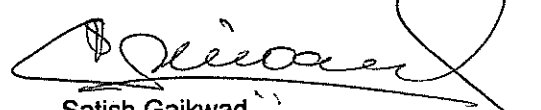


STRICTLY CONFIDENTIAL

January 13, 2018

The Board of Directors,
Capital First Limited,
One Indiabulls Centre,
Tower 2A & 2B, 10th Floor,
Senapati Bapat Marg,
Lower Parel (W),
Mumbai, Maharashtra - 400013

Certified True Copy
For **CAPITAL FIRST LIMITED**



Satish Gaikwad
Head - Legal, Compliance & Company Secretary

Ladies / Gentlemen:

We refer to the engagement letter dated January 11, 2018 ("**Engagement Letter**") whereby Capital First Limited ("**Amalgamating Company**" or "**Company**") has engaged JM Financial Institutional Securities Limited ("**JM Financial**"), *inter alia*, to provide a fairness opinion to the Company on the valuation report dated January 13, 2018 ("**Valuation Report**") issued by Walker Chandiook & Co LLP, Chartered Accountants (the "**Valuer**") for the proposed merger of the Company into IDFC Bank Limited ("**IDFC Bank**" or "**Amalgamated Company**") as a going concern ("**Proposed Merger**") vide a composite scheme of amalgamation under the provisions of Sections 230 to Section 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder ("**Proposed Scheme**").

Company Background and Purpose

IDFC Bank is a public limited company incorporated under the Companies Act. IDFC Bank is licensed as a banking company under the provisions of the Banking Regulation Act, 1949. The equity shares of IDFC Bank are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**" and together with the BSE, the "**Stock Exchanges**").

The Company is a public limited company, incorporated under the provisions of the Companies Act, 1956. The Company is registered with the Reserve Bank of India ("**RBI**") as a systemically important non-deposit taking non-banking financial company. The equity shares of the Company are listed on the Stock Exchanges. The Company is engaged in the lending business and specializes in providing debt financing to micro, small and medium enterprises and retail customers.

The Company appointed Valuer has arrived at a swap ratio of 139 equity shares of face value Rs 10 (Rupees ten) per equity share of IDFC Bank for every 10 equity shares of face value of Rs 10 (Rupees ten) per equity share of the Company held by persons whose names are recorded in the register of members as a member of the Company on the Record Date ("**Share Exchange Ratio**"). The Company in terms of the Engagement Letter requested us to examine the Valuation Report issued by the Valuer and other related information provided by the Company and issue our independent opinion as to the fairness of the Share Exchange Ratio ("**Fairness Opinion**") as per the requirements of the SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with SEBI circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018 (together referred to as "**SEBI Circular**").

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JM Financial Institutional Securities Limited

Corporate Identity Number : U65192MH1995PLC092522

Regd. Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

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All terms not specifically defined in this Fairness Opinion shall carry the same meaning as in the Proposed Scheme.

Brief Background of the Proposed Scheme

Under the Proposed Merger, the Company will be amalgamated with IDFC Bank. Equity shares of the Amalgamated Company shall be issued to the shareholders of the Amalgamating Company in accordance with the Share Exchange Ratio, pursuant to Section 230 – 232, and other relevant provisions of the Companies Act and in the manner provided for in this Proposed Scheme. Consequently, the Amalgamating Company will be dissolved without winding up.

As per the Proposed Scheme, the Proposed Merger is expected to result, *inter alia*, in following benefits:

- Leveraging of the significant complementarities that exist between the Amalgamating Company and the Amalgamated Company; and
- Creating meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others.

Source of Information

For the said examination and for arriving at the opinion set forth below, we have received:

1. Valuation Report issued by the Valuer;
2. Draft of the Proposed Scheme; and
3. Necessary explanations and information from the representatives of the Company.

Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Company for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and, we have simply accepted this information on an “as is” basis, and, have not verified the accuracy and/or the completeness of the same from our end. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Company or IDFC Bank and neither expresses any opinion with respect thereto nor accept any responsibility therefore. We have simply accepted the title verification of the properties provided to us on as “as is” basis, and, have not verified the accuracy and/or the completeness of the same from our end. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or IDFC Bank, nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Company or IDFC Bank on an “as is” basis for the purposes of this Fairness Opinion except for the information explicitly provided to us. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or

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other actual or threatened claims. In addition, we have assumed that the Proposed Scheme will be approved by regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the Proposed Scheme. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Company or IDFC Bank.

We understand that the management of the Company and, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of its assets, nor did we negotiate with any other party in this regard.

In the ordinary course of business, the JM Financial group is engaged in securities trading, securities brokerage and investment activities, as well as, providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Scheme.

We express no opinion whatsoever and make no recommendation at all as to the Company's underlying decision to effect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of the Company or IDFC Bank will trade following the announcement of the Proposed Scheme or as to the financial performance of the Company or IDFC Bank following the consummation of the Proposed Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in the Company or any of its related parties (holding company / subsidiary / associates etc).

Conclusion

Based on our examination of the Valuation Report, such other information / undertakings / representations provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio is fair for the shareholders of the Company.

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Distribution of the Fairness Opinion

The Fairness Opinion is addressed to the Board of Directors of the Company solely for the purpose of providing them with an independent opinion on the fairness of the Valuation as determined by the Valuer and for the purpose of submission to the Stock Exchanges, National Company Law tribunal along with the petition for the Proposed Scheme and such other applicable regulatory authorities under SEBI Circular and/ or the Companies Act, 2013. The Fairness Opinion shall not be disclosed or referred to publicly or to any other third party, other than as required by Indian law in which case you would provide us a prior written intimation and take our prior written consent for it. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. In no circumstances however, will JM Financial or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

Yours truly,

For **JM Financial Institutional Securities Limited**



Authorized Signatory