

M S K A & Associates
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Kalyaniwalla & Mistry LLP
2nd Floor, Esplanade House,
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The Board of Directors,
IDFC FIRST Bank Limited.
The Square, C-61, G Block,
Bandra Kurla Complex,
Bandra East,
Mumbai - 400051.

Independent Auditor's Certificate on the proposed accounting treatment contained in the Proposed Composite Scheme of Amalgamation of: (i) IDFC Financial Holding Company Limited into and with IDFC Limited; and (ii) IDFC Limited into and with IDFC FIRST Bank Limited, and their respective shareholders under sections 230 to 232 read with other applicable provisions of the Companies Act, 2013, rules framed thereunder and Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and payment of Interest and repayment of Principle in pursuant to Operational Circular SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 issued by SEBI, as amended from time to time.

1. This certificate is issued in terms of our Mandate letter dated July 01, 2023 with IDFC FIRST Bank Limited.
2. We, M S K A & Associates and Kalyaniwalla & Mistry LLP (hereinafter referred to as 'we', 'our'), Chartered Accountant, the Statutory Auditors of IDFC FIRST Bank Limited (the 'Bank' or 'Amalgamated Company') have been approached by the Bank to provide the certificate, in accordance with the requirements of sections 230 to Section 232 of the Companies Act, 2013 (the "Act"), read with the Rules made there under and with the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Operational Circular SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022, as amended from time to time issued by Securities Exchange Board of India (the "SEBI Circulars"), as to whether;
 - a. the proposed accounting treatment specified in Clause 31 of the proposed composite Scheme of Amalgamation (hereinafter referred as 'the Proposed scheme') of: i) IDFC Financial Holding Company Limited (Transferor Company), wholly owned subsidiary of the IDFC Limited, into and with IDFC Limited ('IDFC' or 'Amalgamating Company'); and (ii) IDFC into and with the Bank, and their respective Shareholders under section 230 to 232 read with other applicable provisions of the Act and rules framed thereunder with reference to its compliance with all the Accounting Standards specified under Section 133 of the Act read with the rules framed thereunder to the extent applicable and other generally accepted accounting principles; and
 - b. the Amalgamated Company is capable of payment of interest / repayment of principal.

Management's Responsibility

3. The responsibility for the preparation of the Proposed Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounts) Rules, 2014 ('the applicable Accounting Standards') and Other Generally Accepted Accounting Principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
4. The Management is responsible to ensure compliance with the SEBI Circulars, Proposed Scheme and other applicable laws and regulations pertaining to the Proposed Merger. The Management is also responsible for providing all relevant information to the Regulators as applicable and National Company Law Tribunal (NCLT) in connection with the Proposed Scheme.

Auditor's Responsibility

5. Pursuant to the requirements of sections 230 to Section 232 of the Act and SEBI Circulars, it is our responsibility to provide a reasonable assurance whether;
 - a. the accounting treatment referred to in Clause 31 of the Proposed Scheme comply with all the Accounting Standards specified under Section 133 of the Act read with the rules framed thereunder to the extent applicable and other generally accepted accounting principles; and
 - b. the Amalgamated Company is capable of payment of interest / repayment of principal.
6. For this purpose, we have verified the following documents furnished to us by the Bank:
 - a. Copy of the Proposed Scheme of the Amalgamation;
 - b. Audited financials statements for the year ended March 31, 2013, of the Amalgamating Company and Transferor Company;
 - c. Draft combined financial information of the Amalgamated Company, as certified by the management of the Bank;
 - d. Certified true copy of the Board Resolution dated July 03, 2023 approving the proposed amalgamation scheme; and
 - e. Making suitable inquiries and obtained written representation from the Management in this regard.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

Opinion

9. Based on our examination, as above, and according to the information and explanations given to us, we certify that;
 - a. the proposed accounting treatment specified in Clause 31 of the Proposed Scheme is in compliance with the applicable Accounting Standards specified under Section 133 of the Act read with the rules framed thereunder to the extent applicable and other generally accepted accounting principles. Clause 31 of the Proposed Scheme describes the proposed accounting treatment in respect of amalgamation of the Amalgamating Company with the Amalgamated Company. An extract of said Clause 31 of the Proposed Scheme, duly authenticated on behalf of the Amalgamated Company, is reproduced in Annexure 1 to this Certificate; and
 - b. having regard to the combined financial information of the Bank and the Companies involved in the Scheme and considering that none of the auditor of the Amalgamating Company or the Transferor Company have reported on existence of any material uncertainty pertaining to the Companies' going concern or solvency matters in their respective audit reports for the year ended March 31, 2023, the Amalgamated Company is capable of payment of interest / repayment of principal. We, however, state that this is not an assurance as to the future viability of the Amalgamated Company. We further state that our reporting is based on the facts up to the date of this certificate and we neither give any guarantee nor any assurance that all liabilities will get discharged by the Amalgamated Company as and when they fall due.

Restriction on Use

10. The certificate is addressed to the Board of Directors of the Bank solely for the purpose of enabling it to comply with the provisions Section 230 to section 232 of the Act read with the rules made thereunder and the SEBI Circular and for onward submission to the BSE Limited (the "BSE"), the National Stock Exchange of India Limited (the "NSE") and the NCLT, as may be applicable. This certificate should not be used by any other person or for any other purpose. M S K A & Associates and Kalyaniwalla & Mistry LLP shall not be liable to the Bank, the BSE, the NSE and the NCLT or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment.
11. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil
Subhash Kale

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Swapnil Subhash Kale
Date: 2023.07.03
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Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQL8966

Mumbai
July 03, 2023

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration Number: 104607W/W100166

Roshni Rayomand
Marfatia

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Roshni Marfatia
Partner
Membership Number: 106548
UDIN: 23106548BGUWAM5808

Mumbai
July 03, 2023

ANNEXURE I

Extract of Clause 31 of the proposed scheme of amalgamation


31. ACCOUNTING TREATMENT

Pursuant to this Scheme coming into effect, the Amalgamated Company shall account for the Scheme in the books of accounts in accordance with the applicable Accounting Standards in the following manner:

- 31.1 The Amalgamated Company shall follow the method of accounting as prescribed for the pooling of interest method' under Accounting Standard 14 as prescribed under Section 133 of the Act and notified under the relevant Companies Accounting Rules, 2006.
- 31.2 After giving effect to Part III of the Scheme, the Amalgamated Company shall, upon Part IV of this Scheme becoming effective and with effect from the Appointed Date 2, record the assets and liabilities and reserves of the Amalgamating Company transferred to and vested in it pursuant to this Scheme at their respective book values as appearing in the books of the Amalgamating Company (converted into Indian GAAP) as at the close of business of a day immediately preceding the Appointed Date 2.
- 31.3 The share capital held by the Amalgamating Company in the Amalgamated Company shall stand cancelled upon the Scheme becoming effective.
- 31.4 In respect of inter-company outstanding balances between the Amalgamating Company and Amalgamated Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Amalgamated Company.
- 31.5 The Amalgamated Company shall issue and allot equity shares to the shareholders of Amalgamating Company in accordance with this Scheme and credit the face value of such equity shares to its share capital account.
- 31.6 The excess or short fall, if any after recording the assets and liabilities of the Amalgamating Company and after making the adjustments as per Clause 31.3 to 31.5 above shall be credited or debited to an account titled as "Merger Adjustment Account".
- 31.7 In case of any difference in accounting policy between the Amalgamating Company and Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policy.
- 31.8 Any matter not dealt with in the Clause hereinabove shall be dealt with in accordance with the applicable Accounting Standards, applicable RBI regulations and applicable generally accepted accounting principles.

Yours faithfully,

For IDFC FIRST Bank Limited


Sudhanshu Jain

Chief Financial Officer and Head – Corporate Centre

Date: July 03, 2023

Place: Mumbai



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Railway Colony, Ram Nagar, Goregaon (E)
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Covering Letter

The Board of Directors,
IDFC First Bank Limited,
The Square, C-61, G Block,
Bandra Kurla Complex,
Bandra East, Mumbai - 400 051.

1. The proposed accounting treatment specified in Clause 31 of the composite Scheme of Proposed Amalgamation (the "Statement") of: i) IDFC Financial Holding Company Limited (Transferor Company), wholly owned subsidiary of the IDFC Limited, into and with IDFC Limited ('IDFC' or 'Amalgamating Company'); and (ii) IDFC into and with the IDFC FIRST Bank Limited (the "Bank" or the "Amalgamated Company") is prepared by the Management of the Bank for the purpose of submission to BSE Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE"), pursuant to the requirement of the Mandate Letter dated July 01, 2023 and sections 230 to Section 232 of the Companies Act, 2013 (the "Act"), read with the Rules made there under and Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 and with the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time issued by Securities Exchange Board of India (the "SEBI Circulars").
2. This letter has to be read in conjunction with the Certificate dated July 27, 2023, issued by us on even date. The certificate issued under this cover letter is based on the queries received by the bank from BSE Limited on July 19, 2023.
3. The covering letter is addressed to the Board of Directors of the Bank solely for the purpose of onward submission to the BSE and NSE. This report should not be used by any other person or for any other purpose. M S K A & Associates and Kalyaniwalla & Mistry LLP shall not be liable to the Bank, the BSE, the NSE or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment.
4. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this letter is shown or into whose hands it may come without our prior consent in writing.

Management's Responsibility for the Certificate

5. The responsibility for the preparation of the Proposed Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounts) Rules, 2014 and Other Generally Accepted Accounting Principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
6. The Management is responsible to ensure compliance with the SEBI Circulars, Proposed Scheme and other applicable laws and regulations pertaining to the Proposed Merger. The Management is also responsible for providing all relevant information to the Regulators as applicable and National Company Law Tribunal (NCLT) in connection with the Proposed Scheme.

Auditors' Responsibility

7. Pursuant to the requirements of sections 230 to Section 232 of the Act and SEBI Circulars, it is our responsibility to provide a reasonable assurance whether;
 - a. The accounting treatment referred to in Clause 31 of the Proposed Scheme comply with all the Accounting Standards specified under Section 133 of the Act read with the rules framed thereunder to the extent applicable and other generally accepted accounting principles and the SEBI Circular; and
 - b. the Amalgamated Company is capable of payment of interest / repayment of principal.

8. For this purpose, we have verified the following documents furnished to us by the Bank;
 - a. Copy of the Proposed Scheme of the Amalgamation;
 - b. Audited financials statements for the year ended March 31, 2013, of the Amalgamating Company and Transferor Company;
 - c. Certified true copy of the Board Resolution dated July 03, 2023 approving the composite Scheme of Proposed Amalgamation; and
 - d. Making suitable inquiries and obtained written representation from the Management in this regard.
9. We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes" (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration Number: 105047W

Swapnil

Subhash Kale

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Swapnil Kale

Partner

Membership Number: 117812

UDIN: 23117812BGXRAD6317

Mumbai

July 27, 2023

For Kalyaniwalla & Mistry LLP

Chartered Accountants

ICAI Firm Registration Number: 104607W/W100166

Roshni Rayomand
Marfatia

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Roshni Marfatia

Partner

Membership Number: 106548

UDIN: 23106548BGUWBA9151

Mumbai

July 27, 2023

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29, Hazarimal Somani Marg,
Fort,
Mumbai - 400 001.
Telephone + 91 22 6158 7200

To,
The Board of Directors,
IDFC FIRST Bank Limited.
The Square, C-61, G Block,
Bandra Kurla Complex,
Bandra East,
Mumbai - 400 051.

1. We, the Joint statutory auditors of IDFC FIRST Bank Limited, (hereinafter referred to as "the Bank"), have examined the proposed accounting treatment specified in clause 31 of the Draft Composite Scheme of Proposed Amalgamation of: (i) IDFC Financial Holding Company Limited into and with IDFC Limited; and (ii) IDFC Limited into and with IDFC FIRST Bank Limited, and their respective shareholders under sections 230 to 232 read with other applicable provisions of the Companies Act, 2013, with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles.
2. The responsibility for the preparation of the Draft Composite Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the entities involved. Our responsibility is to only examine and report whether the Draft Composite Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Bank. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.
3. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in Clause 31 of the aforesaid Draft Composite scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 and other generally accepted accounting principles.
4. This Certificate is issued at the request of the IDFC FIRST Bank Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited and the National Stock Exchange of India Limited. This Certificate should not be used for any other purpose without our prior written consent.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

**Swapnil
Subhash Kale**
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Date: 2023.07.27
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Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXRAD6317

Mumbai
July 27, 2023

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration Number: 104607W/W100166

**Roshni Rayomand
Marfatia**
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Roshni Marfatia
Partner
Membership Number: 106548
UDIN: 23106548BGUWBA9151

Mumbai
July 27, 2023

ANNEXURE I

Extract of Clause 31 of the proposed scheme of amalgamation

31. ACCOUNTING TREATMENT

Pursuant to this Scheme coming into effect, the Amalgamated Company shall account for the Scheme in the books of accounts in accordance with the applicable Accounting Standards in the following manner:

- 31.1** The Amalgamated Company shall follow the method of accounting as prescribed for the pooling of interest method' under Accounting Standard 14 as prescribed under Section 133 of the Act and notified under the relevant Companies Accounting Rules, 2006.
- 31.2** After giving effect to Part III of the Scheme, the Amalgamated Company shall, upon Part IV of this Scheme becoming effective and with effect from the Appointed Date 2, record the assets and liabilities and reserves of the Amalgamating Company transferred to and vested in it pursuant to this Scheme at their respective book values as appearing in the books of the Amalgamating Company (converted into Indian GAAP) as at the close of business of a day immediately preceding the Appointed Date 2.
- 31.3** The share capital held by the Amalgamating Company in the Amalgamated Company shall stand cancelled upon the Scheme becoming effective.
- 31.4** In respect of inter-company outstanding balances between the Amalgamating Company and Amalgamated Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Amalgamated Company.
- 31.5** The Amalgamated Company shall issue and allot equity shares to the shareholders of Amalgamating Company in accordance with this Scheme and credit the face value of such equity shares to its share capital account.
- 31.6** The excess or short fall, if any after recording the assets and liabilities of the Amalgamating Company and after making the adjustments as per Clause 31.3 to 31.5 above shall be credited or debited to an account titled as "Merger Adjustment Account".
- 31.7** In case of any difference in accounting policy between the Amalgamating Company and Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policy.
- 31.8** Any matter not dealt with in the Clause hereinabove shall be dealt with in accordance with the applicable Accounting Standards, applicable RBI regulations and applicable generally accepted accounting principles.

Yours faithfully,
For IDFC FIRST Bank Limited



Sudhanshu Jain
Chief Financial Officer and Head – Corporate Centre



Date: July 27, 2023

Place: Mumbai