the item mentioned in the Notice. For this purpose, the Bank has engaged the services of its RTA KFin and have made necessary arrangements with RTA to facilitate e-Voting. In terms of the MCA Circulars, voting can be done only by e-Voting. The Members are strongly advised to use the e-Voting procedure by themselves and not through any other person/ proxies.
8. The portal for e-Voting will remain open for the Members for exercising their voting from **Tuesday, February 07, 2023 at 09:00 a.m.** India Standard Time ('**IST**') till **Wednesday, March 08, 2023 at 05:00 p.m.** IST. Please note that e-Voting module will be disabled for voting by KFin after the said date and time. During this period, the Members of the Bank holding shares either in physical form or dematerialized form, as on the cut-off date, may cast their vote electronically. Once vote on the resolution is cast by the Member, he/ she shall not be allowed to change it subsequently or cast the vote again.
9. The voting rights of the Members shall be in proportion to his/ her share in the total paid-up equity share capital of the Bank as on cut-off date, subject to the provisions of the Banking Regulation Act, 1949, as amended, which will only be considered for voting. In case of joint holders, only such joint holder who is higher in the order of names as per the Register of Members of the Bank will be entitled to vote.
10. All the material documents referred in the Explanatory Statement, shall be available for inspection through electronic mode, during business hours except Saturday, Sunday and National Holidays from the date hereof up to the date of announcement of results of Postal Ballot. Members seeking to inspect such documents can send an email to [secretarial@idfcfirstbank.com](mailto:secretarial@idfcfirstbank.com), mentioning their name, Folio No. / Client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the e-mail.
11. The Scrutinizer shall prepare Scrutinizer's Report on the total votes cast in favour or against or abstained, if any. The Scrutinizer shall immediately, after the conclusion of voting, unblock the votes cast through e-Voting and make, not later than two days of conclusion of the e-Voting, a Scrutinizer's Report of the total votes cast in favour or against, if any and submit to the Chairperson or a person authorised by him, who shall countersign the same. The Scrutinizer's decision on the validity of e-Voting will be final. The results of the Postal Ballot will be announced on or before **Friday, March 10, 2023**. The results of the Postal Ballot will be posted on the Bank's website [www.idfcfirstbank.com](http://www.idfcfirstbank.com) and on KFin's e-Voting website <https://evoting.kfintech.com> and will also be communicated to the Stock Exchanges where the Bank's shares are listed. The Bank will also display the results of the Postal Ballot along with Scrutinizer's Report at its Corporate Office and Registered Office.
12. The resolution, if passed, by the requisite majority, shall be deemed to have been passed on the last date specified by the Bank for e-Voting i.e., **Wednesday, March 08, 2023**. Further, resolution passed by the Members through Postal Ballot is deemed to have been passed effectively at a general meeting.

13. Members holding shares in dematerialized mode are requested to register/ update their KYC details including e-mail address with the relevant Depository Participants. Members holding shares in physical form are requested to register/ update their KYC details including e-mail address by submitting duly filled and signed Form ISR-1 at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the copy of the share certificate (front and back), self-attested copy of the PAN card and such other documents as prescribed in the Form. Form ISR-1 is available on the website of the Bank at <https://www.idfcfirstbank.com/investors>.
14. The shareholder holding shares in electronic mode has to get his e-mail ID and mobile number updated in the demat account or folio and User ID and password generation will be done on the respective depository.
15. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form. Further, as per the SEBI circular dated January 25, 2022, the request of transmission and transposition shall only be processed in dematerialized form by following the steps mentioned in the said circular. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, the Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. The Members can contact the Bank's RTA for assistance in this regard.
16. The Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. The Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to the RTA of the Bank i.e., KFin. The prescribed forms, in this regard, are available on the website of the Bank at <https://www.idfcfirstbank.com/investors>. The Members holding shares in dematerialized form may contact their respective DP for availing this facility
17. To support 'Green Initiative', the shareholders who have not registered their email-id are requested to register the same with their Depository Participants in case shares are held in dematerialised form and with KFin in case shares are held in physical form, which could help the Bank for sending paperless communication in future.
18. The detailed procedure with respect to e-Voting are as under: In order to increase the efficiency of the e-Voting process, SEBI vide its circular SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, had decided to enable e-Voting to all the demat account holders by way of a single login credential through their demat accounts/ websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the e-Voting service providers, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-Voting process. Therefore, to support the above initiative undertaken by SEBI, Members are requested to intimate/ update changes, if any, pertaining to their e-mail address and mobile numbers with the respective Depositories/ Depository Participants. Members holding shares in physical form and who want to avail the above initiatives of SEBI are requested to convert their physical holdings into Demat form. Members can contact KFin for any assistance in this regard.

**A. e-Voting procedure for Individual shareholders holding securities in Demat:**

As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Method of Login individual shareholders holding the securities in demat mode directly from the website of depositories:

NSDL	CDSL
<p>1. User already registered for IDeAS facility:</p> <p>I. URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></p> <p>II. Click on the "Beneficial Owner" icon under 'IDeAS' section.</p> <p>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting".</p> <p>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p>	<p>1. Existing user who have opted for Easi / Easiest</p> <p>I. URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>II. Click on New System Myeasi</p> <p>III. Login with user id and password.</p> <p>IV. Option will be made available to reach e-Voting page without any further authentication.</p> <p>V. Click on e-Voting service provider name to cast your vote.</p>
<p>2. User not registered for IDeAS e-Services</p> <p>I. To register click on link: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></p> <p>II. Select "Register Online for IDeAS"</p> <p>III. Proceed with completing the required fields.</p>	<p>2. User not registered for Easi/Easiest</p> <p>I. Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>II. Proceed with completing the required fields.</p>

NSDL	CDSL
<p>3. User not registered for IDeAS e-Services</p> <p>i. To register click on link: <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>ii. Proceed with completing the required fields.</p> <p>4. By visiting the e-Voting website of NSDL</p> <p>I. URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a></p> <p>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.</p> <p>III. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</p> <p>IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</p> <p>Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>	<p>3. By visiting the e-Voting website of CDSL</p> <p>I. URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>II. Provide demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</p> <p>After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress.</p>

**B. Method of Login for individual shareholders holding the securities in demat mode through their depository participants.**

Shareholders can also login using the login credentials of their demat account through Depository Participant registered with NSDL/ CDSL for e-Voting facility. Once logged in, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/ CDSL Depository site after successful authentication. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the e-Voting period.

**Important Note:**

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forgot Password option available at above mentioned website.

**For technical Assistance**

Members facing any technical issue in login can contact the respective helpdesk by sending a request on the email id's or contact on the phone no's provided below:

NSDL	CDSL
Email: <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> Toll free No.'s: 1800 1020 990 1800 22 44 30	Email : <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> Phone No.: 022- 23058738 022-23058542-43

**C. e-Voting procedure for Institutional Shareholders and shareholders holding securities in Physical form:**

In compliance with Regulation 44 of SEBI Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act read with the relevant Rules, the Bank is pleased to provide e-Voting facility to all its shareholders holding securities in physical form and to the Institutional Shareholders, to enable them to

cast their votes electronically. The Bank has engaged the services of KFin for the purpose of providing e-Voting facility to all its Members.

- i. The details of the process and manner for e-Voting are given below:
  - a. Initial password is provided in the body of the email.
  - b. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
  - c. Enter the login credentials i.e., User ID and password mentioned in your email. Your Folio No./ DP ID Client ID will be your User ID. However, if you are already registered with KFin Technologies Limited for e-Voting, you can use your existing User ID and password for casting your votes.
- ii. After entering the details appropriately, click on LOGIN.
- iii. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (09) and a special character (@,#,\$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- iv. You need to login again with the new credentials.
- v. On successful login, the system will prompt you to select the EVENT i.e., **7167 - IDFC FIRST Bank Limited**.
- vi. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all



the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

- vii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- viii. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- ix. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/ JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature

of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through e-mail at [bhandariandassociates@gmail.com](mailto:bhandariandassociates@gmail.com) and may also upload the same in the e-Voting module in their login. The scanned image of the above documents should be in the naming format 'CLIENT EVENT No.'

For Members who have not registered their email addresses, kindly register the same and their mobile numbers at the link <https://ris.kfintech.com/clientservices/postalballot/registration.aspx> as the postal ballot form and any other documents will not be sent to them in physical mode. The same shall be sent only by email, in view of the applicable MCA Circulars.

In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-Voting user manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free) or contact Ms. Krishna Priya, Manager at KFin Technologies Limited [Unit: IDFC FIRST Bank Limited], Selenium Tower B, Plot 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana, India, e-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

## ANNEXURE TO NOTICE

### Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out all material facts:

#### Item No. 1:

#### To Issue, Offer and Allot Equity shares on Preferential basis

##### Vision

The vision of IDFC FIRST Bank is “to build a world class bank in India, guided by ethics, powered by technology, and to be a force for social good”.

Towards this vision, IDFC FIRST Bank has made significant progress on all fronts. The Bank has built key building blocks for growth including a strong deposit franchise, risk management practices, strong asset quality and profitable business. The Bank has stayed on the course announced at the time of the merger. The Bank encountered certain unexpected events after merger, such as significant charge offs due to legacy infrastructure and corporate loans, and two COVID waves and lockdowns, one with moratorium and one without. Yet because of the proactive measures of the Bank in dealing with risk, and because of building a profitable business model, the Bank has emerged stronger from these stress tests. The Bank have already achieved many key milestones that were guided at the time of the merger.

Our approach towards building IDFC FIRST Bank into a world class bank is as follows:

#### 1. Safety First:

Safety first is the priority of the Bank, and our Bank is always conservative in our approach. For instance, at merger, because our heritage is one of a Domestic Financial Institution (**‘DFI’**) that had recently converted to a Bank, our Bank had majority of its liabilities side in the form of “Institutional deposits and borrowings”. In terms of composition of our liabilities, our Institutional borrowings and deposits were ₹ 1,05,541 crore but our retail deposits were only ₹ 10,400 crore.

Hence, under the Safety-First approach, the Bank raised retail deposits of ₹ 84,707 crore between December 31, 2018, and December 31, 2022, and paid-off Institutional bulk deposits and Certificate of deposits, thus, effectively de-risked the liability side of the balance sheet. The scale of transformation can be gauged from the fact that, within just 4 years, the liability side is completely transformed, and the Retail deposits to Corporate Deposits Ratio has been transformed from **27:73** in December 31, 2018 to **77:23** as of December 31, 2022.

Despite the pressures of the market to grow the loan book, we exercised discipline and prudently slowed down growth of funded assets to 3-year CAGR of only 5.1% (December 31, 2018 to December 31, 2021) and instead built a stable deposit base. The CASA ratio of the Bank has increased from 8.68% at the time of the merger to reach 50% now. The deposit side transformation is now complete, and we are ready to grow the Bank in deposits as well as loans.

Similarly, on the lending side, we do not take undue risks, and have maintained asset quality of retail loans

and incremental wholesale loans at high levels (details in point 4 and 5).

#### 2. Goodwill:

The Bank enjoys enormous public goodwill and confidence, possibly because of the highest levels of corporate governance, customer centric products, and being ethical in its approach. For instance, despite posting losses for six quarters due to certain legacy reasons and then leading to COVID, our bank grew retail deposits by ₹ 29,970 crore between April 1, 2020, to March 31, 2021, a growth of 88% over March 31, 2020. During periods of uncertainty, deposits usually chased established large banks; we were one of the beneficiaries of strong deposit growth during the pandemic.

In 2021, faced with excess liquidity, our Bank further reduced interest rates from 7% to 4% for deposits up to ₹ 10 lakh, a reduction of 300 basis points for this bucket, yet retail public deposits with our Bank continued to surge to reach CASA of 50%. As of December 31, 2022, the customer deposits of the Bank have further risen by 44% YOY to reach ₹ 1,23,578 crore. All these point to the strong public goodwill enjoyed by the Bank in the market and the high levels of customer service provided by the Bank.

#### 3. Culture of ethical and customer First practices at the core:

The Bank designs highly customer friendly products and services. With “Near-and-Dear” test approach, the Bank designs all products and services keeping the customer’s interest in mind. The Bank charges minimal fees, if at all, and certainly not in ways the customer does not notice. Whether in savings accounts, credit cards or any other service, the Bank practices ethical and customer-first banking. The Bank have introduced a series of industry-first practices in favor of the customer, such as online redemption of rewards points, evergreen rewards points, monthly interest credit, zero fees on non-home branch transactions and 25-30 such services. It is the first Bank in the country to introduce Zero-Fee Banking for savings accounts related services even for customers holding subject to maintaining as low as ₹ 10,000 as average quarterly balances with us.

#### 4. Risk Management:

In retail loans, the Bank has a 10-step stringent underwriting process including Go-No Go criteria, credit bureau checks, fraud check, credit score cards, field verification, personal discussion, industry check, cash flow analysis, ratio analysis, and title deed verification, and these are customized from product to product based on requirements.

These processes have been strengthened through repeated iterative and learning process for over a decade. The Bank tracks multiple early-stage credit quality indicators such as credit bureau profile of customers, cheque/ NACH bounce on presentation, collection percentages etc. to monitor credit quality of customers being onboarded. The number of cheques bounced on

presentation for new loans has dropped by 34% since 2019, indicating that as the current new book continues to be of better asset quality than the past.

Since even under our earlier norms, the Gross NPA and Net NPA remained in the corridor of 2% and 1% for over a decade, hence under the new tightened norms, we expect Gross and Net NPA to remain below these levels going forward as well.

Our source bucket collection efficiency which was already high around 99% for near 10 years, has now increased to 99.6%.

In wholesale banking, as part of risk management the Bank has reduced infrastructure book as a % of the total funded assets from 22% at the time of merger to under 3.7% now, exposure to top 20 single borrowers from 16% as of March 31, 2019, to 7% as of December 31, 2022. Legacy Accounts of infrastructure and corporate loans which troubled us post-merger are provided for or are already part of reported NPA.

#### 5. **Asset quality:**

The asset quality of retail & commercial portfolio of the Bank is quite high with Gross NPA at only 1.87% and Net NPA at 0.70% as of December 31, 2022.

This number is not unusually low because of a benign credit cycle. Our Gross NPA and Net NPA on the retail & commercial finance portfolio, which is the majority part of our book, have remained in the corridor of 2% and 1% respectively for over 12 years now, including the period of Capital First. It is fair to add this track record to the history of the Bank's experience with retail credit, as the two entities are merged, and the history is carried over to the merged entity. During the last decade, the portfolio has been seasoned and subjected to multiple stress-tests, including economic slowdown (2010-2014), Demonetization (2016), GST implementation (2017), IL&FS crisis (2018), COVID (2020- 21). Further, it is not that the NPA was maintained low because of provisions. The provisions and credit costs were quite low and maintained in a tight band and profits, after adjusting for credit costs continued to rise strongly and consistently throughout the decade.

During the last three years, the Bank has moved to more prime portion of each segment we operate in because of lower cost of funds, basis which we expect asset quality to be stable going forward.

The Bank has launched many new products in the Retail and Commercial segment such as Gold loans, Education loans, Credit cards, Kisan Credit Cards, Farmer Loans, New Car loans, and is growing the portfolio in a steady manner. The total funded assets (including advances & credit substitutes) of the Bank grew by 25% YOY to reach ₹ 152,152 crore as of December 31, 2022.

#### 6. **Profitability:**

The Bank had low operating profit to begin with at merger because all DFIs usually operate on thin margins. However, during the last few years, the Bank has improved its core operating profit (NII plus fees less opex, excluding trading income) from 0.32% of the average total assets at

pre-merger stage (H1-FY19 annualized), to 0.76% upon merger (H2-FY19 annualized), to 2.11% for 9M-FY23, despite expenses to build the deposit franchise of the Bank and launching new businesses.

The progress in core operating profits is because the incremental unit economics of the Bank are strong. Incremental Return on Equity ('ROE') on Retail lending is around 18-20% after adjusting for Opex, credit costs and tax. Retail fees now constitutes 91% of the total fee income which points to granularity and sustainability of this line item.

The core Return on Assets ('ROA') (ROA excluding treasury and trading income) of the Bank has increased from near-zero at merger to quickly reach industry levels of 1% within 4 years. In FY22, the core Pre-Provisioning Operating Profit ('PPOP') of the Bank increased by 44% YOY over FY21. In 9M-FY23, the core PPOP of the Bank has increased further by 70% over 9M- FY22. The profit after tax for Q3 FY23 was ₹ 605 crore, up 115% over PAT of ₹ 281 crore for Q3 FY22

#### 7. **New business launches:**

As a universal Bank, multiple lines of new businesses such as FASTag, Cash Management, Wealth Management, etc. have been launched by the Bank.

#### 8. **Corporate Governance:**

The Bank has strong corporate governance practices with transparent communication, both internal and external, and has an eminent, qualified and experienced Board of Directors. Majority of the members of Board-level Committees are Independent Directors and most of these committees are chaired by them.

#### 9. **Technology:**

The Bank is laying a strong, modular, and contemporary technology architecture that will help the Bank to simultaneously enable efficiency, resilience, and growth. The Bank continues to strengthen its superior capabilities of predictive analytics in credit underwriting, portfolio management, collection strategy, fraud risk mitigation and other such areas.

#### 10. **ESG and CSR:**

The Bank wants to participate along-with the rest of the world protecting the Environment. Our business is by its nature, aligned to Social Goals. Governance is our pillar, and we see it as our responsibility to live up to it. We see CSR not as a statutory requirement, but as our commitment to society.

#### 11. **Capital Adequacy:**

The Bank is well capitalized with capital adequacy of 16.06% (including profits of 9M-FY23) as of December 31, 2022.

Including this capital raise of ₹ 2,196.30 crore (rounded off), the capital adequacy of the Bank as computed on December 31, 2022 financials would be strong at 17.40%.

## Summary

Based on the above, we would like to share that the Bank has built strong foundations and is well placed for growth going forward. We intend to build the Bank in a safe and stable manner with strong fundamentals. To support such growth aspirations, the Bank would like to enhance its capital adequacy and be adequately prepared to participate in future business opportunities. It is therefore proposed to raise additional Equity Capital aggregating ₹ 2,196.30 crore (rounded off) by way of Preferential Issue to the Promoter, subject to receipt of necessary approvals from Members, Stock Exchanges where the equity shares of the Bank are listed, and other statutory regulators, as applicable.

The details in this regard as required in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations') and the Companies Act, 2013 ('Companies Act') read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014, are as follows:

### A. Particulars of the offer, including the material terms, kind of securities offered, price at which the securities are being offered and the amount which the Bank intends to raise by way of such securities:

The Board, at its meeting held on **Saturday, February 04, 2023** had, subject to the approval of the Members and such other approvals as may be required, approved the Preferential Issue, involving the issue and allotment of up to 37,75,00,859 (Thirty seven crore seventy five lakh eight hundred and fifty nine) equity shares, fully paid-up, at the price of ₹ 58.18 (Rupees fifty eight and eighteen paise only) per equity share (including premium of ₹ 48.18 (Rupees forty eight and eighteen paise only) per equity share), aggregating ₹ 2196.30 crore (rounded off) on a preferential basis, such price being not less than the minimum price as determined in accordance with the provisions of Chapter V of the SEBI ICDR Regulations and Registered Valuer Report in terms of SEBI ICDR Regulations.

The aforesaid equity shares shall rank *pari-passu* with the existing equity shares of the Bank in all respects.

### E. Shareholding Pattern of the Bank before and after the Preferential Issue of equity shares:

The pre-issue and post-issue shareholding pattern of the Bank (considering full allotment of equity shares issued on preferential basis) is given below:

Category	Pre issue Shareholding Structure		No. of equity shares to be allotted	Post issue Shareholding Structure	
	No. of Shares held	% of shares		No. of Shares held	% of shares
<b>PROMOTERS' HOLDING</b>					
Indian Individual	-	-	-	-	-
Bodies Corporate	2,26,89,37,489	36.37	37,75,00,859	2,64,64,38,348	39.99
Foreign Promoters	-	-	-	-	-
<b>Sub-total (A)</b>	<b>2,26,89,37,489</b>	<b>36.37</b>	<b>37,75,00,859</b>	<b>2,64,64,38,348</b>	<b>39.99</b>
<b>NON-PROMOTERS' HOLDING</b>					
<b>a Institutional Investors</b> (Including Mutual Funds/ Banks/ Financial institutions/ Insurance, etc.)	1,81,80,34,416	29.14	-	1,81,80,34,416	27.48

### B. Purpose/ Object of the Preferential Issue of equity shares:

Our country is well positioned economically, there will be multiple opportunities for growth going forward in our growing economy. At the same time, as described earlier, our Bank has laid strong foundations, and is in a position to participate in the growth of our country. The Object of the issue is to strengthen the capital adequacy of the Bank and be adequately prepared for future business opportunities of our economy. It is therefore proposed to consider and approve the proposal of raising additional Equity Capital aggregating up to ₹ 2,196.30 crore (rounded off) by way of Preferential Issue to the Promoter, subject to receipt of necessary approvals from the Members, Stock Exchanges where the equity shares of the Bank are listed and other statutory regulators, as applicable.

### C. Maximum number of specified securities to be issued:

The resolution set out in this Notice authorize the Board to issue 37,75,00,859 (Thirty seven crore seventy five lakh eight hundred and fifty nine) equity shares at ₹ 58.18 per equity share (face value of ₹ 10 and premium of ₹ 48.18 per equity share) to the Proposed Allottee by way of Preferential Issue.

### D. Intention of the Promoters, Directors or Key Managerial Personnel of the Bank to subscribe to the Preferential Issue:

IDFC Financial Holding Company Limited ('IDFC FHCL'), Promoter of the Bank, has completed the divestment of IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited ('IDFC MF'). On sale of IDFC MF, IDFC FHCL (wholly owned subsidiary of IDFC Limited) has received sale consideration of ₹ 4,490 crore. IDFC FHCL is intending to participate/ subscribe to the proposed Preferential Issue of the Bank by utilizing part of the consideration received on sale of IDFC MF, subject to the RBI Guidelines for 'Licensing of New Banks in the Private Sector'.

Apart from above, none of the Directors, Key Managerial Personnel of the Bank including their relatives intends to subscribe to any shares pursuant to this Preferential Issue of equity shares.

Category	Pre issue Shareholding Structure		No. of equity shares to be allotted	Post issue Shareholding Structure	
	No. of Shares held	% of shares		No. of Shares held	% of shares
<b>b Central Government/ State Government(s)/ President of India</b>	26,30,87,482	4.22	-	26,30,87,482	3.98
<b>c Non-Institutional investors</b>					
Private Corporate Bodies	8,38,38,339	1.34	-	8,38,38,339	1.27
Directors and relatives	3,45,07,423	0.55	-	3,45,07,423	0.52
Indian Public	1,66,18,37,000	26.64	-	1,66,18,37,000	25.12
Others [including Non-resident Indians]	10,83,69,218	1.74	-	10,83,69,218	1.64
<b>Sub-total (B)</b>	<b>3,96,96,73,878</b>	<b>63.63</b>		<b>3,96,96,73,878</b>	<b>60.00</b>
<b>GRAND TOTAL (A+B)</b>	<b>6,23,86,11,367</b>	<b>100.00</b>	<b>37,75,00,859</b>	<b>6,61,61,12,226</b>	<b>100.00</b>

**Note:**

- The above pre-issue shareholding structure is as on the Ben-Pos dated January 27, 2023, being the latest practicable date prior to the approval of Board of Directors of the Bank and issuance of notice to the Members of the Bank.
- The post-issue shareholding structure is without taking into consideration of potential dilutions on account of allotment of equity shares due to any corporate action in the interim, including exercise of stock options granted under ESOP Scheme of the Bank, and consequently the post-issue shareholding percentage of the Proposed Allottee mentioned above may also stand altered.

**F. Time frame within which the Preferential Issue shall be completed:**

In terms of the SEBI ICDR Regulations, the proposed Preferential Issue to Proposed Allottee pursuant to the Special Resolution will be completed within a period of 15 (fifteen) days from the date of passing of resolution as set out at Item No. 1.

Provided further that where the allotment to any of the Proposed Allottee is pending on account of pendency of any application for approval or permission by any regulatory authority, the allotment would be completed within 15 (fifteen) days from the date of such approval or within such further period as may be prescribed or allowed by SEBI, Stock Exchange(s) or other concerned authorities.

**G. The identity of the natural persons who are ultimate beneficial owners of the equity shares proposed to be allotted and/or who ultimately control the Proposed Allottee is as follows:**

Name of the Proposed Allottee	Details of Ultimate Beneficial Owners
IDFC Financial Holding Company Limited	IDFC Limited

\* IDFC Limited owns 100% shareholding of IDFC FHCL as per RBI licensing guidelines for Bank. IDFC Limited is a Listed entity.

**H. The percentage of post Preferential Issue capital that may be held by Proposed Allottee in the Bank consequent to the Preferential Issue:**

Name of the Proposed Allottee	Category	Pre issue Shareholding Structure		No. of equity shares to be allotted	Post issue Shareholding Structure	
		Number	% of shares		Number	% of shares
IDFC Financial Holding Company Limited	Promoter	2,26,89,37,489	36.37	37,75,00,859	2,64,64,38,348	39.99

As a result of the proposed Preferential Issue of equity shares, there will be no change in the control or management of the Bank. The voting rights of Proposed Allottee will be as per Section 12(2) of the Banking Regulation Act, 1949, and Gazette Notification DBR.PSBD. No.1084/16.13.100/2016-17 dated July 21, 2016.

**I. Class or classes of persons to whom the allotment is proposed to be made and the current and post allotment status of the Proposed Allottee:**

The Preferential Issue, if approved, is proposed to be made to IDFC Financial Holding Company Limited (wholly owned subsidiary of IDFC Limited), which is a body corporate (Public Limited Company). IDFC FHCL is the promoter of the Bank, and its status remains the

same post the proposed Preferential Issue of equity shares.

**J. Basis on which the price (including premium) has been arrived:**

The issue price has been determined based on consideration of:

- The Valuation Report dated February 04, 2023 from an independent Registered Valuer, Ernst & Young Merchant Banking Services LLP, on the floor

price determined as ₹ 58.18 per equity share for the proposed Preferential Issue of the Bank. The Valuation Report was sought pursuant to Regulation 166A(1) of the SEBI ICDR Regulations; and

- ii) Pricing based on the pricing formula prescribed under Regulation 164 of Chapter V of SEBI ICDR Regulations.

The equity shares are listed on BSE Limited and the National Stock Exchange of India Limited ('NSE') and the equity shares are frequently traded in accordance with the SEBI ICDR Regulations.

In terms of Regulation 164(1) of SEBI ICDR Regulations, the price at which equity shares will be allotted shall not be less than higher of the following:

- (a) Volume weighted average price of the equity shares of the Bank quoted on the Stock Exchange, during the 90 trading days preceding the Relevant Date is ₹ 57.14 per equity share; or
- (b) Volume weighted average price of the equity shares of the Bank quoted on the Stock Exchange, during the 10 trading days preceding the Relevant Date is ₹ 58.18 per equity share.

The share price on the NSE has been considered for arriving at the floor price of the shares to be allotted under the Preferential Issue, as NSE is the Stock Exchange with higher trading volumes of the equity shares of the Bank for the 90 trading days prior to the Relevant Date.

In view of the above, the issue price of the equity shares to be issued to the Proposed Allottee is ₹ 58.18 (Rupees fifty eight and eighteen paise only) per equity share i.e., the higher of the price determined under the Valuation Report of the Registered Valuer and the price of the equity shares as calculated in accordance with the provisions of SEBI ICDR Regulations.

#### **K. Relevant Date and Issue Price/ Price Band:**

The Relevant Date for determining the price of equity shares for the purpose of the Preferential Issue in accordance with the SEBI ICDR Regulations, would be **Monday, February 06, 2023**, i.e., the date 30 days prior to the date on which the resolution is deemed to be passed i.e., **Wednesday, March 08, 2023**, the last date for e-Voting.

It is proposed to issue equity shares at a fixed issue price of ₹ 58.18 per equity share (face value of ₹ 10 and premium of ₹ 48.18, per equity share) as determined on the Relevant Date which is in compliance with the provisions of SEBI ICDR Regulations.

The above issue price per equity share has been determined based on consideration of:

- i) Pricing determined basis the Valuation Report of an independent Registered Valuer under Regulation 166A(1) of the SEBI ICDR Regulations; and

- ii) Pricing based on the pricing formula prescribed under Regulation 164 of Chapter V of SEBI ICDR Regulations.

The issue price of the equity shares is the higher of the price determined under i) and ii).

#### **L. Lock-in Period:**

The equity shares to be allotted on a preferential basis to the Proposed Allottee, shall be subject to lock-in for such period(s), as may be applicable, in accordance with the provisions of Chapter V of the SEBI ICDR Regulations and any other applicable law for the time being in force.

Further, the entire pre-Preferential Issue shareholding of the Proposed Allottee, shall be locked-in from Relevant Date up to a period of 90 trading days from the date of trading approval of proposed Preferential Issue, as per the SEBI ICDR Regulations.

#### **M. Re-computation of Issue Price:**

Since the Bank's equity shares are frequently traded and have been listed on a recognised Stock Exchange for more than 90 trading days prior to the Relevant Date, there is no need for the Bank to re-compute the price of equity shares to be issued and therefore, the Bank is not required to submit the undertakings specified under the relevant provisions of the SEBI ICDR Regulations.

#### **N. Principal terms of assets charged as securities:**

Not applicable.

#### **O. Valuation for consideration other than cash and the justification for the allotment proposed to be made for consideration other than cash together with Valuation Report of the Registered Valuer:**

Not applicable.

#### **P. Report of a Registered Valuer:**

The price of the equity shares has been determined taking into account the Valuation Report of the independent Registered Valuer (i.e., Valuation Report dated February 04, 2023 prepared by Ernst & Young Merchant Banking Services LLP, Registered Valuer appointed by the Bank).

#### **The name and address of the Registered Valuer appointed by the Bank is as follows:**

**Mr. Parag Mehta, Partner**

**Ernst & Young Merchant Banking Services LLP**

Registered Valuer

**Address:** Ernst & Young Merchant Banking Services LLP  
14th Floor, The Ruby,  
29 Senapati Bapat Marg,  
Dadar (West), Mumbai – 400 028.

#### **Q. Certificate from Practicing Company Secretary**

A copy of the certificate from Mr. Avinash Bagul (Membership No. F5578), Partner at M/s. BNP & Associates, Practicing Company Secretaries, certifying

that the proposed Preferential Issue is being made in accordance with the requirements of the SEBI ICDR Regulations, as applicable, is made available on the website of the Bank at <https://www.idfcfirstbank.com/content/dam/idfcfirstbank/pdf/investors/Compliance-certificate.pdf> to facilitate online inspection by the Members of the Bank.

#### R. Other Disclosures:

- [a] The Proposed Allottee have not sold or transferred equity shares of the Bank during the 90 trading days preceding the Relevant Date.
- [b] Issue of the equity shares pursuant to the Preferential Issue would be within the authorized share capital of the Bank.
- [c] During the period from April 01, 2022 till date of notice of this Postal Ballot, the Bank has not made any Preferential Issue of equity shares.
- [d] The Bank has obtained the Permanent Account Number of the Proposed Allottee.
- [e] The Bank is in compliance with the conditions of continuous listing of equity shares as specified in the listing agreement with the Stock Exchange(s) where the equity shares of the Bank are listed and the SEBI Listing Regulations, as amended. The Bank is eligible to make the Preferential Issue under Chapter V of the SEBI ICDR Regulations.
- [f] Neither the Bank nor any of its Directors or Promoters are categorized as wilful defaulter(s) or fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulter(s) issued by the Reserve Bank of India. Consequently, the disclosures required under Regulation 163(1)(i) of the SEBI ICDR Regulations are not applicable.
- [g] Neither the Bank nor any of its Directors and/ or Promoters is a fugitive economic offender as defined under the SEBI ICDR Regulations.
- [h] The requirement of obtaining Valuation Report from a Registered Valuer as prescribed under Regulation

163(3) of SEBI ICDR Regulations is not applicable for the present Preferential Allotment.

- [i] The Bank does not have any outstanding dues towards SEBI, the Stock Exchanges or the Depositories.
- [j] The Bank will make an application to the Stock Exchanges seeking its in-principle approval for the issuance of equity shares to the Proposed Allottee.
- [k] In accordance with Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, as amended, no offer or invitation of any securities is being made to a body corporate incorporated in, or a national of, a country which shares a land border with India.

The raising of capital pursuant to the proposed resolution is subject to force majeure circumstances and conditions conducive capital market environment.

It should be noted that Non-Executive Non-Independent Directors of Bank viz Mr. Ajay Sondhi (DIN: 01657614) and Dr. Jaimini Bhagwati (DIN: 07274047) are also Director of IDFC Limited, Promoter of Bank. Further, Mr. Sondhi is also Director of IDFC FHCL. In view of the proposed Preferential Issue of equity shares to the Promoter, both Mr. Ajay Sondhi and Dr. Jaimini Bhagwati, Directors of Promoter, have abstained from the Board Meeting held on February 04, 2023, while approving the said Preferential Issue, to avoid potential conflict of interest. Apart from the aforesaid, none of the Directors, Key Managerial Personnel of the Bank or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

This Notice does not constitute an offer or invitation or solicitation of an offer of securities to the public within or outside India.

Nothing in this Notice constitutes an offer of securities for sale or solicitation in any jurisdiction in which such offer or solicitation is not authorized or where it is unlawful to do so.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 1 of this Notice.