

**REPORT ADOPTED BY THE BOARD OF DIRECTORS (“BOARD”) OF IDFC FIRST BANK LIMITED IN ACCORDANCE WITH PARAGRAPH A.2(d), PART I, CHAPTER XII, SEBI OPERATIONAL CIRCULAR FOR LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS FOR NON-CONVERTIBLE SECURITIES, SECURITIZED DEBT INSTRUMENTS AND/ OR COMMERCIAL PAPER AT ITS MEETING HELD ON MONDAY, JULY 03, 2023**

---

**Background**

1. The proposed draft composite scheme of amalgamation among IDFC Financial Holding Company Limited (“**IDFC FHCL**” / “**Transferor Company**”), IDFC Limited (“**IDFC**”) and IDFC FIRST Bank Limited (“**Bank**” / “**IDFC FIRST Bank**”) and their respective shareholders and reduction of the Securities Premium Account of the Bank (“**Scheme**”); under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Act**”) and rules made thereunder, and in compliance with the provisions of all Applicable Laws (*as defined in the Scheme*), including the Reserve Bank of India (“**RBI**”) (Amalgamation of Private Sector Banks) Directions, 2016 (“**RBI Amalgamation Directions**”), Master Circular issued by the Securities and Exchange Board of India (“**SEBI**”) dated June 20, 2023 bearing reference number SEBI/HO/CFD/POD-2/P/CIR/2023/93 as amended from time to time (“**SEBI Scheme Circular**”), Chapter XII, Operational Circular issued by SEBI for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/or Commercial Paper dated July 29, 2022 (updated as on December 01, 2022) bearing reference number SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000103 as amended from time to time (“**SEBI Debt Circular**”), and Section 2(1B) of the Income Tax Act, 1961, and rules thereunder.
2. The Scheme *inter alia*, provides for the: (i) amalgamation of IDFC FHCL into IDFC Limited, with effect from the Appointed Date 1 (*as specified in the Scheme*), and the consequent dissolution of IDFC FHCL without being wound up; (ii) amalgamation of IDFC Limited with and into IDFC FIRST Bank, with effect from the Appointed Date 2 (*as specified in the Scheme*), and the consequent dissolution of IDFC Limited without being wound up, and the issuance of the IDFC FIRST Bank Shares (*as specified in the Scheme*) to the equity shareholders of IDFC Limited in accordance with the Share Exchange Ratio (*as specified in the Scheme*); and (iii) reduction of securities premium account of IDFC FIRST Bank (against negative balance of the profit and loss account) after consolidation of the securities premium of IDFC Limited with IDFC FIRST Bank (“**Proposed Amalgamation**”).
3. The Scheme was recommended for approval by the Audit Committee of the Bank (“**Audit Committee**”) at its meeting held on July 03, 2023 and by the Committee of Independent Directors of the Bank (“**ID Committee**”) at its meeting held on July 03, 2023. Basis the recommendation of the Audit Committee and the ID Committee, the Board of Directors of the Bank, at its meeting held on July 03, 2023, *inter alia*, approved the draft Scheme, subject to favourable consideration and approval of the RBI, SEBI, BSE Limited, National Stock Exchange of India Limited, Competition Commission of India, National Company Law Tribunal and such other regulatory/ governmental authorities or person, as may be applicable.
4. Per paragraph A.2 (d), Part I, Annex XII-A of SEBI Debt Circular, the Board is also required to comment on (i) impact of the Scheme on the holders of non-convertible debentures (“**NCDs**”); (ii) safeguards for the protections of holders of NCDs; and (iii) exit offer to the dissenting holders of NCDs, if any.
5. Accordingly, this report of the Board (“**Report**”) has been prepared to comply with the above-mentioned requirements.
6. Having regard to the applicability of the aforesaid provisions, following documents were placed before the Board:

- (a) A draft of the proposed Scheme;
- (b) The draft implementation agreement proposed to be entered into by and between IDFC Limited and the Bank (“**Implementation Agreement**”);
- (c) The (i) legal due diligence (“**LDD**”) report dated July 02, 2023, prepared by AZB & Partners; and (ii) financial due diligence (“**FDD**”) report dated June 30, 2023, prepared by Deloitte Touche Tohmatsu India LLP, Chartered Accountants;
- (d) The joint valuation report dated July 03, 2023 submitted by Mr. Harsh Chandrakant Ruparelia and SSPA & Co., Registered Valuers, and joint valuation report dated July 03, 2023 submitted by Deloitte Touche Tohmatsu India LLP and SSPA & Co., Chartered Accountants (“**Valuation Report**”);
- (e) Fairness opinion dated July 03, 2023 issued by ICICI Securities Limited, a SEBI registered merchant banker appointed by the Bank (“**Fairness Opinion**”);
- (f) Report of the Audit Committee dated July 03, 2023;
- (g) Report of the ID Committee dated July 03, 2023;
- (h) Draft Auditors’ Certificate pursuant to paragraph A.5 of Part I of the SEBI Scheme Circular, paragraph A.6 of Part I of Annex – XII-A to the SEBI Debt Circular and the proviso to sub-clause (j) of Section 232(3) of the Act dated July 03, 2023 and paragraph A.5 of Part I of the SEBI Scheme Circular, issued by M S K A & Associates and Kalyaniwalla & Mistry LLP, the joint statutory auditors of the Bank, certifying that: (i) the Scheme is in compliance with the applicable accounting standards specified by the Central Government under Section 133 of the Act, read with applicable rules and/or the accounting standards and principles; and (ii) the payment / repayment capability of the Bank pursuant to the SEBI Debt Circular;
- (i) Draft of the detailed Compliance Report to be submitted to Stock Exchanges along with the Scheme pursuant to the SEBI Scheme Circular.
- (j) Declaration from the Bank on any past defaults of listed debt obligations of the entities forming part of the Scheme;
- (k) Declaration from the Bank as to whether the Bank or any of its promoters or directors is a wilful defaulter;
- (l) Other presentations, documents and information pertaining to the proposed Scheme made to / furnished before the Board.
- (m) The rationale and benefits of the Scheme are set forth in detail in the Scheme and is therefore not reiterated in this Report.

### **Effect of the Scheme on the holders of NCDs**

#### **1. Impact of the Scheme on the holders of NCDs**

The holders of NCDs in IDFC FIRST Bank shall continue to hold all the NCDs in IDFC FIRST Bank even post the Scheme becoming effective on the same terms and conditions at which they were issued. Thus, the rights of

the holders of the NCDs are in no manner affected by the Scheme becoming effective.

2. Safeguards for the protection of holders of NCDs

The Scheme envisages the amalgamation of IDFC FHCL into and with IDFC Limited and the amalgamation of the IDFC Limited into and with IDFC FIRST Bank. Under the Scheme, no arrangement or compromise is being proposed with the holders of the NCDs of IDFC FIRST Bank. The liability of the holders of NCDs of IDFC FIRST Bank, under the Scheme, is neither being reduced nor being extinguished. Further, the holders of the NCDs shall continue to hold all the NCDs in IDFC FIRST Bank even post the Scheme becoming effective, on the same terms and conditions at which they were issued. The Scheme, therefore, has adequate safeguards for the protection of holders of NCDs.

3. Exit offer to the dissenting holders of NCDs, if any

Since the holders of the NCDs in IDFC FIRST Bank shall continue to hold all the NCDs in IDFC FIRST Bank even post the Scheme becoming effective, on the same terms and conditions at which they were issued, the holders of the NCDs are not affected by the Scheme. Further, the liability of the holders of NCDs of IDFC FIRST Bank, under the Scheme, is neither being reduced nor being extinguished. Therefore, the Scheme, does not envisage any exit offer to the dissenting holders of the NCDs.

Basis the above, the Board confirmed that the Scheme will not be detrimental to the interest of the holders of NCDs in IDFC FIRST Bank.

**Adoption of the Report by the Board**

The Board of the Bank has adopted this Report after noting and considering the information set forth in this Report.

**By order of the Board  
For IDFC FIRST Bank Limited**

Sd/-

Name: Sanjeeb Chaudhuri  
DIN: 03594427  
Designation: Part-Time Non-Executive Chairperson (Independent)  
Date: July 03, 2023  
Place: Mumbai