

Date: August 2, 2016

The Manager – Listing Department  
National Stock Exchange of India Limited  
Bandra Kurla Complex, 5<sup>th</sup> Floor  
Bandra (E), Mumbai - 400051  
NSE Code: IDFCBANK

The Manager – Listing Department  
BSE Limited  
2<sup>nd</sup> Floor, P.J. Towers,  
Dalal Street, Mumbai - 400 001  
BSE Scrip-539437

**Sub: Confirmation/Information on Public News**

Dear Sirs/Madam,

This is with reference to your respective letters dated August 2, 2016 seeking clarification in respect of the news item which appeared on the Channel-CNBC TV18 on August 2, 2016 regarding IDFC Limited reverse merging with IDFC Bank Limited.

In this regard we would like to clarify as under:

IDFC was granted a Universal Banking License under guidelines for licensing of New Private sector banks issued by RBI in February, 2013 under which a promoter was required to hold the bank only through Non – Operating Financial Holding Company (“NOFHC”).

In the guidelines for “On Tap” Banking licenses issued by RBI on August 1, 2016, RBI does not mandatorily require a promoter to hold the bank through NOFHC, subject to certain conditions as specified in the new guidelines.

In an interview of Dr. Rajiv Lall on CNBC TV18 this morning about the new RBI Guidelines issued for “On Tap” Banking Licenses, Dr. Lall stated that the new guidelines provided for setting up of a bank by a promoter entity without a NOFHC, subject to fulfilment of conditions specified in the guidelines. He also stated that these guidelines as of now, apply only to new applicants for on tap licenses, and will help IDFC Group in simplifying the structure if these guidelines are made applicable to the Group. Dr. Lall stated that IDFC is in discussions with regulators to explore this possibility and the timelines for the same cannot be predicted.

We further confirm that:

- (d) neither the Board of IDFC Limited nor IDFC Bank Limited has, as yet approved any final proposal for merger or reverse merger of IDFC Limited & IDFC Bank Limited;
- (e) neither IDFC Limited nor IDFC Bank Limited has yet made any formal written application to the Reserve Bank of India and/or any other regulatory authority in this regard, including stock exchanges;
- (f) we have not stated to the media that IDFC Limited is merging into IDFC Bank Limited.

A detailed transcript is attached herewith for your reference.

We hope the above clarifies.

Thanking you,

Yours faithfully,

For IDFC Bank Limited

  
Mahendra N Shah  
Company Secretary



**Verbatim transcript of Rajiv Lall, AK Purwar and Nirmal Jain's interview to Latha Venkatesh, Sonia Shenoy & Anuj Singhal.**

Latha: What is this new change? Now you do not have to set up a non-operating holding company. If you have a single line of business, like you have, you can just convert yourself into a bank. So, do we get a reverse merger from IDFC merging into IDFC Bank?

Lall: This is a welcome development from the Reserve Bank of India (RBI). It gives us greater clarity about what could be the resolution of our rather complex structure. The technicality in of all of this is that since we were awarded a universal banking licence under a different scheme from this one, we will have to go through some formal process with the RBI to see and explore how we can take advantage of this evolving view of the RBI with respect to the need for our Non-Operative Financial Holding Company (NOFHC). So, we are quite optimistic that we will be able to resolve our situation with the RBI, particularly in light of these new regulations.

Sonia: Have you taken any internal decision on the kind of timeline on when you would go ahead and apply for this special exemption?

Lall: We are already in informal conversations with the RBI, those discussions will now gather pace. So, we hope that in the coming quarters, this will be addressed.

Sonia: Give us some timeline when this reverse merger might get completed. Will that happen in this calendar year itself? And what is the gain to the bank and to the finance company?

Lall: I cannot answer the question with respect to timing because regulatory issues are really beyond our control, but as I am signalling to you, we are engaged and we expect it to be addressed in the coming quarters. However, with respect to what impact this will have, right now, given our structure, there is a very large holding company discount which means that some share or value is not unlocked for shareholders, particularly of IDFC Ltd because they do not have direct line of sight to the operating earnings of the bank. So, if this issue is resolved then shareholders will be much closer to the operating earnings of the subsidiary company and if not, have direct access to the operating earnings in which case, we should expect all stake holders to benefit.

<http://www.moneycontrol.com/news/business/new-banks-wont-posed-threat-to-existing-ones-pros-7168801.html>

