

CFL/LS/509/2017-18

January 13, 2018

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**The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051

**The Deputy General Manager
Corporate Relationship Dept.
BSE Ltd.**
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001

NSE - Symbol – CAPF**BSE- Scrip Code: 532938**

Dear Madam/ Sir,

Sub: Outcome of Board Meeting held on January 13, 2018

Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Listing Regulations") read with the Securities and Exchange Board of India ("SEBI") circular dated September 9, 2015, bearing reference no. CIR/CFD/CMD/4/2015 ("Disclosure Circular").

The Board of Directors of Capital First Limited ("**Board**"), at their meeting held today (viz. January 13, 2018) in Mumbai, after considering the report of the Audit Committee of Capital First Limited ("**Amalgamating Company 1**"), have considered and approved a composite scheme of amalgamation ("**Scheme**") of the Amalgamating Company 1, Capital First Home Finance Limited ("**Amalgamating Company 2**") and Capital First Securities Limited ("**Amalgamating Company 3**") (collectively the "**Amalgamating Companies**") with IDFC Bank Limited ("**Amalgamated Company**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Amalgamation**").

The Scheme is subject to the receipt of approval from the Reserve Bank of India ("**RBI**") under the RBI (Amalgamation of Private Sector Banks) Directions, 2016, and other statutory and regulatory approvals, including the approvals of the Competition Commission of India, the stock exchanges, SEBI, the National Company Law Tribunal, the National Housing Bank ("**NHB**") and the respective shareholders and creditors of Amalgamating Companies and the Amalgamated Company.

The Scheme will be filed with the stock exchanges as per the applicable provisions of Regulation 37 of the Listing Regulations read with the SEBI circular dated March 10, 2017, bearing reference no.



CFD/DIL3/CIR/2017/21, as amended by Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 and any other circulars issued from time to time.

The Scheme contemplates the following:

- (1) Amalgamation of the Amalgamating Company 1 with the Amalgamated Company and the dissolution without winding-up of the Amalgamating Company 1 pursuant thereto; and
- (2) Subsequent amalgamation of the Amalgamating Company 2 and Amalgamating Company 3 with the Amalgamated Company without winding-up of Amalgamating Company 2 and Amalgamating Company 3 thereto.

The Appointed Date for the Scheme shall be April 1, 2018, or such other date as mutually agreed upon by the Amalgamated Company and Amalgamating Companies.

At its aforesaid meeting, the Board also approved the execution of an Implementation Agreement between the Amalgamated Company and Amalgamating Company 1 ("**Implementation Agreement**"). The Implementation Agreement sets out in detail the terms and conditions on which the proposed transactions contemplated under the Scheme would be undertaken, the representations and warranties being given by each party and other continuing obligations of the parties, etc. The Implementation Agreement contemplates the completion of the proposed transactions under the Scheme within a period of 15 (Fifteen) months or such other date as may be mutually agreed between the Amalgamated Company and the Amalgamating Company 1.

The information required to be furnished pursuant to Regulation 30 of the Listing Regulations read with the Disclosure Circular is set out herein below:

(a)	Name of the entities forming part of the amalgamation/merger, details in brief such as, size, turnover etc.	(1) The Amalgamated Company having Total Assets of INR 11,99,52,00,00,000, Turnover (Total Income) of INR 51,59,00,00,00,000 and Net Worth of INR 1,50,56,00,00,00,000 as on September 30, 2017. It is listed on BSE and NSE. (2) Amalgamating Company 1 having Total Assets of INR 1,98,07,80,00,00,000, Turnover (Total Income) of INR 16,49,10,00,00,000 and Net Worth of INR 23,39,60,00,00,000 as on September 30, 2017. It is listed on BSE and NSE. (3) Amalgamating Company 2 having Total Assets of INR 18,23,70,00,00,000, Turnover (Total Income) of INR 59,40,00,00,000 and Net Worth of INR 1,97,50,00,00,000 as on September 30, 2017. (4) Amalgamating Company 3 having Total Assets of INR 60,60,00,00,000, Turnover (Total Income) of
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		INR 14,90,00,000 and Net Worth of INR 47,90,00,000 as on March 31, 2017.
(b)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms' length"	No. Since the Amalgamating Companies and Amalgamated Company are not related parties, the amalgamation of Amalgamating Companies with the Amalgamated Company would not fall within related party transactions.
(c)	Area of business of the entities	(1) The Amalgamated Company is a public listed company, engaged in the business of providing banking services and is registered with the Reserve Bank of India ("<u>RBI</u>") as a banking company under the Banking Regulation Act, 1949. (2) The Amalgamating Company 1 is a public listed company and is registered as a systemically important non-banking financial company (non-deposit taking) under Section 45-IA of Reserve Bank of India Act, 1934, ("<u>RBI Act</u>") Amalgamating Company 1 is engaged in the lending business and specializes in providing debt financing to micro, small and medium enterprises and Indian retail consumers through innovative use of technology. (3) The Amalgamating Company 2 is a housing finance company that has obtained a certificate of registration from the NHB in this behalf. The Amalgamating Company 2 is engaged in the business of providing home loans in the affordable housing segment. (4) The Amalgamating Company 3 is <i>inter alia</i> engaged in the business of advisory, support services and loan syndication. Amalgamating Company 3 is also the legal and beneficial owner of 100% (One Hundred percent) of the total issued and paid-up share capital of Capital First Commodities Limited ("<u>CFCL</u>") and the entire shareholding of Amalgamating Company 3 in CFCL is proposed to be divested prior to the Effective Date (<i>as defined in the Scheme</i>) and consequently, CFCL is not a part of the Amalgamation.



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(d)	Rationale for amalgamation/merger	(a) The Amalgamation is founded on leveraging of the significant complementarities that exist between the Amalgamating Companies and the Amalgamated Company and the Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, diversified balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others. (b) The Amalgamated Company had applied for, and successfully acquired, a banking license from the RBI in 2015, and such a banking platform can form the basis to raise resources and deposits from the public at competitive rates. Such a platform has the potential to provide a stable funding base for growing the loan book for the Amalgamated Company pursuant to the Amalgamation. (c) The Amalgamated Company is largely a company that has developed exceptional skills in wholesale financing and infrastructure financing and has a strong presence in the Indian market in these critical businesses. The Amalgamating Company 1 is largely a company that has developed exceptional skills in retail, consumer and MSME financing at large scale through innovative use of technology. Thus, a combination of the Amalgamating Company 1 and the Amalgamated Company provides entirely complementary skills to, and sharply enhances the value proposition of, the Amalgamated Company. (d) The Amalgamated Company would benefit from increased scale of balance sheet and loan assets as the loan book of the Amalgamating Company 1 and the Amalgamated Company will stand merged into the Amalgamated Company pursuant to the Amalgamation.
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|  | <p>(e) The Amalgamated Company has invested capital and skills and has implemented a banking technology platform and has set up over 100 (Hundred) branches, which can be scaled up across the country and can be used to sell the product suite of both the Amalgamating Company 1 and the Amalgamated Company.</p> <p>(f) The loan book of the Amalgamating Company 1 is highly diversified with over 30,00,000(Thirty Lacs) live customers, and the asset quality of the Amalgamated Company is expected to improve as a result of such significant diversification of the merged loan book.</p> <p>(g) The Amalgamating Company 1 has built substantial technological capabilities in being able to evaluate credit worthiness of consumers and small enterprises on the basis of advanced analytical models, and has developed unique skills in financing customers who have traditionally been underserved. The said models have been tested and refined over the years at a large scale and Amalgamated Company will immediately get the benefit of such years of sophisticated research in financing customers.</p> <p>(h) In the retail business, the Amalgamating Company 1 has built a large infrastructure for booking and managing such millions of customers and to make monthly presentations for claiming recovery from their bank accounts and have deployed substantially sophisticated methodologies and automation to achieve the same in a cost efficient manner and the Amalgamated Company will benefit from such infrastructure.</p> <p>(i) The Amalgamated Company will also benefit from the large collections architecture, sophisticated tools and rule engines and a large network of collection agents connected through a central collections system which in turn has been connected with various third party entities such as collecting banks, mobile companies, and</p> |
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		e-wallets which can be used for scaling up businesses of the Amalgamated Company. (j) Amalgamating Company 2 is registered with the NHB as a housing finance company and is engaged in providing home loans in the affordable housing segment. The Amalgamating Company 2 focuses on providing loans for affordable housing segment and as of September 30, 2017, has assets under management of approximately Rs. 13,29,90,00,000 (Rupees One Thousand Three Hundred and Twenty Nine Crores and Ninety Lakhs). The Amalgamation, through the Scheme, shall allow the Amalgamated Company to build its housing loan portfolio and establish a customer base of affordable housing clients. (k) As of November 13, 2013, the broking business of the Amalgamating Company 3 has been discontinued and the Amalgamating Company 3 is only engaged in the business of advisory, support services and loan syndication. The Amalgamation, through the Scheme, shall allow the Amalgamated Company to consolidate such services being offered by the Amalgamating Company 3. (l) The Amalgamation, through the Scheme, shall result in bolstering the capital base and balance sheet of the Amalgamated Company.
(e)	In case of cash consideration – amount or otherwise share exchange ratio	The share exchange ratio for the amalgamation of the Amalgamating Company 1 with the Amalgamated Company shall be 139 (One Hundred Thirty Nine) fully paid up equity shares of the Amalgamated Company for every 10 (Ten) fully paid up equity shares of Amalgamating Company 1. Consequently, no consideration shall be payable pursuant to amalgamation of Amalgamating Company 2 and Amalgamating Company 3 into the Amalgamated Company, and the equity securities held by the Amalgamated Company and its nominees in the Amalgamating Company 2 and Amalgamating Company 3, respectively, shall stand cancelled.



(f)	Brief details of change in shareholding pattern (if any) of the listed entity	Upon the Scheme becoming effective, the Amalgamated Company will issue equity shares as mentioned in (e) above.
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The Board Meeting commenced at 10:30 a.m. and concluded at 1:20 p.m.

The above is for your information and record.

Yours faithfully,

For Capital First Limited



Satish Gaikwad
Head – Legal, Compliance & Company Secretary



Encl.: a/a