

IDFCBANK/SD/SE/116/2018-19

December 19, 2018

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.
BSE Scrip Code: 539437

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051.
NSE Symbol: IDFCBANK

Dear Sir / Madam,

Sub.: Composite Scheme of Amalgamation of Capital First Limited ("Amalgamating Company 1"), Capital First Home Finance Limited ("Amalgamating Company 2") and Capital First Securities Limited ("Amalgamating Company 3") (collectively referred as "Amalgamating Companies") with IDFC Bank Limited ("IDFC Bank") ("Amalgamated Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. ("Scheme")

Re: Documentation in respect of Record Date fixed by IDFC Bank to determine the entitlement of shareholders of Capital First Limited to the equity shares of IDFC Bank pursuant to effectiveness of the Composite Scheme of Amalgamation

In furtherance to communication dated December 18, 2018 by IDFC Bank regarding fixation of Record Date by the Bank with respect to the Scheme, the Board of Directors of the IDFC Bank, considering that the Scheme becoming effective from December 18, 2018, had approved and fixed, Monday, December 31, 2018 as the "**Record Date**" for determining the shareholders of Capital First Limited who would be entitled to receive shares of the Bank under the approved Scheme.

In accordance with the Scheme, IDFC Bank will issue and allot to those shareholders of Capital First Limited whose names would appear in the register of members of Capital First Limited on the Record Date, **139** Equity Shares of Rs. 10 each of IDFC Bank, fully paid-up, for every **10** Equity Shares of Rs. 10 each, fully paid-up, held by such member in Capital First Limited.

BENEFITS OF SCHEME OF AMALGAMATION:

The Amalgamation would be to the benefit of the shareholders and creditors of the Petitioner Companies and the Amalgamated Company, and would *inter alia* have the following benefits:

- A. That the Amalgamation is founded on leveraging of the significant complementarities that exist between the Amalgamating Company 1, Amalgamating Company 2 and Amalgamating Company 3 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;



IDFC Bank Limited

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- B. That 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. That 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. That the Amalgamated Company would benefit from increased scale of balance sheet and loan assets as the loan book of the Amalgamating Company 1, the Amalgamating Company 2 and the Amalgamated Company will stand merged into the Amalgamated Company pursuant to the Amalgamation;
- E. That the Amalgamated Company has invested capital and skills and has implemented a banking technology platform and has set up over 100 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;
- F. That the loan book of the Amalgamating Company 1 is highly diversified with over 30,00,000 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. While this is as per the information contained in the Scheme, it may be noted that as on 31st March 2018, the number is 33,65,005 live customers and 60,82,970 cumulative customers and as on 30th June 2018, there were 35,02,130 live customers and 65,41,212 cumulative customers;
- G. That 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;
- H. That 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;



- I. That 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 e-wallets which can be used for scaling up businesses of the Amalgamated Company;
- J. That the Amalgamating Company 2 is registered with the National Housing Bank 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 30th September 2017, had 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. While this is as per the information contained in the Scheme and as on 30th September 2017, it may be noted that as on 31st March 2018, the AUM was approximately Rs. 20,784,268,832 (Rupees Two Thousand Seventy Eight Crores Forty Two Lakhs Sixty Eight Thousand Eight Hundred and Thirty Two) as per Indian GAAP and the AUM as on 30th June 2018 was Rs. 24,94,75,61,201 (Rupees Two Thousand Four Hundred Ninety Four Crores Seventy Five Lakhs Sixty One Thousand Two Hundred and One) as per Indian Accounting Standards;
- K. That the broking business of the Amalgamating Company 3 has been discontinued and the Amalgamating Company 3 is currently 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; and
- L. That the Amalgamation, through the Scheme, shall result in bolstering the capital base and balance sheet of the Amalgamated Company.

Please take the above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully

For IDFC Bank Limited



Satish Gaikwad
Company Secretary

