



transformance

Sustainability Performance 2015-16

IDFC has consistently led large-scale transformations and created greater value for the nation by transforming the benchmarks of performance. As an infrastructure finance company we raised the performance bar, and went beyond being just providers of capital and assisted in creating policy frameworks and worked with the government at various levels. We diversified our product portfolio beyond just loans so that we had deeper relationships with clients.

This ability to trigger and cascade transformations through performance is what we at IDFC call

trans*formance*

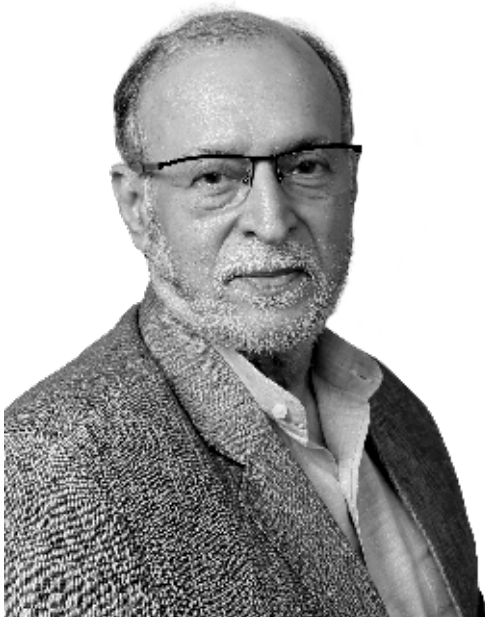


e-ntegration *prosparity* *greenfrastructure*

After transforming infrastructure, we are now transforming lives as we sprint ahead towards our goal of becoming a universal bank. As in our previous avatar, performance is again the key driver of this transformation. We are re-imagining the basics by leveraging the power of technology, setting new standards of customer service as well as breaking operational stereotypes across the triple bottom line.

Focussing on a 'less-branches, more-banking' strategy, we are enhancing financial inclusion while restricting ecological footprint. Forging a synergy between our CSR interventions and penetration of our banking services, we are transforming India, one district at a time.

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Dear Stakeholders,

It has been a year of transformation at IDFC.

As we rearranged ourselves into a new structure, we also chose to tread new paths towards responsible business. This has required us to take some hard decisions - not just because it suits business, but is good for the broader constituency of stakeholders, such as communities, society and the environment.

One big reason for expanding our canvas of responsible business is because we do not subscribe to the thought of 'business-as-usual'. We have made a conscious decision to co-author the script of change - in the realm of banking, people, technology and environment.

I invite you to read the report which captures the philosophy behind our business decisions and how each of these fits into the framework of sustainability.

The report features the three themes that direct our approach towards sustainability:

■ **e-ntegration**
■ **prosparity**
■ **greenfrastructure**

The reasoning behind this is simple. In building a mass retail bank, we realise that we now have the potential to impact the lives of millions. This means we are now in a position to nurture and change - employee experience, customer behaviour, quality of community life and more importantly, use of technology for last mile access.

■ PEOPLE

We regard people as our most precious resource. Together with them, we believe we have the power to transform - business, community and environment. The last one year has seen unique and first-of-its-kind initiatives in employee experience, with the objective of embedding a service-oriented attitude within the organisation, which will be reflected in the organisation's interface with its external customers.

■ TECHNOLOGY

The Bank's product and distribution network is meant to be a powerful tool to enhance financial savings and awareness, augment income levels, improve quality of life, encourage entrepreneurship and reduce poverty. Most importantly, it is closely aligned with national interests.

■ BUSINESS

IDFC Bank has effectively integrated sustainability into its

- **distribution**
- **credit approval**
- **risk management**
- **community initiatives**

It is the only Bank with a distribution strategy based on low infrastructure in the cities and intensive doorstep reach in the villages. This not only means less of concrete structures where they are not needed, but also, lesser travel time and cost for citizens in deeper rural areas of India.

It is also the only bank to deploy technology-based solutions i.e. 'assisted digital' for the convenience of the rural masses.

■ ENVIRONMENT

All IDFC Bank's branches outside of metros are embedded with environment-friendly green facilities such as solar power, and natural materials for flooring and designs that maximise presence of natural light.

Funding by IDFC Group companies has been taken up with the conscious thought that every project has the potential to impact the environment and the communities it supports.

Today, IDFC Bank is leading the way in financing sustainable and green projects that minimise environmental concerns.

We believe, there is a huge difference between building a profitable business, and doing so with a positive social, cultural and environmental impact. Our initiatives in the longer run, will translate to higher corporate accountability, reduced risk and improved reputation.

At IDFC, transforming business performance and sustainability are two sides of the same coin. Thus, the theme - transformance.

Warm regards,

Anil Baijal

Chairman | IDFC Foundation

Sustainability is a prime mover at IDFC. Each policy is designed from a triple bottom line viewpoint and every decision takes into consideration interests of all stakeholders, be it customers, community, society, shareholders, nation or employees.

Responsibility is deeply rooted in our business ethos. Conceived in 1997 with the specific mandate to build the nation, IDFC has since played a prime mover role in infrastructure development by not just offering a wide range of financial solutions but also spearheading research on sustainable infrastructure and engaging in an ongoing dialogue with governments, regulators and government agencies for greater good.

The overarching objective of IDFC has remained resolute - make a larger contribution to the nation by transforming the benchmarks of performance. This year, we set on a new journey to further this objective and moved beyond just transforming infrastructure to transforming lives by strengthening the country's banking infrastructure.

**While the journey
is anew, the means
have not changed.
We continue to
create holistic value
through the pursuit
of excellence, across
each of the triple
bottom line -
financial, social and
environmental.**

■ MATERIALITY

Defining one's materiality empowers an organisation to focus on issues which are large enough to matter - i.e. those that have a high influence on business continuity and success, plus are vitally important to stakeholders. This focus allows the organisation to invest time, efforts and resources in high impact areas and avoid spreading itself too thin.

In the reporting year, we reanalysed IDFC materiality issues in the light of the Group's enlarged business portfolio. We created a comprehensive list of material topics through a detailed research of

Industry-specific issues | Peer materiality issues | Organisation-specific issues

and then filtered this list through two primary sieves - business impact and stakeholder priority. The resultant material issues were validated by senior management.

Based on this exhaustive process, the key materiality issues for IDFC are:

Technology

Innovative Use of IT | Data Security

IDFC's vision to re-imagine the basics of banking and to deliver service to customers anytime and anywhere, can only be leveraged by the power of technology. Bringing this vision to reality, **IDFC Bank has successfully introduced a new banking architecture that features a host of technologically-enabled infrastructure** like micro ATMs, on-call banking, doorstep banking and Aadhar-enabled easy account opening process.

It wouldn't be an overstatement to say that **technology is the lifeline of IDFC's banking model. And hence the challenges and opportunities that technology pose to IDFC's operation is one of its key material issues.**



Larger footprint, minimal physical infrastructure and faster execution pace are some of the key opportunities that technology presents to the bank. And as with every discipline, the power of technology comes with many operational risks - data security, continuous innovation, and quality of the digital infrastructure to name a few. Addressing these challenges and opportunities of technology are imperative.

Talent

Integration | Transition | Acquisition

An organisation is as good as its human capital. The formation of IDFC Bank saw a surge in talent acquisition and has necessitated revalidation of HR processes in line with the new business and new employee strength, communication of policies to all new employees, integration of the new workforce with the existing employees as well as charting out new roles for existing talent pool.

While talent management is an important issue for all service organisations, at IDFC it sits on top of our priority list.

Cultural compatibility is central to the Bank's hiring strategy as well as entrenched in the workforce through top level talks and culture building workshops.

Governance & Compliance

Due to its ability to impact all sectors of the economy and the lives of millions, banks face intensified regulatory compliance demands. IDFC has leveraged its heritage of good governance to evolve robust governance policies and practices. The governance framework seeks to embed rules, reports and controls that provide greater visibility of financial and business processes at all levels of the organisation and a unified picture at the top. The aim is to maintain a close eye and friendly proximity to business operations even as the organisation rapidly expands its footprint across our vast nation.

Customer Satisfaction

Convenience | Cost | Range of Offerings | Security & Privacy

'Customer satisfaction' and 'organisational success' are directly proportionate to each other. Therefore, it makes a perfect business case to put customer at the center of our materiality universe.

At IDFC, the approach to ensure customer satisfaction is through an interplay of technology, customer engagement and a new service mindset. Be it as a bank that understands its customers, and applies this understanding to make their life easier. Be it as a bank that caters to their needs with smart solutions which are suited to their demands and desires. Be it as a bank where customer security and privacy are hygiene factors.



Resource Efficiency

Financial | Human | Natural

With rising population and climate change, resource efficiency is a pressing need of the hour. All stakeholder segments are holding organisations accountable to ensure responsible management of all three resources - financial, human and natural. As providers of capital, we too are contributing to this effort by incorporating resource efficiency in our lending criteria and taking a closer look at the triple bottom-line impact of a business we choose to do business with.

Within our organisation too, we are ensuring sustainable utilisation of all the three resources - natural, financial and human.

Resource efficiency enables significant business advantages - cost competitiveness, productivity, and sustainability leadership.

Natural Resources

IDFC's natural resource approach is centered around investing in eco-intelligent infrastructure - internal as well as external. While the Company's legacy and continuing commitment to emphasise on a green service portfolio is well established, we also thrust on building sustainable infrastructure at an operational level through below strategic interventions:

- Follow 'less branches, less carbon footprint' approach by designing sustainable banking e-infrastructure that's least dependent on brick-and-mortar branches
- Green data centre certification for our central data centre at Chennai
- LEED 'Gold' certification for our registered office at Chennai
- Carbon footprint assessment of our operations



Human Resources

IDFC offers ESOPS to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company.

We invest in developing talent and providing them growth opportunities.

Ample leadership programmes and platforms ensure that our talented workforce steadily climb up the growth ladder.

Over and above this; recognising, respecting and rewarding continue to serve as efficient motivators.

Community Empowerment

Banking empowers an individual with more control over one's asset and access to organised loan and savings options. Banking can unarguably be called a gateway to the financial inclusion of the underprivileged sections of the society.

Financial Resources

Sustainable and judicious utilisation of financial resources is elemental for our business operations. This is one of the reasons, IDFC has been successful in achieving outcomes like:

- All businesses continued to do well and remain well poised for growth, even as the Group saw a major transition to the banking vertical
- IDFC Bank remained profitable from day one, with listing achieved in 35 days straight
- Focussed on taking banking to unserved and underserved areas and making investments in renewable energy projects
- Expanding the banking vertical's operational footprint at the speed of technology - in the first 6 months itself, the Bank setup 60 branches, 45 of which are in unbanked / underbanked areas.

Financial capital is a raw material for IDFC. Born with the mandate of nation building, IDFC has a legacy of enabling financial access through making investments in sustainable projects. Now with our banking business, we are enabling financial access to the unbanked and underbanked pockets of the nation.

IDFC's banking business is a natural extension to the Company's motto of nation building by graduating from 'transforming infrastructure' to 'transforming lives'.

We are not just contributing to transform the future of the nation by including its financially excluded citizens within the ambit of banking, but also building bridges to integrate Bharat and India by providing a boost to the agriculture sector and rural enterprises through better access to credit.

Ensuring inclusive growth for an economy is not just a business responsibility but also a business opportunity - key ones being 'enlarging the market to operate', 'finding a greater pool to recruit talented workforce', as well as 'ensuring the societal license to operate'.

For IDFC, it is material to integrate the marginalised sections with the mainstream economy by:

■ Ensuring 'banking for all' across sub-urban and rural pockets, and strengthening the banking infrastructure of the country

■ Promoting financial literacy and improving access to the banking system

■ Increasing financial inclusion by institutionalising change in the five key levers of community development: education, healthcare, skill building, livelihood & inclusive infrastructure



Banking is a lifeline of an economy. The more citizens embrace the habit of banking, the more empowered they are in managing their finances.

■ REPORT SCOPE

Period

The reporting period for IDFC's maiden Sustainability Report is 1st April 2015 to 31st March 2016. We have adopted the Global Reporting Initiative (GRI) Sustainability Reporting G4 Guidelines in accordance with 'Core' option to report on our triple bottom-line performance. The GRI Guidelines is the most widely adopted non-financial reporting framework in the world and is used to help communicate sustainability performance, encourage transparency, and enhance accountability.

The aim is to share with all stakeholders, both internal and external, our commitment towards financial, environmental and social aspects.

Boundary

The report scope covers operations of the following entities of IDFC Limited:

- IDFC Bank Ltd.
- IDFC Alternatives Ltd.
- IDFC Asset Management Co. Ltd.
- IDFC Securities Limited
- Infra Debt Fund Ltd.
- IDFC Foundation
- IDFC Institute

Feedback

IDFC welcomes insights, opinions and suggestions. Questions related to the information presented in this Report can be posted to:



corpcomm@idfcbank.com

Just as a democratic government is 'of the people, for the people, and by the people', a well-governed company is 'of the stakeholders, for the stakeholders, and by the stakeholders'.

IDFC was born with the specific mandate to build the nation. With each passing year, it is therefore only natural for us to strengthen our resolve of serving the stakeholders, including our customers, community, country and colleagues.

Over the years, banks have come to occupy a place in the public consciousness as monolithic institutions, designed to perpetuate themselves - with systems designed to work for banks, and not all stakeholders. We believe, it's time for a new kind of bank. Where barriers are replaced with transparency, edifices make way for engagement and monotonous monologues turn into lively dialogues.

Our stakeholder engagement process is architected to maximise engagement with all our stakeholders - internal and external, major and minor. The aim is to not just ensure consistent interactions for managing our stakeholders' expectations, but to kindle collaborative actions with them to co-achieve a higher purpose and leverage the collective intellectual capital to address the numerous economic, environmental and social challenges.

**We have
always strived to
forge strong
relationships with
our stakeholders.
And the journey
of transforming
from an
infrastructure
development
company to
a financial
banking entity
has reinforced
this belief.**

■ **STAKEHOLDER IDENTIFICATION**

Identification of our key stakeholders places us in a better position to prioritise and personalise our approach to engage with them. In the reporting year, we reanalysed our stakeholder list to include the stakeholder base of our banking vertical and arrived at the below list:

EMPLOYEES

SHAREHOLDERS / INVESTORS

CLIENTS

COMMUNITIES

BUSINESS ASSOCIATES (SUPPLIERS & VENDORS)

REGULATORY AUTHORITIES

GOVERNMENT BODIES AND INTERMEDIARIES

NGOs

CREDITORS AND DEBTORS

■ **ENGAGEMENT POLICIES**

Our stakeholder engagement approach constantly gets reinforced within the businesses through four guiding policies. Implementation of these policies is overseen by our Operations Committee and Management Committee.

IDFC Code of Conduct

Outlines the procedures to be followed and disclosures to be made, while dealing with the stakeholders of the firm.

Fair Practices Code

Specifies the ethical principles to be followed in all our services, products and client interactions, and also provides a grievance redressal mechanism to our clients.

Whistle Blower Policy

Protects stakeholders wishing to raise a concern about serious irregularities or illegal / unethical practices with regards to IDFC.

Corporate Social Responsibility Policy

Covers a wide range of issues ranging from preference for locally available goods and services, to environmental protection clauses applicable to all our Group Companies.

■ CHANNELS OF ENGAGEMENT

The choice of the channels we employ to engage with varied stakeholders depends on their requirements and expectations. Whether by electronic medium or the physical mode or a combination of both, we ensure that the communication is transparent, timely and in an audience-friendly vehicle. Our broad spectrum of communication channels for stakeholders includes:

External Stakeholders	Internal Stakeholders
Stakeholder Engagement Sessions	Internal Mailers
Regular Business Interactions	Newsletters
Media Releases and Meetings	Social Initiatives
Marketing Collaterals	Town halls and Internal Meetings
Annual General Meeting	Trainings
Investor Calls Research Reports	Surveys
Annual Report Website	Intranet Portal



■ STAKEHOLDER-WISE ENGAGEMENT

At IDFC, stakeholder relationships are reinforced by engaging through a two-way communication:

Keeping our doors open for our stakeholders and sharing all pertinent information in full, fair, accurate and timely manner

Keeping our ears open to listen to our stakeholders in order to understand their views, opinions, concerns and queries

Mentioned below are some of the methods deployed at IDFC to engage meaningfully with each stakeholder group.

Employees

Employees are our first customers. We have processes in place to uphold their right to not just know about the Company's vision and progress, but also question the same. On an on-going basis, we ensure employees are updated with all major news, initiatives, policies and guidelines, as well as provide platforms to solicit employees' feedback.

The model that we follow is three-tiered: employee to employee, employee to organisation and organisation to employee.

In the reporting year, we rolled out new initiatives as well as continued with our ongoing platforms to build on IDFC's culture of transparency, collaboration and innovation.

In the future, we aim to leverage technology to bring all employees of IDFC into the fold of a single and seamless engagement interface.

i-Connect (employee intranet), Yammer (social media engagement platform), Radio Hatke, Town Hall and many other engagement campaigns were successfully implemented at an enterprise level. Some of such significant initiatives are elaborated in the following pages.

Culture Workshops

One of the focus areas of our employee communications function was engaging with the new employees of our new business vertical - IDFC Bank. The challenge here was two-pronged. Firstly, the number of new joiners was high and it was important to set in the culture from the start. Second, the business of banking means more frontline employees; so, it was important to communicate the Company's ethos to these ambassadors of the organisation as they possess a large measure of control over the customer experience.



We invested intensely in culture building exercises including 'Brand & Culture' workshops conducted by Dr. Rajiv Lall, Founder, Managing Director & CEO of IDFC Bank.

For details, refer page 45-46 of our Talent Performance section.

Employee Experience

Launched at IDFC, Employee Experience is a unique concept which pledges to treat employees as best customers. Here, each employee is assigned a dedicated Relationship Manager (RM) who handholds the employee throughout the journey with the organisation.

For details, refer page 43 of our Talent Performance section.

Town Hall - All Hands Meet

A quarterly forum, the Town Hall Meeting was addressed by Dr. Rajiv Lall, followed by other business leaders. Employees were given a glimpse of the financial performance of the quarter gone by, the goals for the near-term as well as the strategy to achieve the goals.

This communication exercise is conversational in nature, wherein employees can put questions directly to the leadership and get a response either in person or a revert after the event.

Radio Hatke

An enterprise-level employee communications initiative, this radio platform was leveraged to share various business updates, leadership bytes, health and wellness bytes, employee deals and offers, moments of pride and achievements of employees - both at an individual as well as at a team level.

Every 'Radio Hatke' show is crafted with a theme aligned with industry or organisational trends. Entertainment through music, both in Hindi and English, is used extensively to pull more listenership.

Going ahead, this platform will expand to include engagement with the families of our employees through contests, games and interactions.



Shareholders / Investors

The trust that our shareholders invest in IDFC is appreciated by assuring complete accountability.

A well-established mechanism is in place to ensure full and fair disclosures in an easy-to-understand mode which can be used by our shareholders and investors.

We maintain and regularly update our corporate websites for basic information about the Company, details of our business, financial information, shareholding pattern, compliance with corporate governance and contact information of officials responsible for assisting and handling investor grievances. The websites also host official press releases and presentations to analysts.

This year, as IDFC transitioned to banking, we ensured concentrated efforts to keep the investors informed and address queries on the demerger by way of written communication (ig@idfc.com), FAQs on its website www.idfc.com and toll-free number (1800 419 4332). Emails were posted to share and reiterate the impacts of the demerger to the shareholders and bondholders. All required information regarding share issue, allotment, holding pattern, record date and listing date were shared in detail with all the shareholders. Media and press releases were also used to support the information dissemination.

Business Associates

We conduct dedicated capacity building programmes for our vendors to entrench high standards of excellence, responsibility and transparency. A Code of Responsible Business Conduct is in place that encourages our business associates to comply with essential labour practices, and uphold environment and ethical business practices in all their operations.

Communities



IDFC Bank's Bharat Banking network has opened up more opportunities for us to engage with the disadvantaged communities in semi-urban and rural areas. Our relationship managers help us in helping the communities better. While on the field to serve IDFC's doorstep banking account holders, our relationship managers frequently engage with the community members to gauge on-ground challenges and pressing concerns of the region. These insights put our CSR teams in a better position to plan more effective solutions which address important and immediate needs of communities.

Additionally, the IDFC Foundation which takes care of our CSR efforts, continues to interact with the underprivileged populace and expert agencies to perform community needs assessment as well as social impact assessment.

Clients

Customers are the reason we are in business and we are here to listen to them. With banking as our core focus now, our existing 'client-centricity' framework has gained a greater impetus. We are investing our energies into re-skilling our existing workforce and inducting new ones with more customer-facing and customer-listening skills.

As a new-age, customer-centric bank - customers can speak to trained bankers 24x7, through our Banker-on-Call facility. This will

help streamline the communication issues customers faced while talking to a machine. It will also ensure better feedback on our products and services.

We also continue to create awareness amongst our existing client base to carry out environmentally and socially responsible businesses.

Media

With the increase in the influence of social media, we have developed a 360-degree approach to cover all engagement mediums, traditional as well as contemporary. While all pertinent information is shared through press releases and trade media, we also employ the digital age mediums like Facebook, Twitter, LinkedIn and YouTube to amplify our brand-width.

Facebook

Make corporate announcements, run topical campaigns, engage with our target audience, create top-of-mind recall and generate leads

<https://www.facebook.com/idfcbankltd>

Twitter

Have a dialogue with potential customers, influencers, customers, potential employees and shareholders

https://twitter.com/IDFC_Bank

LinkedIn

Attract best talent in the industry by putting across exciting facets of the organisation

<https://www.linkedin.com/company/idfcbank>

YouTube

Putting up lively videos on the importance of responsible business conduct and for brand awareness

<https://www.youtube.com/channel/UC3fyk0wieN6OdUIO-FARXDA>

INITIATIVES

BRIDGING THE KNOWLEDGE GAP

In order to bridge the gap between the haves and have-nots, we must first bridge the knowledge gap.

As part of our learning and development initiative, we provide platforms to deepen knowledge and generate intellectual discussions that integrate policy, economics and decision-making. IDFC Institute hosts events that foster cutting edge and innovative thinking on development issues, through informed, candid and substantive conversation. We bring together practitioners and thought leaders from across fields, including economics, academia and industry, providing participants the opportunity to debate and learn about the latest research, trends and opportunities relating to development.

Data is an extremely important enabler to spur greater good; therefore, all our research work and datasets are available for free in the public domain at our website. Our dissemination methods include:

■ **Research papers: 8 peer-reviewed papers, 2 briefing papers, 1 working paper**

■ **40 video interviews and presentations**

■ **165 op-eds in mainstream newspapers, including international media**

■ **IDFC Institute Dialogues and Conversations**

BRIDGING THE KNOWLEDGE GAP



The IDFC Institute Dialogues are 2-3 day 'policy hackathons', aimed to build a community of leaders and scholars interested in the 'how to' of policy implementation in India. The event is curated with the Prime Minister's Office (PMO). Equally, the outcomes and follow-up meetings are also designed in tandem with the PMO.

The first of the Dialogues was held in Goa in March, and the co-chairs were Arvind Subramanian, Nandan Nilekani and Rajiv Lall. Among the attendees were Shashi Tharoor, Rajiv Mehrishi, Shekhar Gupta, T N Ninan, Tathagat Satpathy, Ashutosh Varshney, Lant Pritchett, Ila Patnaik and Raghav Bahl. Several suggestions and discussions from the event have already found their way to active policy.



The IDFC Institute Conversations are 20-30 person sessions intended to invoke new and trailblazing ideas through knowledgeable, sincere and comprehensive conversations. We have hosted 20 Conversations so far, with a total of 600 attendees. The Conversations have served as a forum for formal feedback on the Draft Bankruptcy and Insolvency Bill, before it was presented in the Parliament. It was also a platform for senior stakeholders to understand the planning principles behind the Mumbai Development Plan from Dr. Bimal Patel, President, CEPT University.

With a view to develop a greater understanding of the current economic, social and political scenario, senior personnel of IDFC participate in a number of conferences and summits. Some of such events attended during the reporting year include:

- The Why, Where and How of Infrastructure Investment, organised by IMF
- Smart Cities Conference - Physical Infrastructure Session, organised by Vijnan Bharati
- Challenges to Strong, Sustainable and Balanced Growth: Views from G20 Countries, organised by Asian Development Bank
- Keynote Address of PM Narendra Modi at London, organised by the City of London Corporation in partnership with Innovate Finance
- India Ideas Conclave 2015 at Goa, organised by the India Foundation in association with the Govt. of Goa
- 6th Emerging Markets Finance Conference, organised by IGIDR
- World Economic Forum at Davos
- Indo-French CEO Forum, organised by CII and Ministry of Commerce
- Asia Business Leaders Advisory Council Meeting at Vancouver
- Political Economic Dialogue Conference, organised by IDFC Institute

■ MEASURING THE IR QUOTIENT

The relationship with shareholders are key to a company's long term success. We at IDFC, have a mechanism in place not only to continuously engage with our investors, but also measure our engagement quotient by conducting IR (Investor Relations) survey every year, since 2013. These surveys are an important benchmark for us to build on our strengths as well as work on areas of improvement.



We have a long-term collaboration with Citigate Dewe Rogerson, a consultancy of global repute, to conduct these surveys. The objective is to conduct a continuous market intelligence to gauge current perceptions on various aspects of IDFC. Our latest survey was conducted in March 2016. Below parameters were covered in the survey to gauge the Firm's IR quotient:

■ Overall IR practice	■ Consistency of interaction	■ Quality of interaction
■ Openness to answer queries	■ Access to IR team	■ Timeliness of information
■ Level / extent of disclosure	■ Corporate governance & transparency	■ Quality of written communication

IDFC scored high on all parameters and respondents were appreciative of its IR function. The perception of IDFC is well regarded on an overall basis and stands high on knowledge as well as effort.

In terms of IR positioning vis-à-vis peers, of the 12 participants interviewed, 10 believed that IDFC was either in the top 3 or the top quartile and 2 believed that IDFC was at par.



e-integration



Banking services and thereby access to capital and productive savings, have largely been governed by two factors - geography and literacy. Convert money to pixels and geography becomes history. Introduce biometrics and literacy no more remains a pre-requisite. At IDFC Bank, we are building bridges between Bharat and India at the speed of technology. Bharat Banking is one of the key businesses of IDFC Bank, that reaches out to the unbanked and underbanked pockets in India. Last mile approach resides at the heart of our Bharat Banking strategy, with a host of technologically-enabled infrastructure like micro ATMs, doorstep banking and Aadhaar-enabled easy account opening process. This power of pixels has helped us penetrate in Meghalaya, one of the smallest states in India in the very first year of operations.

60

branches (45 of which are in the unbanked / underbanked areas of Madhya Pradesh and Karnataka)

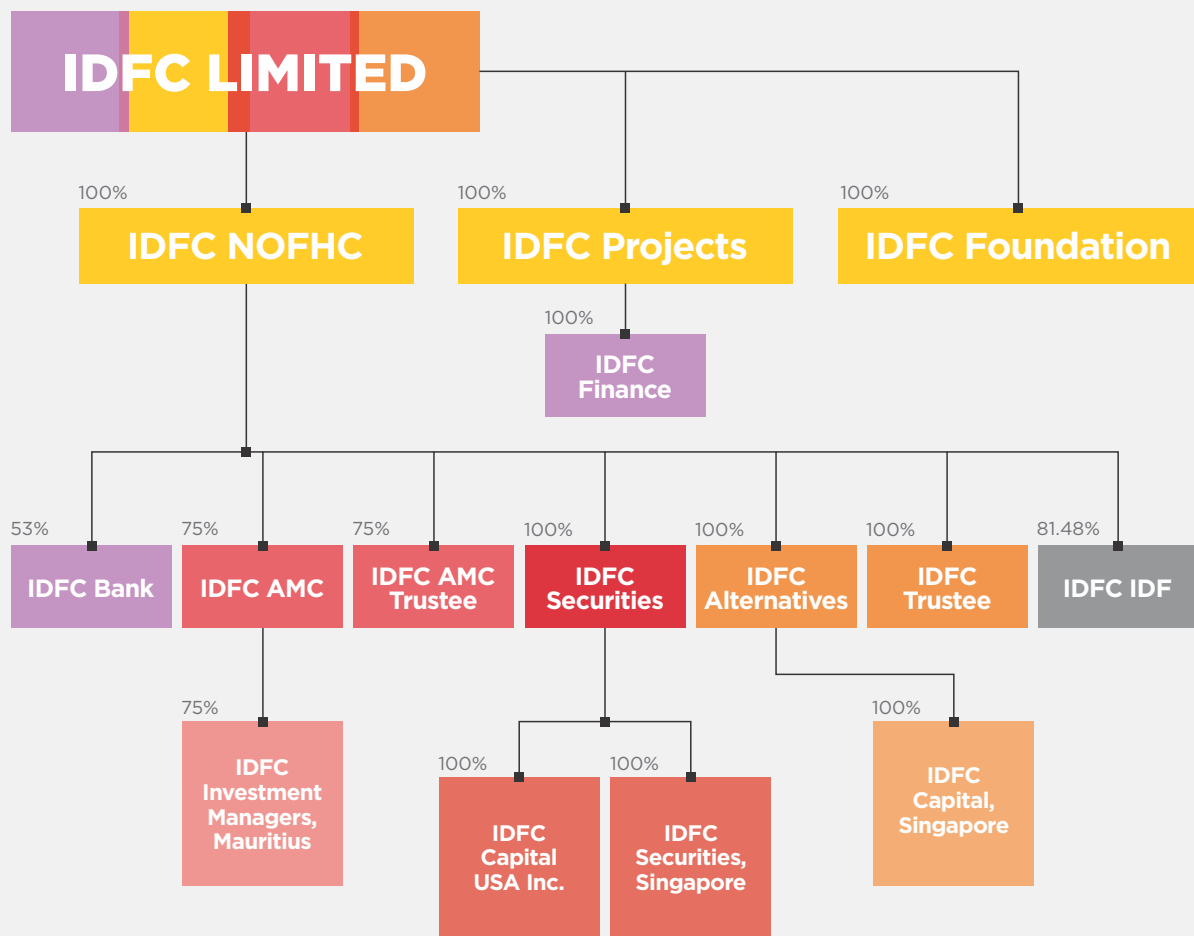
INR
8

billion
annualised
net profits
of IDFC bank

IDFC has been an integral part of the country's development story since 1997. Whether it is financial intermediation for infrastructure projects and services, adding value through innovative products to the infrastructure value chain or asset maintenance of existing infrastructure projects, we have advanced on the mandate to build the nation. In April 2014, the Reserve Bank of India (RBI) granted an in-principle approval to IDFC Limited to set up a new bank in the private sector.

IDFC has thus successfully transitioned from being the country's leading integrated infrastructure finance institution to a full-service bank.

REVISED CORPORATE STRUCTURE OF IDFC GROUP



Note: IDFC Corporate Structure as on October 1st, 2016

■ BANKING

IDFC Bank's vision is to transform itself into a mass retail bank in 5 years. The approach is to deliver banking anytime, anywhere by using technology to relentlessly drive efficiency, and set new standards of customer experience and convenience.



IDFC Bank is a private corporation with a public purpose.

The aim is to build an institution that stands the test of time, an institution that is committed to serve not just shareholders, but all stakeholders including our customers, community, country and colleagues. It will focus on serving rural communities, salaried & self-employed individuals, while continuing to support the country's corporate sector.

IDFC Bank has taken on the challenge of reimagining banking in India by introducing innovative products and services like Banker-on-Call facility and Micro-ATMs. It has customised offerings for segments that were hitherto excluded from the banking fold, for example, professionals, self-employed, marginal farmers and the masses at the bottom of the pyramid.

Based on this philosophy, our banking operations fall in three major segments.

COMMERCIAL & WHOLESALE BANKING

For corporates

BHARAT PLUS

For proprietors & small businesses, and individuals & families

BHARAT BANKING

For semi-urban and rural customers

The bank is extremely well capitalised and has a AAA credit rating.

■ ALTERNATIVE ASSET MANAGEMENT

IDFC Alternatives is India's leading multi-asset class investment manager. Being IDFC's alternative asset management vertical, it manages over USD 3.4 billion on behalf of leading institutional investors from across the world.

With three distinct asset classes - private equity, infrastructure equity and real estate - IDFC Alternatives offers investors a range of risk-return profiles. Since IDFC Alternatives' first private equity fund was launched in 2002, it has expanded its alternative asset portfolio to include a total of three private equity funds, two infrastructure equity funds and one domestic real estate fund.

We are the partner of choice for our investors globally and for our portfolio companies in India.

■ PUBLIC MARKETS ASSET MANAGEMENT

IDFC Mutual Fund is IDFC's Asset Management arm, which works under the aegis of IDFC Asset Management Company Limited (IDFC AMC). It manages different mutual fund products for institutional and retail investors. The focus is on growing the Assets Under Management (AUM) by offering suitable products, and channelling private and corporate savings into the debt and equity markets. In the last one year, this mutual funds & investment advisory business has received numerous awards from various research and ratings agencies.

■ INSTITUTIONAL BROKING

IDFC Securities Limited provides equity research and institutional equity broking services to leading foreign and domestic financial institutions/funds investing in Indian equity markets. A research team of experienced and dedicated sector experts ensure the flow of stock ideas and portfolio strategies. Our coverage spans various growth sectors: **Agriculture, Automotive, Consumer Goods, Technology, Financials, FMCG, Industrial, Infrastructure, IT Services, Media, Oil & Gas, Metals & Mining, Pharmaceuticals & Healthcare, Power, Real Estate and Telecom amongst others.**

We are empanelled with over 1,800 entities/funds across geographies, which include major FIIs, insurance companies, mutual funds, hedge funds, private equity funds and banks.

We are valued for our knowledge-led investment strategies, superior client servicing and exceptional execution skills.

■ INFRASTRUCTURE DEBT FUND

IDFC incorporated IDFC Infra Debt Fund Ltd. (IDFC IDF) in 2014 as a new infrastructure financing entity to carry on the business of IDF under the NBFC format as per the RBI guidelines. The business operations commenced in January 2015.

IDF-NBFC invests only in post COD infrastructure projects that have completed at least 1 year of satisfactory commercial operation:

- PPP projects with project authority - with a tripartite agreement
- PPP projects without a project authority
- Non-PPP projects



The sectoral focus is on roads, renewable power, transmission, telecom towers and social infrastructure.

■ FOUNDATION

Set up in March 2011 as a not-for-profit Company under Section 25 of the Companies Act, 1956 (Section 8 of the Company's Act, 2013), IDFC Foundation is a wholly-owned subsidiary of IDFC that oversees and coordinates the various development activities being pursued by IDFC Limited.

It seeks to enlarge the frontiers of inclusive development by spearheading sustainable and outcome-based programmes. Social engagement and community development has been a way of life at IDFC. Initiatives to benefit local communities are carefully woven into the fabric of our businesses. Dedicated initiatives under community engagement include:

Education | Healthcare | Skill Building | Livelihood | Inclusive Infrastructure



These programmes further assist IDFC's mission of nation building and are bringing about a change at the grass root level.

■ INSTITUTE

IDFC Institute has been set up as an independent, development-focussed think-do tank by IDFC Foundation to investigate the political, economic and spatial dimensions of India's ongoing transition from a low-income, state-led country to a prosperous market-based economy.

Broadly, we support inquiry into practices that result in greater, more efficient and equitable economic growth and development. We provide in-depth and actionable research and recommendations, that are grounded in a contextual understanding of the political economy of execution. The Institute's research is structured around three pillars - jobs & livelihoods, urbanisation, and state capacity and governance.



All our research, reports, databases and recommendations are in the public domain and freely accessible through our website.

At IDFC, we equate the commitment of ensuring high standards of governance with the pursuit of maximising value for our stakeholders. As we branch out into newer territories, we remain rooted to our principles of honesty, transparency and truthfulness.

Our governance framework ensures that we accord utmost importance to accountability, observe compliance in letter and spirit, hold robust risk management systems, and share true and fair view of our triple bottomline performance.

Transitioning to the business of banking calls for a host of changes in the governance process, and we are glad we have transformed seamlessly. In the reporting year, we revisited our operational framework of principles, policies and processes to realign it with the banking industry requisites as well as RBI and SEBI guidelines.

We see good governance as a vital contributor to sustainable economic development and as an enabler to spread the presence of banking in unserved or underserved regions of India.

■ IDFC BANK'S GOVERNANCE STRUCTURE

An active, well-informed and independent Board helps our governance agenda and ensures both protection and progression of long-term interests of our stakeholders.

IDFC Limited's Board consists of Eight Directors and IDFC Bank's Board consists of nine Directors. They bring to the table rich experience and expertise across a wide spectrum of functional areas such as Management and Administration, Economics, Banking, Finance, Audit, Accounting and Agriculture. Majority of the members are Independent Directors. The Board guides the firm's growth and progress, reviews sustainability performance, assesses business risks, recommends risk mitigations, and ensures regulatory compliance.

Board Committees

The Board has constituted various Board Committees to focus on matters that require greater and more focussed attention.

IDFC Bank has seven Board-level committees

1 Audit Committee	2 Credit Committee
3 Risk Management Committee	4 Allotment & Share Transfer Committee
5 Corporate Social Responsibility Committee	6 Nomination & Remuneration Committee
7 Stakeholders Relationship & Customer Service Committee	

These committees review, revise, debate and discuss matters across the spectrum, from strategy to operations, with the Board.

Over and above these Board-level Committees, 10 Management Committees have been constituted to oversee other specific matters.

■ Credit & Market Risk Committee

■ Operational & Info-Sec Risk Committee

■ Business Planning / Strategic Initiatives Committee

■ Asset Liability Committee

■ Product & Process Approval Committee

■ Internal Audit & Controls Committee

■ Information Technology Governance & Infrastructure Committee

■ Premises & Outsourcing Committee

■ Brand and Public Relations Committee

■ Human Resources, Employee Experience and Culture Committee

■ CODE OF CONDUCT

Our Code of Conduct is both a prescription to and a reflection of our values and principles. The Code is a book of best practices which guide us in both routine and critical operations and decision-making.

Honest and Ethical Conduct

Fair & Transparent Corporate Communications

Safe & Healthy Work Environment

Disclosures

Usage of Company Assets

Secure Transactions & Confidential Information

Compliance with Government Rules & Regulations

Further all our major vendors are also required to conform to the Code.

In the reporting year, as IDFC added Banking into its business fold, we revisited our Code of Conduct. We formulated a specific Code of Conduct for Prohibition of Insider Trading in accordance with SEBI regulation - with a view to monitor, report and regulate trading in securities by the Board of Directors and employees of IDFC, their immediate relatives and other insiders.

IDFC periodically monitors and facilitates compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

In the reporting period, IDFC received no stakeholder complaints with regard to ethics, bribery, corruption, anti-competitive behaviour or compliance.

■ POLICIES IN PLACE

Policies have been set up at various levels across IDFC to guide employees in fair dealings. To ensure compliance to regulatory norms applicable to the Bank, we revisited our existing policies and formulated some new ones. The policy formulation exercise was carried out in the following manner:

a) Each Policy was prepared by a sponsor department which is responsible for implementation of the Policy.

b) All Policies were reviewed by control functions such as legal, compliance, risk, finance,

operations, information technology and information security and then tabled to the Management Committees for their review and recommendation to the Board for approval.

Some of the policies which underline the essence of governance standards are as follows:

Code of Conduct Policy

Through this policy the employees are discouraged from accepting / falling prey to any inducements and encouraged to adopt high standards of professionalism, honesty, integrity and ethical behaviour in their banking operations.

Whistle Blower Policy

Applicable to all Directors and Employees, the policy provides the employees with an appropriate grievance redressal mechanism to identify any breach of ethical behaviour and malpractices by any employee.

Vigilance Policy

It prevents employees from accepting any valuable or pecuniary advantage by corrupt and illegal means or by abusing his position as an employee. It discourages the possession of assets by employees disproportionately by misappropriation, forgery, cheating or through criminal offences.

Policy on Related Party Transactions

It monitors the transactions of IDFC with related parties. The details of the transactions with related parties are placed before the Audit Committee from time to time.

Environment & Social (E&S) Policy

The purpose of E&S policy is to create a framework for understanding and managing our indirect or direct environmental & social impacts, risks and opportunities.

Compliance Policy

It outlines a framework for identification and evaluation of the significant compliance risks in order to assess how these risks might affect the safety and soundness of the Bank and the steps to be taken to manage the same.

Chinese Wall Policy

A Conflict Management & Information Barriers Policy has been put in place for all verticals of IDFC ensuring accountability of all employees (permanent and temporary), managers, controlling shareholders, Board members and appointed representatives.

Sexual Harassment (Prevention & Redressal) Policy

This policy protects women from sexual harassment at the workplace, reflecting the company's zero-tolerance to any form of prejudice, gender bias and exploitation. It prohibits and prevents such misconduct and ensures redressal of complaints.

In the event that any complaint is raised by a male employee, such complaints would be addressed under the company's disciplinary policy.

RISK MANAGEMENT

Effective risk management feeds the future of a financial intermediary. IDFC strives to reach the efficient frontier of risk and return for the Company and its shareholders.

A robust risk management framework is in place to manage the material risks in three key domains: credit, market and operational risks. Management of compliance risk (and its inter-related risks such as the legal and reputational risks) is also an integral component of the governance framework.

The Board through its Risk Management Committee monitors and reviews risk management of the Company and its subsidiaries on a regular basis. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies.

ADVOCACY

IDFC has played a key role in providing thought leadership and advocacy in areas of corporate governance as well as public policy. The aim is to stimulate thought and action for responsible development of infrastructure, good governance and efficient financial service. IDFC is an active member of several trade bodies and associations, some of the major ones include:

Indian Banks' Association

ASSOCHAM

Confederation of Indian Industry

FICCI

Bombay Chamber of Commerce & Industry

Indian Merchants' Chamber

Bombay Management Association

Asia Society India Centre

Association of Business Communicators of India

Indo-American Chamber of Commerce

World Economic Forum

In addition, Senior Management of IDFC holds significant positions in various committees constituted by the Government of India, Regulators and other industry bodies.

An environment & social risk management framework has been developed by varied businesses such as Wholesale, Micro, Small and Medium Enterprises (MSMEs), Small and Medium-sized Enterprises (SMEs) and Bharat Banking. The aim is to identify industry specific E&S risks and lay out systems for effective implementation.

ADVANCING THE CASE OF GOOD GOVERNANCE IN BANKING

BANKING COMPLIANCE SEMINAR 2015

The seminar was organised to debate and discuss the latest developments and challenges in regulatory compliance.

RISK & COMPLIANCE - 9TH ANNUAL SUMMIT 2015

This annual conference focussed on the top priorities and key issues faced by risk management and compliance departments of banks in India. The summit featured senior speakers from banks and consulting firms.

ANTI-MONEY LAUNDERING - 5TH ANNUAL SUMMIT 2015

An exclusive platform for dialogue between regulators, financial industry practitioners and consultants, the summit delved into various aspects of Anti-money Laundering and Combating the Financing of Terrorism.



■ IDFC Bank promotes an efficient and transparent financial system, enhancing financial literacy and improving access to the banking system.

IDFC Bank also participates in key initiatives undertaken by the Government and Regulators. Some of IDFC Bank's disclosures serve as a channel to disclose and share financial performance and best practice services to its shareholders. One such disclosure is publishing of financial reports, prepared according to the Indian Generally Accepted Accounting Principles (GAAP).

The story of progress is the story of transformation. IDFC was established in 1997 as India's first specialised infrastructure financing institution, with a specific mandate to build infrastructure to build the nation. Fiscal 2016 witnessed a historic transformation, the establishment of IDFC Bank Limited on October 1, 2015. It was formally inaugurated by Hon'ble Prime Minister, Shri Narendra Modi on October 19, 2015.

Our aim is to accelerate our agenda of nation building by developing a truly universal bank that serves the interests of all segments of society.

**The Listing
of IDFC Bank
was achieved
in 35 days
straight.**

■ THE JOURNEY SO FAR

As per the terms and conditions laid out in the RBI licensing guidelines, we demerged all assets and liabilities of our lending business to IDFC Bank. Our Bank comprises three distinct businesses:



Our focus is to create a mass retail bank in 5 years with all the three businesses being well established, and continuing our legacy as a knowledge-based and trusted financial partner.

Our Bank in FY 2015-16 had close to 16,550 customers. Of these, Bharat Banking customers are over 10,000; Bharat Plus customers are close to 6,000, and Commercial & Wholesale Bank customers are close to 550. While these are early days in the build out of the bank, progress so far across businesses has been encouraging.

Our bank is investing in technology and re-engineering processes to ensure that customer experience is truly differentiated in terms of simplicity and transparency.

We also expect growth in assets under IDF, and higher AUMs under our alternatives and mutual fund business. In our securities business, we aim to expand our research

coverage and sales footprint to provide better service to our institutional clients. The goal is to be amongst the more significant domestic franchises in the country.

Across businesses, we are committed to delivering value to all our stakeholders, with the highest standards of governance.

ECONOMIC VALUE GENERATED

The macroeconomic environment during FY 2015-16 showed signs of stability helped by low global crude prices, a comfortable current account deficit and a manageable fiscal deficit.

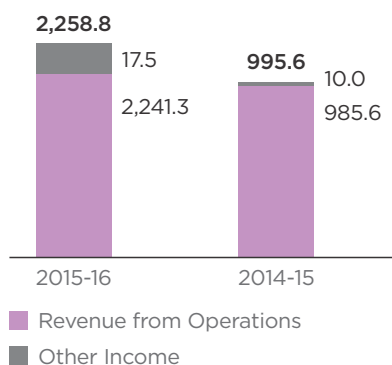
During the year under review, we transferred our financial undertaking to IDFC Bank. We are now operating as NBFC-Investment Company mainly holding investment in IDFC Financial Holding Company Limited (Non-Operative Financial Holding Company), which in turn holds investments in IDFC Bank, IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC Securities Limited and IDFC Infra Debt Fund Limited.

As a result, the balance sheet size reduced from INR 865.2 billion as on March 31, 2015 to INR 96.2 billion as on March 31, 2016 on account of transfer of all assets and liabilities pertaining to financial undertaking to IDFC Bank. The profit from continuing operations was INR 1.42 billion for FY 2015-16 as compared to INR 0.67 billion for FY 2014-15. The loss from discontinuing operations was INR 19.69 billion for FY 2015-16 as compared to profit of INR 20.94 billion in FY 2014-15. As a result, the net loss for the year was INR 11.62 billion as compared to a profit of INR 16.85 billion in the previous year.

During the year, the Company also transferred INR 2 billion (previous year INR 4.8 billion) to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961.

Income from Continuing Operations

in INR million



Profit After Tax from Continuing Operations

in INR million

2015-16	1,417
2014-15	670

Basic Earnings Per Share from Continuing Operations

in INR million

EPS - Basic
(Nominal value of share of INR 10 each)

2015-16	8.9
2014-15	4.3

IDFC Bank



Starting its journey with a balance sheet of INR 734.5 billion and a net worth of INR 133.2 billion, IDFC Bank remained profitable from day one.

As on March 31, 2016, we had

60 branches

45 Bharat Banking

35 in Madhya Pradesh and 10 in Karnataka

11 Bharat Plus Bank

located in 5 cities - Mumbai, Delhi, Bengaluru, Chennai and Ahmedabad

07 Commercial & Wholesale Bank

located in 7 cities - Bengaluru, Ahmedabad, Chennai, Hyderabad, Kolkata, Pune, New Delhi

11 ATMs

33 Micro-ATMs

Our micro-ATMs are connected to the Aadhaar network and serve multiple purposes including opening savings accounts in minutes.



In FY 2015-16, the balance sheet of our Bank was around

INR 740 billion

Annualised Net Profits were around

INR 8 billion

Total deposits and borrowings of the Bank stood at INR 82.19 billion and INR 479.14 billion respectively.

Mutual Fund

Our mutual fund is ranked 9th in the industry. Although the top 10 fund houses in the industry have been consolidating their market share, quite a few global fund houses have closed their India operations. The Systematic Investment Plan route is mainly driving inflows into equity funds and digital transactions are gaining acceptance. We have established our reputation as a knowledge-based, ethical fund house with an emphasis on investor interest.

We are focussed on profitable growth by improving fund performance, filling product gaps and broadening our distribution.

In FY 2015-16, we delivered a strong performance with our average AUM increasing by 15% over the previous year to INR 545 billion. The net profits increased by 36% from INR 700 million in FY 2014-15 to

INR 1,100 million in FY 2015-16.

Alternative Asset Management

The performance of the Indian alternative asset management industry has been disappointing in terms of exits and returns for investors. Notwithstanding the poor industry performance, relatively speaking, our funds have done well. We need to complement our existing funds with new products and also deepen existing verticals.

In alternatives, our AUMs are over INR 160 billion in 7 funds across 3 asset classes in infrastructure,

private equity and real estate. We are in conversation with Indian and international investors, to raise new funds in private equity and real estate.

In FY 2015-16, consolidated net profit of our alternatives business was

INR 100 million

Institutional Equities

In our securities business, notwithstanding the declining commission pool and other structural issues faced by the broking industry, we have done well. We have strengthened our institutional sales and research capabilities to better service FIIs and domestic institutional investors. The quality of our research is well acknowledged.

Our research analysts have been recognised for their expertise by Institutional Investor, Asiamoney and Starmine through various awards.

In the reporting period, we executed several IPOs and QIPs, and the pipeline of capital market transactions continues to be strong.

In FY 2015-16, our securities business delivered a net profit of

INR 150 million

IDFC IDF

The RBI has broadened the mandate for Infrastructure Debt Funds to include all operating infrastructure assets. Our IDF, which is under the NBFC construct, is a growth business and will gain significant momentum. This momentum could further accelerate, once the private sector investments in the country improve.

The performance of our IDF in FY 2015-16 was strong. As on March 31, 2016, it had 23 assets totalling INR 12.02 billion.

The portfolio is well diversified across renewables, IT SEZs, roads, education and healthcare.

In FY 2015-16, the net profit from this business was

INR 370 million

All our businesses are doing well, and are well poised for growth.

ECONOMIC VALUE DISTRIBUTED

Shareholders

Our shareholders, as per the scheme of demerger, received one share of IDFC Bank for every share owned of IDFC Limited. Post demerger our portfolio of businesses includes 53% stake in IDFC Bank, 75% stake in IDFC Asset Management Company Limited, 100% stake in IDFC Securities Limited, 100% stake in IDFC Alternatives Limited, and 100% stake in IDFC Infrastructure Debt Fund Limited (at present, 81.5%).

In the reporting year, the Directors recommended a dividend at the rate of 2.5% i.e. INR 0.25 per equity share of INR 10 each for the shareholders of IDFC Bank. IDFC Limited could not recommend any dividend in the view of loss incurred during the year.

Employees

Our employees are the enablers who actualise our objective. IDFC Limited had 13 employees as on March 31, 2016 and 2,776 employees at the group level.

ESOPS

IDFC offered ESOPS to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. During the year, the Company issued and allotted

1,239,802 equity shares of the Company to eligible employees of IDFC and its subsidiaries, on exercise of options granted under Employee Stock Option Scheme 2007.

Remuneration Policy

The Board approved the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees, which is formulated in line with the requirements of SEBI LODR Regulations and the Act.

Value Shared with Employees (Continuing operations)

in INR million

	2015-16	2014-15
Salaries	91.6	52.7
Contribution to provident & other funds	7.0	2.5
Staff welfare expenses	0.1	1.5
Total	98.7	56.7

Value Shared with Employees (Consolidated)

in INR million

	2015-16	2014-15
Salaries	5,877.0	3,595.6
Contribution to provident & other funds	335.8	190.4
Gratuity	42.5	(0.9)
Staff welfare expenses	145.1	96.4
Total	6,400.4	3,881.5

Government

IDFC has been consistently depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it, with the appropriate authorities.

Statutory Dues

(in INR million)

	2015-16	2014-15
Current tax	3,938.4	9,079.9
Deferred tax	(10,367.0)	(2,908.1)
Tax adjustment for prior years	(2.4)	(1,095.1)
Total tax expense	(6,431.0)	5,076.7

Note: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

RESPONSIBLE SOURCING

As the core business of IDFC is not industrial, it is not as resource incentive in terms of material inputs. The major supplies required are office infrastructure, communications and IT related equipment. Due to the limited nature of usage, it would not be possible to ascertain the percentage of inputs that are sourced sustainably.

Despite the restricted scope of our purchase requirements, we continue to take initiatives to ensure responsible sourcing in our supply chain. A code of responsible business conduct for all our major suppliers is in place, which comprehensively covers our concern in the areas of labour standards, environment and ethical business practices.

FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

IDFC has been walking the talk and talking the walk as far as climate change is concerned. On the one hand, we are investing in opportunities arising out of climate change, and on the other, we are

utilising myriad platforms for advocating green policies.

The prospects of initiatives combating climate change such as renewables has been on the rise, and we have been slowly and steadily increasing our green portfolio. IDFC's green portfolio encompasses lending to renewable energy projects, and developing and owning renewable energy assets.

Through our policy advocacy initiatives, we emphasise on critical topics such as land acquisition, climate change and water. Adopting sustainable practices across the group as well as engagement with local community through rural infrastructure development and livelihood support are the other areas where we concentrate our efforts.

Save Paper, Save Trees, Save the Earth

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those shareholders whose email ids are registered with the Company and / or the Depository Participants. 300,000+ shareholders have already asked for paperless annual reports.

For more information about IDFC's green portfolio, please refer to the Product Responsibility section.



prosperity

IDFC is a unique organisation. We are a private corporation with a public purpose. We are committed to 'growth for all' and 'equality of rights and opportunities'. It is a known fact that one of the biggest handicaps for progress is availability of capital. Our financial inclusion programs aim to eliminate this mammoth barrier. To ensure that social indicators are in step with the economic ones, the IDFC Foundation runs meticulously crafted long-term, goal-oriented programmes across key cogs of transformation such as education, healthcare, skill building and livelihood. Over and above rolling up our sleeves to seed change at the grassroots, we are also investing time, talent and resources through the IDFC Institute to produce well-researched, in-depth reports on topics of national importance and release them in public domain with open access to all.



INR
234
million CSR investment

1.5
lakh children were imparted
preschool literacy & hygiene
awareness in 6,000
government-run Anganwadis

Financial independence is key to unlock 'prosperity for all'. An elevator which can raise the standard of living at the base of the pyramid. An equaliser which can bring Bharat and India on the same pedestal.

At IDFC, we define ourselves as a private corporation with a public purpose. This means 'business growth' and 'societal prosperity' are mutually inclusive propositions of our corporate strategy.

Leveraging the legacy of IDFC's nation building agenda, we continue to serve the society through our inclusive business offerings as well as our CSR actions. While our Banking business aims to substantially increase the financial access in India's vast hinterland, the IDFC Foundation continues to support the marginalised communities with other enablers of financial inclusion, and IDFC Institute serves as a think-do tank for public good.

A CSR policy is in place which ensures that our CSR activities are not performed in silos but are integrated in to our business strategy and thoughtfully designed to address pressing issues of the community.

A not-for-profit company, IDFC Foundation was instituted in 2011 and continues to be the CSR implementation arm of IDFC Group of Companies.

The Foundation carries out activities through well-defined projects which fall within the ambit of the activities listed in Schedule VII of the Companies Act 2013 for promoting the development of

LIVELIHOODS

RURAL AREAS

SOCIAL INFRASTRUCTURE
such as healthcare and education

OTHER INFRASTRUCTURE
that would meet the objectives of inclusion and environmental

sustainability such as water supply, sanitation, renewable energy, slum re-development and affordable housing.

Our CSR programmes are developed at the intersection of self-consuming compassion and strategic intent. We launch full-scale, long-term and goal-oriented programmes instead of episodic interventions. We also spearhead these programmes in collaboration with government bodies and local NGOs in order to leverage the knowledge of

on-ground realities as well as remain sensitive to the nuances of the region.

Another differentiator of our approach, is maintaining a unison in the geographical footprint of our CSR interventions and business operations. We take up whole-hearted responsibility of our neighbouring communities and chart out a myriad of strategic social interventions for a well-rounded development of the region.

■ COMMUNITY ENGAGEMENT



IDFC Foundation has been accelerating its efforts in making quality education accessible for all. By keeping the children and the youth at the center of the process, IDFC Foundation is contributing towards transforming India's future through focussed interventions in areas including:

■ Improving Learning Outcomes in Government Primary Schools

■ Transformation of Night Schools

■ Early Child Care and Education in Anganwadis

■ Financial & Digital Literacy

Of the many programmes supported during the reporting period, below are some of the key ones:

Education



Education is a cog that integrates the marginalised sections with the mainstream economy. A core indicator of prosperity which contributes to the gross national product, builds positive attitude towards technology, increases civic sense and most importantly revolutionises the community.

Transforming Education Delivery in Night Schools

In Mumbai, night schools are an important avenue for the underprivileged, school drop-outs and migrants to attain formal school education. Students in the age group of 12-30 years predominantly residing in slums study in night schools, as most of them work during the day.

IDFC Foundation has been assisting Masoom, a Mumbai based NGO, since FY 2012-13 in developing an ecosystem for night schools in Mumbai through development of the programme's management structure & internal systems and provision of funding support.

The intervention has transformed the standard of 30 night schools, impacting the life of about 3,500 students. These 30 night schools have made great progress in improving the attendance as well as results of students.

Masoom is the first organisation in Maharashtra to run a comprehensive intervention programme for night schools through a three-pronged intervention programme:

**EDUCATIONAL
INFRASTRUCTURE
AND INPUTS**

**CAPACITY
BUILDING SUPPORT
FOR TEACHERS**

**STUDENTS
AND
ADVOCACY**

Through sustained advocacy and demonstration of committed performance, Masoom has been able to influence the Government of Maharashtra to provide nutrition to 8th grade students of night schools and also a non-salary grant to the night schools.



In the reporting period, we extended the grant to adopt 10 new night schools.

The goal is to transform these schools over a three-year period through improved school infrastructure & teaching-learning tools, better governance, community engagement and enhanced quality of teaching.

Some of the key features introduced in these 10 schools include:

■ **Inculcating a thinking culture in students by organising innovative sessions like Concept Development Programme and E-Learning.**

■ **Conducting a special workshop on Financial Literacy for the girl students emphasising on the merits of savings and the dos and don'ts of banking.**

■ **Organising head master residential trainings, key teacher trainings, students' interest mapping and career counselling.**

Besides adopting 10 night schools, we have also created a scholarship corpus to aid visually-challenged meritorious students for pursuing graduation/post-graduation studies.

INITIATIVE

TEACHING THE BASICS OF BANKING



Enabling financial inclusion begins with ensuring financial literacy.

Unless people are aware about the available financial options, the schemes or financial instruments mean nothing. IDFC has always championed the cause of seeding financial awareness in the lowest rung of the society.

This year, we conducted a special workshop on Financial Literacy for the girl students of the adopted schools.

Titled 'Basics of Banking', the workshop delved into topics such as merits of savings, dos and don'ts of banking, financial products for women, various types of accounts and loans, consumers' rights, and services expected from a bank.



Adding Value to Early Child Care and Education

IDFC Foundation in partnership with the Department of Women and Child Development, Government of Uttarakhand and Sesame Workshop India, implemented a 15-month pilot project in Early Child Care and Education (ECCE). Through the project, we reached out to 6,000 Anganwadis (child care centres) in five districts of Uttarakhand with a view to raise their standards to a whole new level.

Primary Objective

Improving pre-school literacy and hygiene awareness for over 1.5 lac children in 6,000 government-run Anganwadis.

Key Areas of Intervention

IMPROVING PRE-SCHOOL LITERACY AND HEALTH & HYGIENE AWARENESS

A 'Needs Assessment and Formative Research' was undertaken and customised learning material was developed to suit the specific needs of children.

BUILDING CAPACITIES OF THE ANGANWADI WORKERS (AWWS)

A cascading training model was adopted wherein a core group of 30 Training Specialists and 200 Master Trainers were trained by experts. This core group in turn trained about 6,000 AWWs across five districts. Besides training, innovative teaching aids such as flash cards were also introduced for in-centre use.

INCREASING COMMUNITY INVOLVEMENT IN EARLY CHILDHOOD DEVELOPMENT

Impact of the Programme

To get an objective view of the programme's effectiveness, a detailed impact assessment survey was conducted by an independent agency. Below are the key findings:

■ **Enhanced skills of AWWs to effectively deliver early child care and education**

■ **Improved cognitive and creative skills among children**

■ **Visible improvement in personal hygiene habits of children**

■ **More enthusiasm among children to attend the Anganwadi**

Empowering through Digital Literacy

IDFC in collaboration with IDFC Foundation identified digital education for children as a key area of intervention to bridge the socio-economic gap.

The 'Digital India' initiative of the government, coupled with a payments infrastructure, is laying the cornerstone for a digital economy. To reap the benefits of this initiative, people need to be digitally empowered. IDFC Foundation has initiated a pilot project to promote digital literacy among school students of Hoshangabad district, Madhya Pradesh.

Undertaken in partnership with Pratham InfoTech Foundation, this three-year project has already been rolled out in 18 government schools, impacting over 7,000 children.



IMPROVING LEARNING OUTCOMES IN GOVERNMENT PRIMARY SCHOOLS

Challenge

While India has made striking progress in enrolling students to schools in the last fifteen years, delivery of quality education has not kept pace with the increased enrolment numbers. Though students are moving up the grades, their academic competency is not up to the mark. This is not just crippling the future of the individuals, but also decelerating the nation's growth momentum. The only way to even this anomaly is through systemic education transformation.

Action

IDFC advocates 'whole-school approach' which ensures students' holistic improvement in academics and beyond. Putting this philosophy to practise, the Foundation has spearheaded a unique 'Learning Level Improvement Programme'.

Undertaken in collaboration with the District Authority and a local NGO, this initiative has brought into fold 60 Government Primary Schools of Ramgarh and Kishangarh Bas blocks of Alwar district, Rajasthan.

Key interventions include:

1 Bringing improvement in teaching-learning processes through use of effective pedagogic tools and training of government school teachers

2 Ensuring well-rounded growth of students through focus on extra-curricular activities, development of leadership skills and provision of specialised remedial packages for students who are lagging in studies

3 Improving the overall school management through capacity building of the local community for playing a greater role in School Management Committees (SMCs) and better parent-teacher engagement

4 Enhancing the physical environment of the schools

Impact

The programme that began with a goal to benefit 8,000 students over a span of three years, has been panned out to 6,335 students, covering 47% boys and 53% girls, in the first year itself. Below are some of the tangible outcomes:

■ Improved Learning Levels

Remediation classes introduced for 998 students in 30 schools. Yearly assessment of these students showed improvement in scores by 66%.

■ Improved Attendance

Average school attendance improved by 12%.

■ School Libraries & Infrastructure

Introduced libraries in all 60 schools and refurbished existing infrastructure.

■ Improved Enrolment

Enrolment drives conducted for all schools led to increase in enrolment - 13% among boys and 15% among girls.

■ Robust Governance

All SMCs are now in compliance. 57 out of 60 SMCs have been re-formulated. Meetings have been regularised. Bal Sansads have also been activated in all schools.

Healthcare

'Health' is one of the key components of the United Nations' Sustainable Development Goals. Under the decade-long National Rural Health Mission and through a number of initiatives in the past few years, though India has made rapid strides towards increasing access to health services, the financially vulnerable citizens of the country still bear the burden of poor quality of healthcare access.

IDFC works with the governments, municipalities, gram panchayats, not-for-profit organisations and the community in the areas of

MATERNAL & INFANT HEALTH

HEALTHCARE EDUCATION FOR UNDERPRIVILEGED URBAN COMMUNITIES

VISION CARE

Improving the Wellbeing of Mothers and Infants

IDFC Foundation has been supporting the Society for Nutrition, Education and Health Action (SNEHA) since June 2012 through grants and capacity building for its 'Maternal & Newborn Health (MNH) Beyond Boundaries' programme.

SNEHA has partnered with 104 health facilities including hospitals, maternity homes and health posts in four municipal corporations of Mumbai Metropolitan Region: Mumbai, Thane, Kalyan-Dombivali, and Mira-Bhayandar



This programme has transformed the accessibility of the healthcare delivery through intervention in three core areas:

■ **Institutionalising the referral links in each of the four municipal corporation hospitals** to ensure that appropriate and effective interventions are made based on the medical severity.

■ **Mobilising the public health system** starting with tertiary hospitals at the municipal level and linking with peripheral hospitals and maternity homes, by frequent engagement and advocacy.

■ **Activating primary maternal and neonatal healthcare** at health posts through a combination of training and community mobilisation.

Key achievements of the programme

■ Advanced Access

About 1 lakh pregnant women with normal conditions and 20,000 with high risk and emergency conditions have benefitted from this programme. The referral linkages have also contributed in saving lives of 2,164 pregnant women. 2,100 expecting and lactating mothers have been reached through systematic home visits.

Tertiary care hospitals of Mumbai showed a reduction in Maternal Mortality Rate (MMR) by 5.04 (per thousand live births) in one year.

■ Enhanced Awareness

Around 40,000 community people reached out through exhibitions, health talks and group meetings.

■ Strengthened Capabilities

2,500+ health workers trained in various aspects such as maternal health, neonatal health and nutrition.

Reducing the Healthcare Burden for the Needy

Healthcare expenses are well known to drag families into poverty. In an endeavour to alleviate the financial pain of patients, IDFC Foundation provided a grant to Kamala Nehru Memorial Hospital (KNMH) & Regional Cancer Centre in Allahabad, a premier charitable hospital in India that facilitates cancer treatment for the underprivileged at reduced cost.

The grant has been utilised towards maintaining equipment used in radiation therapy. This is likely to benefit at least 800 needy patients requiring around 20,000 sittings.

Preventing Vision Impairment

It is estimated that one-fourth of the world's visually impaired people are Indians. A 2001 survey estimated a blindness prevalence of 10.8% in India, while the global prevalence is 0.7%. IDFC Foundation has decided to focus on reducing preventable blindness in rural India. As a pilot project, the Foundation conducted an eye checkup camp in which over 400 rural Indians were screened to detect vision impairment and eye-related ailments. Those in need, were provided medicines and prescription glasses free of cost. In the coming year, the Foundation will partner with local vision care providers to conduct more of such camps in rural India.

Earning Avenues

India is a rich asset base of human capital. Whether this human capital appreciates or depreciates directly depends on the way it is nurtured. The more invested we remain in our citizens, the more value we add to our economy.



At IDFC, we aim to bank on the abundance of human capital by opening doors to earning avenues for communities in both rural and urban areas, farm and non-farm sectors, and traditional livelihoods as well as industrial skills.

SKILL BUILDING

The paradoxical situation India is facing is that even for the available job opportunities in various industries, there is a lack of adequate employable workforce. We are committed to add value to the demographic dividend of India and thereby not only fuel the growth of the country but also ensure earning opportunities for its young citizens.

IDFC Foundation has partnered with 'Skills for India', a not-for-profit organisation, for a unique skill development programme.

The aim is to provide training to the youth in a range of skills with a focus on employability in sunshine sectors.

A pilot project was launched this year ensuring training for 50 students in Hoshangabad. The location was selected in tandem with our branch roll-out as the idea is also to improve the youth's employability in the communities neighbouring our operations.

Based on the findings of studies on demographics and employment opportunity in the states of Madhya Pradesh and Karnataka, we narrowed down on industries with the maximum potential of job creation in the next five years:

Banking Financial Services and Insurance (BFSI)

Retail

Telecom

Addressing the skilling needs of these sectors, a month-long skill development programme was launched to train the youth in the following areas:

- Basic Communication Skills
- Digital Literacy
- Organisational Behaviour
- Sales Skills
- Cultural and Gender Sensitivity
- Life Skills
- Sector Specific Knowledge: Banking / Retail / Telecom

Over and above focussing on the curriculum design, equal emphasis was laid on other enablers like Mobilisation & Sourcing, Screening of Candidates, Skilling, Assessment, Placement and Post Placement Follow-up.

Engagement was done not just with participants but also with parents to ensure their buy-in and thus ensure better attendance, lower drop-outs and higher learning outcomes.

Impact

The feedback has been very satisfactory with the pilot project establishing multiple benchmarks:

- **83% participants had job offers at the end of the training, as against the industry average of 70%.**

- **Only 3 dropouts were observed out of the batch of 50 students, which is an exceptionally good number for these kinds of programmes.**

- **Average attendance was over 90%, way above the industry average.**

Attendance of 48 students was 99.35% and 43 students had 100% attendance.

Depending on the success of the programme, the same model will be replicated across our operational footprint. The curriculum will also be customised based on the sectors shortlisted for respective geographies.

LIVELIHOODS



65% of India lives in rural areas, many of whom are on the threshold of sinking from transient to chronic poverty. Enhancing livelihood options is hence imperative to transform the fate of the hinterlands of India.

IDFC Foundation helps rural households advance the pursuit of traditional livelihoods and alternative livelihoods, both in farm and non-farm disciplines.



Cattle Care Camps

With the objective of helping small and marginal farmers improve their income from dairy development activities, IDFC Foundation partnered with one of India's premier animal husbandry organisations, J K Trust for Project Shwetdhara.

Under this project, 240 cattle care camps will be organised every year, for the next three years. Additionally, 25 cattle care centres will be set up in 5 districts to deliver quality veterinary services at the doorstep of livestock owners.

The cattle care camps will provide information on the latest scientific animal management practices to the dairy farmers. Supplementing the support at camps, will be the cattle care centres which will offer guidance on breeding, castration, artificial insemination, vaccination, deworming, deticking, first aid and also infertility treatment.



Alternate Livelihood Training

The objective is to identify locally relevant trades & crafts of the region and consequently train the villagers (especially women). This will boost their skills as well as give a fillip to their incomes.

MASTERCLASS ON HANDLOOM EXCELLENCE



Challenge

India has a long tradition of excellence in arts and crafts. The challenge is to keep this tradition alive and at the same time ensure a healthy means of living for the keepers of the craft.

- Market their products under a brand 'Nanda Devi - Handcrafted in Uttarakhand'

- Create a strong movement for revival of not just arts and crafts but an eco-friendly, sustainable, balanced and peaceful way of life for women

Action

With a view to give the artisans a bigger platform, IDFC has setup a Centre of Excellence in Uttarakhand dedicated to catalyse handlooms as a means of sustainable livelihood for women. The Centre will transform the lives of thousands of artisans of five neighbouring districts through a myriad of benefits:

- Ensure a venue for exchange programmes inviting master artisans from other Himalayan regions to stay and teach local artisans
- Provide a platform to artisans to procure high-quality raw material, upgrade their skills, exchange knowledge, access designs and samples
- Enable an interface for artisans, designers, and buyers to meet and interact

Impact

In a span of one year itself, the centre will benefit 1,000+ artisans, out of which 200 artisans will gain employment at the centre and another 800 artisans will get skill upgradation, raw material, designs, samples, and marketing facilities. As of now,

1 80 master crafts women have started production of shawls, stoles, scarves, tweeds and home furnishings using the raw material provided at the centre.

2 13 women have undergone a two-week skill upgradation workshop.

Inclusive Infrastructure

Enabling inclusive development begins with ensuring 'infrastructure for all'. We remain committed to nation building by leveraging our core infrastructure expertise to formulate replicable business models focussed on infrastructure delivery to the underprivileged and disadvantaged.

We also support state and central governments in enhancing the public infrastructure in the sectors such as Renewable Energy, Ropeways, Roads, IT Infra, Telecom, Housing and Education. In the reporting period, we focussed on facilitating the delivery of greeninfrastructure, leaving a positive impact on the society as well as the environment.

INITIATIVE

REVIVING THE FLOOD-HIT ECOSYSTEM

In the month of December 2015, Chennai was hit by floods. IDFC Group took up an employee volunteering initiative to reach out to the worst affected people. The objective was to offer a revival pack to each family - consisting of living essentials, water purification tablets, sanitary napkins, mats, medicines etc.

We tied up with NGOs and Home Guards in Chennai to identify the most-affected communities and our employee volunteers handed over the packs to 12,000 identified families.

Through this unique initiative, IDFC employees not just garnered good wishes, but also received a wonderful opportunity to collaborate across business boundaries and contribute towards greater good.

DELIGHTING TOURISTS WITH SUN-POWERED LIGHTS



Challenge

Mawlynnong village, named Asia's cleanest village by Discovery magazine is located in East Khasi Hills district of Meghalaya. The village witnesses a large number of footfalls of tourists - about 500 a day during peak seasons. However, in the absence of street lights, tourist inflow for sight-seeing and experiencing the natural beauty was being restricted to a daytime activity.

Action

As part of IDFC Foundation's engagement with the Government and the community in Meghalaya, the Solar Street Lighting Project was commissioned and successfully inaugurated in May, 2015.

This project went on to be showcased by the State Institute of Rural Development, Meghalaya as a success story and was used as a standard template by the Government of Meghalaya to invite CSR support from other corporate entities to provide solar street lights in several other villages.

Impact

- Positively impacted the life and livelihood of the people, as tourist footfalls in the village has significantly increased.
- Encouraged tourists to spend the night in the village and experience the local culture, which significantly improves the livelihoods of the villagers.
- Benchmarked Public-Private-Community Partnership for the Government to replicate in other rural areas.

Buoyed by the success of the project, IDFC Foundation has partnered with the village community to initiate an Integrated Renewable Energy Project. A 25 kW Micro Hydel Project is planned at the community-owned multipurpose reservoir that will supply electricity to a warehouse-cum-economic activity centre created by the villagers.

SPEARHEADING A VILLAGE SCHOOL IMPROVEMENT PROJECT

Sangakheda Kalan village, situated in Hoshangabad district, Madhya Pradesh, has been identified as an 'Adarsh Gram' (model village) under the Government's Sansad Adarsh Gram Yojana, a rural development programme aimed at improving the socio-economic and physical infrastructure of villages across India. IDFC Foundation joined forces with Hindustan Latex Family Planning Promotion Trust (HLFPPT), to execute this village's school improvement project.

Upon giving the school a complete makeover, the Sangakheda Kalan school now wears a fresh new look with significantly better facilities, including Water, Sanitation and Hygiene (WASH) practices, round-the-clock electricity, clean & healthy physical infrastructure, and teaching equipment. Conservation practices such as water harvesting and renewable energy have been introduced. A herbal garden has also been developed to ensure proper nutrition for Anganwadi beneficiaries and adolescent girl students.

This project will benefit 500 children every year and empower the teachers and administration to deliver quality education.

■ RESEARCH & ADVOCACY

With the democratisation of data, comes the freedom to compete healthily and grow collaboratively. When knowledge is free, transformation becomes possible on a much larger canvas as well as at a much faster pace.

IDFC Institute remains at the forefront of research and advocacy on pressing needs of the nation. We consider data to be an extremely important public good, and therefore all our work and datasets are available for free in the public domain on our website. Our dissemination methods include:

Research papers:
8 peer-reviewed papers
3 briefing papers
1 working paper

40 video interviews and presentations

196 op-eds in mainstream newspapers, including international media

IDFC Institute Dialogues and IDFC Institute Conversations

for details, refer page no. 11

Broadly, our body of research can be bifurcated into two pillars: Poverty Reduction and Livelihood Creation

POVERTY REDUCTION

Research study on MGNREGS

MGNREGS is the world's largest public works programme, targeted specifically at the poor in rural areas. This study investigates whether this targeting is succeeding and if MGNREGS is used more in rural districts than urban districts, which would fit its *raison d'être*. This study will be useful in guiding policy design for schemes focussing on poverty alleviation.

India Development Review (IDR): Affordable Housing

The India Development Review is a yearly publication that examines a critical development issue and provides actionable recommendations.

This year's IDR focusses on affordable housing for the poor.

While there has been private sector interest in catering to this segment, delivery of units has been limited. Affordable housing is a unique product, and a different set of policies and regulations from those applicable to regular housing will improve supply.

The IDR will interview housing developers, financiers and other key stakeholders to identify impediments and suggest solutions to each of the problems. The report will present general and state-specific recommendations that can inform the Ministry of Housing and Urban Poverty Alleviation, and state policy in providing formal housing for the poor.

India Rural Development Report (IRDR): Rural Connectivity

The IRDR is the flagship report of the IDFC Rural Development Network, supported by the Ministry of Rural Development (MoRD).

The theme for this year's report is rural connectivity as a critical enabler of growth and prosperity in rural areas.

In particular, the report focusses on four vital connectors - roads, digital connectivity, energy and access to finance.

Guided by eminent economist Bibek Debroy and panel of experts, the report will provide MoRD with implementable recommendations to connect rural India to the broader economy. It will also feed into NITI Aayog's Vision 2032 document.

NITI Aayog-IDFC Institute Enterprise Survey

NITI Aayog and IDFC Institute are conducting an enterprise survey of 3,500+ manufacturing SMEs (a key priority sector) to identify the obstacles SMEs face in setting up and running their businesses in different states. The results will be used by individual states to institute policy reform to facilitate SME growth, creating a large number of jobs in the process.

By highlighting areas of poor performance, this multi-year survey will encourage states to compete and ultimately improve the climate for creating jobs and wealth, thereby reducing poverty.

The longitudinal nature of the survey will help track the impact of the survey on the job creation engines of any economy, the small and medium sector.

LIVELIHOOD CREATION

Safety Trends and Reporting of Crime (SATARC) survey

Lack of public safety disproportionately affects the poor, women, children and other vulnerable groups, and prevents

them from engaging wholly in civic life. In the past decade, crimes against women have doubled and those against children have quadrupled. Yet, even these crime statistics are notoriously inadequate with large scale under-reporting, misrepresentation of data and insufficient information on disposal of cases. SATARC surveys will provide an independent estimate of crime incidence and perceptions of safety across four major cities.

The impact will be two-fold.

1

It will be a powerful measurement and diagnostic tool to identify critical areas for reform.

2

It will provide a management tool for police to optimise their resource allocation and improve their performance over time.

Similar surveys have spurred significant police reform in the US and UK, leading to lower crime and far greater safety.

Land Governance Index

Recognising the need to improve land records, the Government of India launched the Digital India Land Records Modernisation Programme. Under this programme, states must modernise their land records through steps that include digitising land records, registrations and maps, and integrating spatial and textual records. At the request of MoRD, the IDFC Institute and the World Bank are creating an 'Index of Land Governance' which measures states' progress on these steps. The Index is a transparent, objective measurement of progress that will encourage states to compete with each other to improve their ranking.

IDFC Institute Case Studies

IDFC Institute will analyse and document the various policy successes of Government and civil society organisations to build an educational repository of best practices. Our research will go behind the headlines to understand how leaders dealt with challenges, and extract scalable and replicable lessons. We will study instances of successful project management e.g. Aadhaar, Konkan Railway, Pradhan Mantri Gram Sadak Yojana etc. Our output will be a series of educational products for universities and government that include case studies, video interviews and briefing papers.

IMPROVING CITY SYSTEMS



IDFC Foundation funded an advocacy project for improved city systems in India with Janaagraha, a Bengaluru-based non-profit organisation that works towards the objective of transforming the quality of life in India's cities and towns.

The key components of the intervention include:

- **Identifying root causes in an objective, scientific manner**
- **Widely disseminating relevant data and insights to key decision makers**
- **Creating engagement platforms and engaging closely with key decision makers to advocate for reforms to city systems**
- **Support government in implementing reforms to city systems**

Spread over a span of three years, the project aims to benefit a total of 3.4 crore population from 21 major cities, comprising capital cities of 16 major states. As part of its efforts towards achieving the project objectives, Janaagraha released the third Annual Survey of India's City Systems (ASICS) in March 2016.

If there is one asset with maximum potential to transform an organisation, it is the human capital. It is the people who infuse passion in to the purpose of an organisation, quit their comfort zone to embrace change and explore the frontiers of technology ushering in next practices. It is hence only natural for us to bank on the power of our workforce. Our 360° talent sustainability approach begins with bringing on board the right talent and empowering them with the right stimuli:

- Freedom that they desire
- Recognition which they deserve
- Training that helps them perform better
- Opportunities that raise their career profile

**IDFC Bank
awarded for
'Best HR &
Talent Practices'
among private
sector banks by
Banking Frontiers
Magazine.**

The reporting year witnessed a number of milestones on the HR front. With the launch of IDFC Bank, the Group's employee strength grew from 880 in FY 2014-15 to 2,780 at the close of FY 2015-16. As we ramped up our workforce, we developed a strategic people agenda with equal emphasis on culture, diversity, learning, collaboration and people orientation. Turning the traditional mindset on its head, we digitised majority of our HR processes, thereby enabling the HR team to focus on the qualitative aspects of its function such as employee engagement, experience and assessment. This novel approach to human capital management was recognised with multiple awards in the very first year of inception.

■ HR POLICIES

Our HR policies ensure ample opportunities and sufficient safeguards for the employees. Designed in accordance with industry best practices and international benchmarks, these policies serve as effective levers of our human capital management approach:

Equal Opportunity & Diversity	Employee Benefits
Anti-harassment Policy	Work Enabler Guidelines
Whistle-blower Policy	Performance Management
Employee Healthcare	Learning & Development

To oversee these policies in practice, an HR Management Committee has been put in place. Internal and external HR audits are also conducted on a consistent basis to oversee implementation of policies.

**IDFC Bank
recognised as
'Innovator &
Disruptor in
HR Technology'
by Society for
Human Resource
Management.**

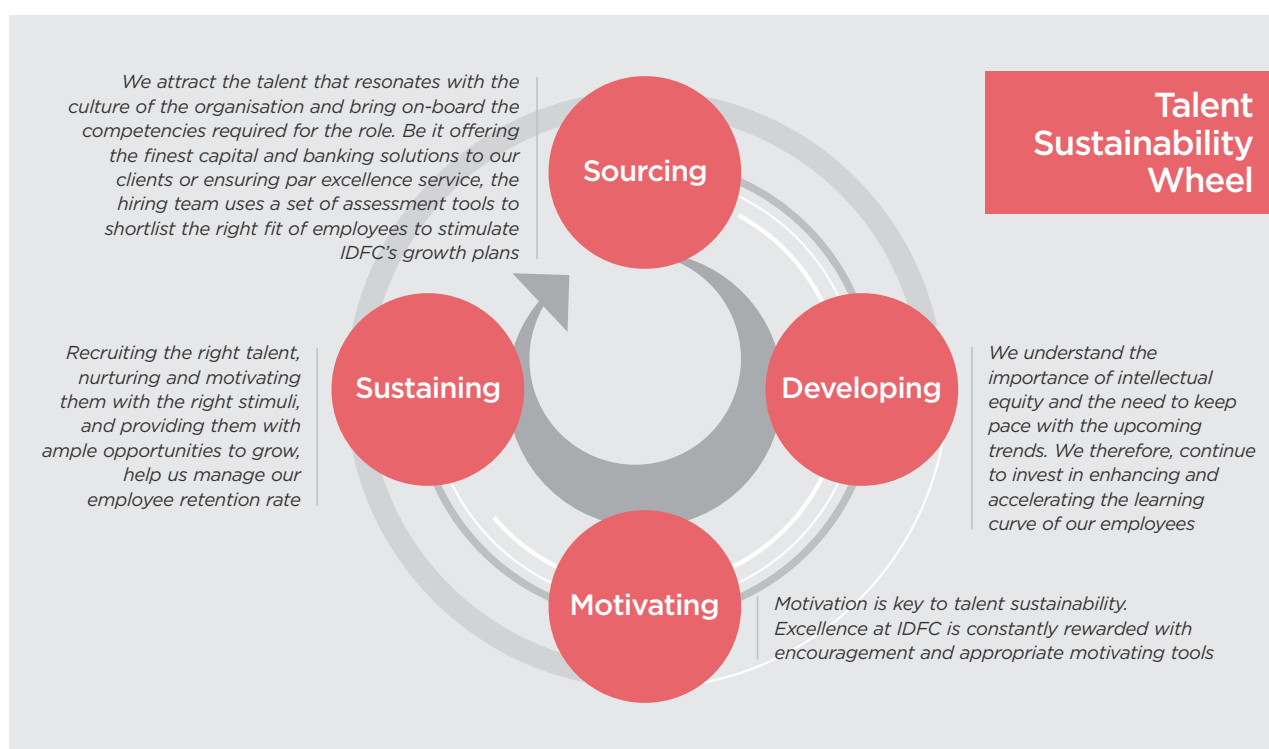


Thanks to IDFC's transition to banking, our hiring has increased exponentially in the last two years. We have therefore spent considerable time, capital and energy in communicating these policies to all new employees, alongside reinforcing them among the existing employees.

All new employees go through a one-hour orientation and a mandatory 2-day Induction Programme, which familiarises them with the Bank's structure, policies, culture and values.

■ THE IDFC TALENT CYCLE

Our talent management mechanism is a well measured strategy which focusses on the entire employee life cycle. This ensures symbiotic growth by aligning organisational goals with employees' personal as well as professional goals. Four primary cogs of our talent sustainability wheel include:



EMPLOYEE EXPERIENCE AT IDFC

**Customer Grade Experience
for our Brand Ambassadors**



At IDFC, employees come first. We believe in delivering the same standards of experience to our employees as we ensure for our customers.

We have adopted Employee Experience (EX™), a unique framework wherein we put our employees first, just like we expect them to focus on the customers first. The Employee Experience team at IDFC is committed to treat employees as their best customers. The employee delight is ensured across the hire-to-retain life cycle. Shortly after individuals receive an offer to join IDFC, their family members are welcomed into the organisation with a bouquet. A Starbucks gift card is given to the employees. All arrangements are made on the first day for a seamless joining experience - from the ID Card being kept ready when the employee arrives at the security gates, to a polite welcome from the security guard and a fully set-up desk. This enables employee productivity from day one. Employees are equally well-treated when they leave or retire, creating colleagues for life.

The objective of this approach is two-pronged

1 Give employees a great working experience, which they deserve as co-contributors of the company's success

2 Deliver customer-grade experience to them so that these brand ambassadors also ensure same quality of experience for the customers

EX™ at IDFC is delivered through three pillars - People, Processes and Technology. The aim is to simplify and enhance the experience an employee has with the organisation. Below are some of the initiatives spearheaded on this front:

Blueprints for Employees' Dream Journey

We invited employees to reimagine their experience at IDFC and re-designed our processes by leveraging technology to actualise their expectations. Listed below are the 18 dream journeys which were chalked out:

Recruiting | Onboarding | Learning | Workforce Planning | Travel & Expenses | Procurement | Leave Management | Performance Management | Job Change (transfer) | Recognition | Compensation | Benefits | Promotion | Payroll | Analytics | Employee Communication | Personal Events | Exit

Hiring Service Professionals for Internal Service

A very large part of the internal engagement is anchored by Employee Relationship Managers (RMs) with the sole aim of delivering highest standards of service. From the time the offer is rolled out, to the entire life span of the employee; each employee is assigned a dedicated Relationship Manager. The Employee Experience RM is like a buddy at work who handholds employees throughout their journey with the organisation. From on-boarding and day-to-day assistance to exit - RM is the one-point contact person for all administrative chores for employees.

For this best-in-class employee onboarding journey, the Society for Human Resource Management has recognised us as an 'Innovator and Disruptor in HR Technology Practices'.

IDFC is one of the few organisations globally that uses this concept to attract, engage and retain talent at every stage of the employee lifecycle - from hiring to exit.

Sourcing Talent

We focus on recruiting right. Hiring the right people, getting them to the right roles, and giving them the right stimuli to blend into the environment. Our recruitment decisions are governed by meritocracy and the key attributes we look forward to see in our people include:

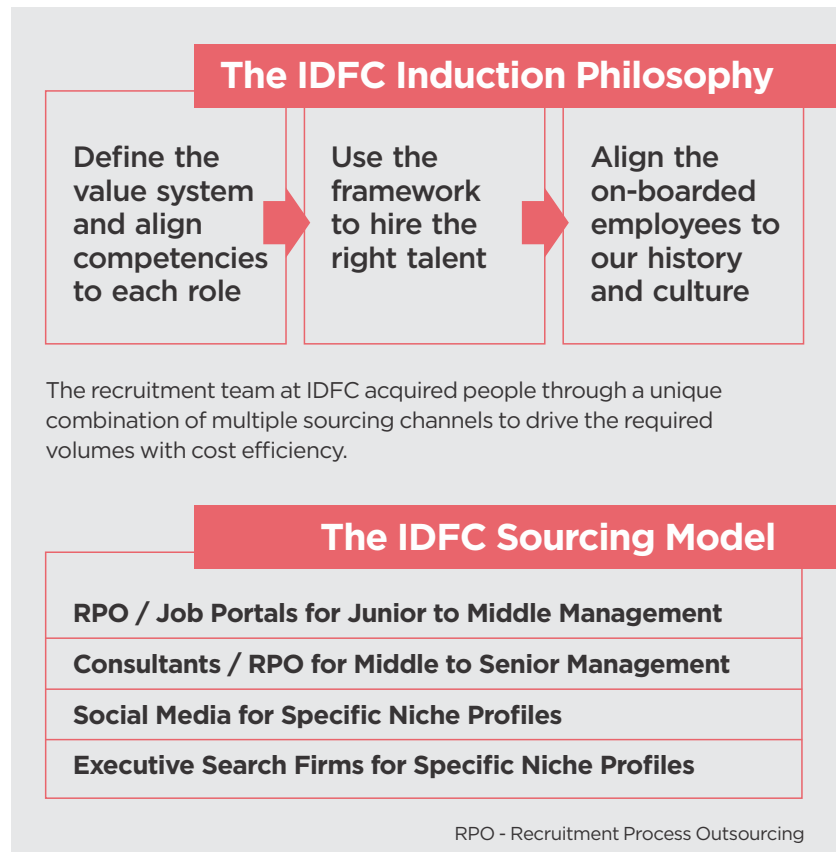
- Diversified skills and capacity to innovate
- Ability to thrive through teamwork
- Hunger for knowledge and desire to invest in oneself
- Service orientation and understanding of what the customer wants
- Digitally native and comfortable to innovate with technology



In FY 2015-16, as the organisation geared up to hire the right talent, it was imperative that we had a strong understanding of the organisation we were aiming to build.

We knew that the initial set of employees would lay the foundation for the culture of the organisation and it was critical to establish an ideal hiring philosophy.

The organisation recruits and screens employees based on alignment with the organisation's values as well as competence for the role.



The selection process is a comprehensive mechanism which includes aptitude and psychometric tests, interview rounds and background checks. Higher the position, more imperative is the need to ensure the right fit. Each of the senior hire, hence, goes through a personal psychometric assessment conducted by some of the best psychologists who help us in assessing the individual's capacity to manage the role they are being evaluated for.

Employee Strength

Employee Type	Employee Headcount	FY 2015-16
Permanent Hires	Total permanent employees hired	2,081
	Total headcount of permanent employees	2,780
Contract Employees	Total headcount of contract employees	805

NURTURING BEFORE HIRING



We believe in selecting fresh talent and nurturing them with the required skills. With this vision, we launched two initiatives targeting different segments by geography and by innate skillset.

ENABLING PROFESSIONAL SKILLS

We piloted a batch of 51 graduates in Madhya Pradesh who were put through a training programme in soft skills, life skills and IT as well as sector specific training. We facilitated the placement for all participants and also absorbed 7 participants in IDFC.

STRENGTHENING INDUSTRY KNOW-HOW

We ran 8 batches of 15-20 freshers each, in different locations, where the participants were taken through a rigorous training programme of 8-10 days on banking skills. These were then hired by IDFC.

NEW-AGE RECRUITMENT FOR A NEW-AGE BANK

IDFC Bank launched #IDFCTwitterResume, a first-of-its-kind digital initiative wherein twitter users were encouraged to share a 140-character resume, for appointments to junior and mid-level positions. The campaign urged people to think creatively, giving us an insight into a candidate's ability to do things differently.

This social media engagement was well received and the response was phenomenal with over 1,000+ applications received in 3-4 days. With this initiative, IDFC Bank aimed to foster its tech-savvy positioning.

DEVELOPING TALENT

At IDFC, we expect every individual to remain a lifelong learner. This approach has gained significant emphasis with our Bank business focussing on 'innovation' as a key enabler of excellence. Driving a learning culture is therefore at the heart of our HR function. In the reporting year, we invested significantly in familiarising our new as well as existing recruits with the renewed ethos of IDFC. The focus was on:

Culture Building Exercises

It is people who manage the processes put in place to drive an organisation towards an ethical journey. Building the right culture hence lays the foundation for responsible business growth. At IDFC, we are approaching culture building through three touch points:

Values and Behaviours

People, Policies and Practices

Tools and Platforms

In the reporting year, we invested intensely in culture building exercises to drive Values & Behaviours, so that there is a high level of agreement about what is valued, and a high level of ownership with regard to those values. Below is a glimpse of our key exercises:

■ Walking the Talk - Leadership Sponsorship

■ Repeated & Consistent Messages - Communication

■ People Practices - Employee Experiences Initiatives, Learning & Development

■ Linkages to Growth / Careers - Robust Performance Measurement System

■ Creating Ecosystem - Websites, Apps, Radio

■ Employee Value Proposition - Rewards & Recognition, Diversity & Inclusion

Instilling Pride in IDFC

Through this employee induction module, new joiners get an insight into IDFC's history, current focus as well as the future plan. The aim was to enthuse them about the Company's contribution to nation building and give them a purpose to perform better. Employees get to engage with business leaders and understand our priorities as a Group.

The uniqueness of this induction lies in its gamification approach to engage with employees which enhances the receptiveness and retention of content.

IDFC Way - Values

All employees underwent a one-day workshop on IDFC's four core values wherein they received a platform to share their opinions on the values, be it challenges or appreciation. This interactive workshop created a strong buy-in, leading employees to drop their baggage and imbibe our values in their day-to-day method of operating.

Delivering Product Knowledge Digitally

Advancing on our agenda to leverage technology more holistically, our training content and modules too went digital. We partnered with some of the best content developers in the country to design training videos and modules that employees can access from anywhere over the desktop or mobile.

Classroom Trainings

Total training hours
49,440 hours

Per employee per year training
Average 8.26 hours

Mandatory E-Learning

Total training hours
16,830 hours

Per employee per year training
Average 8 modules

Dr. Rajiv Lall, Founder Managing Director & CEO, conducted three 'Brand & Culture' workshops to share institutional, cultural and business vision for IDFC Bank. These day-long workshops focussed on the practice of our core values: Balance, Collaboration, Drive and Honesty. Over 1,000 employees were covered in the workshop, who transformed into 'Brand & Culture' ambassadors for the Bank.

■ MOTIVATING TALENT

Motivated workforce is what sets apart a good employer from a great employer. We constantly recognise, respect and reward talent through a host of motivators. Some of which include:



Professional Growth

Potential is rewarded by a two-pronged approach - equipping performers with a platform to sharpen their skills and promoting them to higher positions. With IDFC's transition into a bank, we provided growth opportunities to all our existing high-performing employees in the reporting year.

Employee Recognition

'ICON', an R&R programme is well in place across functions wherein employees can be awarded recognition points by their peers and managers. This encourages a culture of appreciation in the organisation.

Compensation & Benefits

Our compensation benchmarking process has been developed in line with industry best standards. Our rigorous and transparent performance-based pay scale programme ensures that high performers remain highly motivated with exciting perks and compensation.

Employee Stock Options

We reward dedication by creating co-owners. In addition to the variable compensation system, we give performance linked employee stock options to high performers, to create a core talent group within the team. This ensures that performing employees see a long-term benefit of participating in the growth of the Firm.

Medical Needs

Being physically fit creates the right mental attitude. We facilitate it by providing Medclaim and medical counselling for our employees on a regular basis.

Employee Engagement

We believe that an engaged employee is not only more productive, but also more creative in finding innovative solutions. Understanding their needs and ambitions by engaging with them, generates fulfilment, rejuvenates commitment, ensures involvement and empowerment. Some of the key engagement mechanisms in place are:

Whistle Blower Policy

It encourages employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. It also provides adequate

safeguarding against the victimisation of employees who avail of the mechanism as well as allows direct access to the Chairman of the Audit Committee in exceptional cases.

Yammer

A social media tool connecting employees, and enabling interactions across the entire organisation and various geographies. Employees use this tool to share their feelings, success stories and connect with like-minded colleagues.

Off-site Meetings and Team Building Exercises

Informal and recreational activities are organised on a regular basis which helps strengthen the team bond and appreciation for each other's strengths.

Experience Relationship

We have designated an experience relationship manager who walks the journey with the new employee, right from the day of offer acceptance. The relationship manager is the first point of contact for all employees for any queries. Additionally, they can also engage with their line managers and HR business partners to discuss their career and growth aspirations.

Safe Space Sessions

A monthly session for the senior leadership team where the management discusses key updates and upcoming changes.



■ RETAINING TALENT

Retaining talent is a win-win, both for the employees and for the organisation. We are an employee-friendly organisation with attrition levels that are in line with the industry average.

We encourage internal movement of talent through an internal job posting programme. As a mandate, any new opening is first released to the employees and then it is released externally. This not just minimises talent attrition, but also allows our talent to choose their preferred roles.

9.8% Voluntary & Involuntary Attrition | FY 2015-16

A healthy mix of talent at IDFC ensures a diversity of views, experiences and inherent strengths.

■ DIVERSITY MANAGEMENT

Diversity is inherent not only in people, but also in functions. Having a diverse set of employees is therefore not only a cultural advantage, but also an operational advantage. A healthy mix of talent at IDFC ensures a diversity of views, experiences and inherent strengths.

Be it from any caste, country, gender, age, race, religion, or disability, every individual has an equal opportunity to work, learn and grow with us. We are an equal opportunity employer not only at the time of recruitment, but also during the course of employment.

Transparency and merit are the base on which IDFC's culture and growth flourish. We practise a potential and position-based salary structure, which is benchmarked with industry best practices.

This year, one of our key focus areas of diversity management has been, encouraging our managers to focus on gender diversity in our workforce. One of the early steps in this direction was to run a women-only recruitment drive with a view to interview and hire returning mothers seeking avenues to restart their career. Further, we spearheaded an employee referral drive with exclusive focus on referring female candidates. We also hired women from management institutes and additionally

facilitated an all-women batch coming from the academia route. About 60-70% of our management trainees are women.

Over and above adding more female colleagues to our talent mix, we also continued to focus on creating an enabling environment for women. Some of the processes in place to support this objective include:

■ Conscious consideration for significant life events by offering benefits such as, additional child care leaves for the first two years post child's birth and flexible work arrangements post-completion of maternity leave.

■ A policy on 'Prevention of Sexual Harassment' conforming to zero-tolerance to any form of prejudice, discrimination and harassment at work. During the reporting period, no complaints were reported regarding sexual harassment or discriminatory employment.

■ A policy on diversity of Board of Directors with an objective of absorbing women in senior management roles on the basis of merit.

■ HEALTH & SAFETY

Health

Productivity, be it individual or organisational, hinges on health. We continue to emphasise on keeping our employees in good shape and have tied up with renowned service providers to conduct medical check-ups on a regular basis.

In the reporting year, we launched 'iLiveWell', offering a first-of-its-kind wellness ecosystem for our workforce that operates from rural branches. Through this integrated holistic health approach, we collaborate with employees right from the day of on-boarding, encouraging them to embrace a healthy lifestyle and offering emotional as well as physical security. This model has been implemented for our employees in 8 rural branches.

We launched 'iLiveWell', offering a first-of-its-kind wellness ecosystem for our workforce who operate from rural branches.

Integrated Holistic Approach

Induction



- Pre-employment & Annual Health Check-up, and HRA
- Health Training During Induction
- Employee Handbook

Dormitory



- Healthy Living Guidelines
- Health Toolkit
- Monthly On-site Health Advice

Secondary & Tertiary Care



- Green Channel for Secondary & Tertiary Care
- Emergency Care / Ambulance Service - Single Point of Contact and Internal & External Referral Service

Primary Care



- Doc-on-call / Tele-consultation
- Primary Care / First Responder Doctor Network

Office



- Monthly On-site Health Advice
- Healthy Lifestyle Promotion: Dietician / Nutritionist Dial-in / Chat / App-based Personal Coach / Physical Activity Challenge
- Communicable Disease Management Awareness
- Employee Handbook
- Web Portal
- Health Toolkit
- Emergency Helpline

Safety

Being in the service industry, IDFC employees remain free from industrial hazards. Yet as a matter of precaution, our offices are designed keeping in mind Occupational Health & Safety, Wellness and Security needs. Regular advisory on caution and best practices is issued to employees.

WORK-FUN BALANCE

TimeOut is an initiative where employees get the opportunity to relax and unwind. TimeOut also aims at fostering collaboration by bringing employees together to bond over music, dance and fun activities. Employees get the opportunity to interact with their colleagues and senior management from across different functions in an informal setup.

The TimeOut platform is also used to promote and launch new systems in the organisation. The aim is to build good relations between colleagues, create better alignment with business vision and foster a collaborative environment.

The TimeOut events are hosted at regular intervals, each with a unique theme which is entertaining as well as enlightening. In the reporting year, IDFC Bank hosted 7 TimeOut events across the country and all of them were very well received by employees. Below is a glimpse of such events:



Music TimeOut

Employees participated and showcased their talent through Music, Dance and Drama via the TimeOut platform.

Family TimeOut

To take the concept of Employee Experience even further, a Family TimeOut was organised where spouse and children of the employee's family were invited for fun activities such as pottery, tarot reading, tattoo and caricature making, and a photo booth.

Bollywood TimeOut

The revamped Human Resources Management System (iConnect) was launched with a Bollywood theme.

TimeOut For Values

The values of IDFC: Balance, Honesty, Collaboration and Drive, were promoted with the TimeOut theme.

Games TimeOut

As part of the theme, the team organised games such as car racing, bowling, mini-snooker and mini-golf for employees to enjoy.

Relax At Work TimeOut

The theme was for employees to relax with engaging games, foot spa etc. at work.

Health TimeOut

The theme focussed on the well-being of employees through Yoga sessions and healthy menus.

HUMAN RIGHTS

Human rights violations are non-negotiable at IDFC. We are a signatory to the United Nations Global Compact (UNGC), which underlines the Company's commitment to the following human rights:

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights

PRINCIPLE 2

Make sure that they are not complicit in human rights abuses

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

PRINCIPLE 4

The elimination of all forms of forced and compulsory labour

PRINCIPLE 5

The effective abolition of child labour

PRINCIPLE 6

The elimination of discrimination in respect of employment and occupation

We uphold human rights in policy as well as practice, that too across our value chain. For our suppliers, we have put in place a 'Code of Responsible Business Conduct' to ensure that none of our suppliers employ child or forced labour.

In the reporting period, no complaints regarding child labour / forced labour / involuntary labour, sexual harassment or discriminatory employment were reported at IDFC.





green*fra*structure

While it is imperative to usher economic parity, it is equally important to maintain ecological balance. At IDFC, we combat the climate change challenge by engaging with it at two ends of the spectrum and then slowly moving in to fill in the gaps. At the macro level, we promote sustainable infrastructure through investments in renewable energy projects; our Alternative Assets business has been one of the largest investors in low-carbon businesses in India. Complementing our alternative assets are our green data centre, LEED-certified office and solar-powered branches in Tier 2-Tier 4 towns. Another contributor to our low-footprint growth strategy is our technology-enabled, branch-less service approach which enables us to expand our banking footprint to the remote hinterlands of India, and yet restrict our carbon footprint.

INR

198

million worth of portfolio in
Renewable and Clean Energy by
Indian Infrastructure Fund I & II

USD

85

million
investment in
Green Infra Limited

At IDFC, our conservation approach is centred around investing in eco-intelligent infrastructure - internal as well as external. Mainstreaming environmental risk management into our operations as well as portfolio, has remained core to our business philosophy.

Be it being one of the largest investors in low-carbon businesses in India or developing our banking vertical on a digital platform, be it working proactively with clients to identify and address the environmental concerns in the life cycle of their projects or keeping our employees updated on the evolving EHS standards and best practices by publishing a quarterly newsletter dedicated to environment - our thrust on sustainable infrastructure has only deepened over the years.

**Just like one
can't build a great
building on a
weak foundation,
one can't ensure a
sustainable
footprint based on
an unsustainable
blueprint.**



**EQUATOR
PRINCIPLES**

IDFC was the first Indian financial institution to adopt the Equator Principles, an internationally accepted credit risk management framework for determining, assessing and managing, environmental and social risks in Project Finance transactions. All project finance transactions of IDFC and IDFC Bank in FY 2015-16 were reviewed as per Equator Principles. The annual report of FY 2015-16 on implementation has been submitted to the Equator Principles Secretariat.



GREEN OPERATIONS

- IDFC Bank follows a 'less branches, less carbon footprint' philosophy wherein we are leveraging the power of technology to penetrate within the breadth of India. We are bringing banking to the grass roots by building a sustainable banking infrastructure that is less dependent on brick-and-mortar branches.
- IDFC Bank's Bharat Banking vertical operates on a sustainable green energy branch network.
- Thrust on green buildings and green data centres:

Green data centre certification for our central data centre at Chennai

LEED 'gold' certification for our registered office at Chennai

Carbon footprint assessment of our operations

GREEN PORTFOLIO

- IDFC has provided thought leadership and advocacy on sustainability, and has helped translate policy into practice by spearheading projects in Public-Private Partnership model, and promoting sustainable practices in project development and operation.

- IDFC Alternatives finances various environmentally, socially and economically sustainable projects like renewable energy and clean technology projects.

For details, please refer page no. 64 of product section

GREEN ADVOCACY

- IDFC is a thriving example of thought leadership and advocacy on sustainability for emerging economies.
- IDFC is an active participant and contributor in various sustainability fora like ASRI, Carbon Index at BSE, GRI and CDP.
- IDFC has actively advocated the significance of

mainstreaming Environment & Social (E&S) risk management in Financial Institutions and Climate Finance by participating as an expert panel member and knowledge lead in various workshops and training programmes organised by the government and industry bodies like EXIM Bank, GIZ, FICCI, CII, MoEF&CC-GoI, MoF-GoI, NABARD, TERI, CSE and ORF.

Since its inception in 1997, IDFC has mainstreamed environmental and social risk management into its business operations by instituting a dedicated Environment Risk Group (ERG), operationalising best-in-class E&S due diligence and monitoring mechanisms.

We also remain committed to gauge both our internal and external E&S performance. In the reporting year, we focussed on reporting only the key material aspects owing to the change in operational dynamics, in line with our transition into the banking business.

■ GREEN STRATEGY IN ACTION

We have put in practice a number of standards, policies and processes to manage the direct and indirect impacts of our businesses on the environment. The Environment Risk Group (ERG) is responsible for managing E&S risk in IDFC's lending business. We stay upbeat on the evolving environment & social regulatory and compliance norms, and evaluate the E&S performance of projects and facilities.

POLICY

IDFC's E&S policy along with its commitment to the Equator Principles (EP) serve as a robust framework for screening transactions, advising our clients and promoting sustainable ways of doing business. IDFC has formulated a broader and banking-focussed E&S policy that addresses not only the E&S risk management of existing and new project finance transactions, but also that of different products offered by new verticals viz. Wholesale Banking, Mid-Market and SME, MSME and Rural Banking. This policy has institutionalised our environmental actions in the following ways:

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> Engage with customers and stakeholders on mainstreaming E&S risk management | <ul style="list-style-type: none"> Integrate environmental risk in our internal risk management analysis | <ul style="list-style-type: none"> Manage and reduce IDFC's impact on the climate through optimising its internal operations and as part of its business in its services and products |
| <ul style="list-style-type: none"> Ensure that lending is made to environmentally sustainable, socially acceptable and economically viable projects | <ul style="list-style-type: none"> Sensitise stakeholders to carry out environmentally and socially responsible businesses, and contribute to the overall goal of sustainable development | |

PRACTICE



IDFC reduces its environmental footprint by continuously exploring opportunities through measures such as monitoring energy consumption, responsible waste management and use of energy efficient equipment etc. Some of the initiatives undertaken during the year to enhance the natural resource efficiency of our operations include:

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> Carbon footprint assessment of our operations | <ul style="list-style-type: none"> Minimising the usage of lighting and air conditioning systems, and reducing consumption of water through efficient water saving technologies, in branches and the corporate office | <ul style="list-style-type: none"> Ensuring emissions and waste within permissible limits of applicable laws |
| <ul style="list-style-type: none"> Energy conservation measures at various branch offices including use of double glazed windows, use of recycled material, green IT, use of renewable source of energy etc. | <ul style="list-style-type: none"> Usage of low noise and low emission diesel generator sets at urban branches | <ul style="list-style-type: none"> Enhancing paperless disclosures by encouraging stakeholders to register for receiving notice, annual report and other related documents in electronic mode. 300,000+ shareholders opted for paperless annual reports in the financial year |
| <ul style="list-style-type: none"> Efforts to reduce business travel such as carpooling, use of company bus service, video / audio conferencing facilities at all major branch offices etc. | <ul style="list-style-type: none"> Recycling waste to the maximum extent possible through third party vendors | |

SOLAR BRANCHES

IDFC Bank's Bharat Banking operation, which serves rural and semi-urban locations of the country, is powered by a unique solar power system. This eco-friendly system is also helping the branches offer un-interrupted banking services to the customers. These branches are in Tier 2-Tier 4 towns and unbanked villages where power shortage is common. The problem is even more acute in the small, less accessible villages. Besides this, the available grid-power is of poor quality leading to wide fluctuations.

**Solar panels
at all our
Bharat Banking
branches**

**IDFC Limited is
a signatory to
Carbon
Disclosure
Project and
United Nations
Global
Compact.**



But since these branches run on solar energy, our operations put no additional stress on the electricity grid that can otherwise deprive the rural customers of the available grid power; besides reducing carbon emission from polluting diesel generation systems.

Environmental Benefits

The average annual generation of solar power per branch stands at 2,464 kWh, enabling the branches to achieve energy independence, eliminate use of non-renewable fuel as well as contribute to reduction in CO₂ emissions.

Diesel Conservation

- ~1,022 litre savings of annual diesel consumption per location
- ~51,100 litre savings of annual diesel consumption across 50 locations

Emission Reduction

- ~2,740 unit annual reduction of CO₂ emission per branch
- ~137,000 unit annual reduction of CO₂ emission across 50 branches

GREEN DATA CENTRES

We are the first Company in the Indian financial services industry to have a green data centre accredited with dual certifications: Green Data Centre Certification and Tier III DC Certification.

The green certification was the result of a comprehensive power management approach. A series of energy-efficiency techniques were deployed in five primary areas:

Information Technology (IT) Systems

Environmental Conditions

Air Management

Cooling Systems

Electrical Systems

Environmental Benefits

- Reduction in energy consumption and subsequent CO₂ emissions
- Enhanced awareness of energy conservation among IDFC employees
- Assured 99.98% uptime of the Data Centre

CARBON FOOTPRINT ASSESSMENT

IDFC is committed to building a sustainable future, and therefore, is focussed on reducing the carbon intensity of its operations by monitoring, minimising and reporting the carbon footprint across all the three categories:

Scope 1 (Direct Emissions):

Combustion of fuels in diesel generator sets and company operated vehicles

Scope 2 (Indirect Emissions):

Purchased electricity

Scope 3 (Other Indirect GHG Emissions):

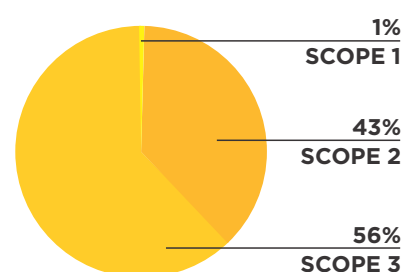
Business air travel, employees' local conveyance, paper consumption and electricity consumption for printed materials procured

Our carbon assessment study has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of WRI/WBCSD Greenhouse Gas Protocol.

IDFC LIMITED

Total GHG Emissions 6,106 tCO₂E

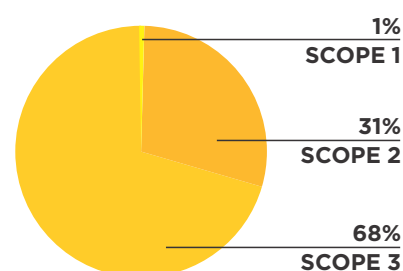
Scope 1	93
Scope 2	2,621
Scope 3	3,392



IDFC BANK

Total GHG Emissions 8,663 tCO₂E

Scope 1	40
Scope 2	2,660
Scope 3	5,963



IDFC has been assessing its operational carbon footprint since 2011 with the aim of becoming a carbon neutral organisation in the future.

The extent of transformation in our business, is evident in the products and services we offer today. Till Sep 30, 2015, we were an Infrastructure Finance Company, financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects. Today, we are delivering banking - anytime, anywhere, at scale by using technology to relentlessly drive efficiency, and set new standards of customer experience and convenience.

A lot has changed; but what has remained constant is our ability to responsibly extract more value out of every rupee - value for the shareholders, government, retail & institutional customers as well as the society. And while we are aware of the impact that policy advocacy, project financing and retail banking can make to the lives of millions, we also understand that the extent of this impact and its direction lies with us, and how we manage our business.

Today, the infrastructure projects financed by IDFC Alternative Investment create meaningful employment, enhance local economies and generate sustainable energy. While IDFC Bank's world-class banking services like Bharat Banking bring more Indians, especially from rural areas, under the ambit of financial security and prosperity.

23 assets totalling INR 12.02 billion

The Infrastructure Development Fund has a diversified portfolio including renewable energy, IT SEZs, roads, education and healthcare

60 branches including 45 Bharat Bank branches

servicing close to 16,500 customers, including 10,000 Bharat Bank customers

USD 198 million

worth of portfolio in Renewable and Clean Energy by Indian Infrastructure Fund I & II

USD 85 million

investment in Green Infra Limited's (now Sembcorp Green Infra Limited) renewable energy projects by the Private Equity vertical

IDFC Bank has created country's first interoperational Micro ATM with the facility of Aadhaar Enabled Digital banking and payment services.

BANKING FOR AN INCLUSIVE SOCIETY

IDFC Bank's journey started in 2014, when the Reserve Bank of India granted an 'in-principle' approval to set-up a Bank in 18 months' period. We immediately mobilised our resources and expertise to create IDFC Bank on October 01, 2015 by launching 23 branches across India.

IDFC Bank is the first universal bank in India to adopt a differentiated service strategy for catering to people in rural and semi-urban locations, through intensive use of technology. We have focussed on a calibrated organic growth of branch network across India. As of the last financial year, we had 60 branches, 45 of which are in the unbanked / underbanked areas of Madhya Pradesh and Karnataka.

IDFC Bank - The 'Un-bank'



IDFC Bank is not just a new bank, but a new-age bank. A bank which is set to transform banking by delivering service anytime, anywhere that too keeping the convenience of the customer at the heart. A bank where paperwork and procedures do not cloud over opportunities, but instead they are almost non-existent. A bank that advises you on how to spend less. One that understands its customers, and applies this understanding to make their life easier. It caters to their needs with smart solutions, which are suited to their demands and desires. In short, a bank that's unlike any other you've known.

What sets IDFC Bank apart is its endeavour to reimagine the basics of banking. As a new-age bank, we leverage the digital space and use technology to deliver banking to the customers in a simple and transparent manner. Some of the major successes are:

Banker-on-call

All customers can now speak to trained bankers 24x7 instead of IVRs, through the Banker-on-call facility.

Micro-ATMs

These 'bank-in-a-box' modules, positioned outside the branches, enable customers of all banks to carry out transactions - anytime, anywhere. During the reporting period, IDFC Bank established 33 such Micro-ATMs.

**Our
Micro-ATM
concept won
the 'NetApp
Innovation
Award 2016'.**

Straight-Through-Process (STP)

Aadhaar, a unique Government-approved, 12-digit individual identification number - not only serves as a proof of identity and address, but also aims to provide access to services like banking, mobile phone connections and other govt. and non-govt. services in due course of time.

Our STP process leverages the Aadhaar number for opening savings accounts faster, without duplicating processes and using less paperwork. This is especially beneficial to our rural customers who may not have multiple identification.

CASE STUDY

NEW-AGE BRANCHES FOR THE NEW-AGE CUSTOMER



Challenge

The democratisation of technology has transformed the way we bank. Customers are visiting the branch less frequently as most of their transactions are moving on to the digital space. But when they do visit, they expect an experience that reinforces their digital experience, and is complemented by enhanced advisory services from informed staff. The old branch of high volume regular transactions is now set to be replaced by one that offers personal service and advise.

Intervention

With IDFC Bank, we have strived to reimagine banking with a huge emphasis on personalisation and convenience. Our new branches mark a revolution in branch design and function. The design is fresh, vibrant and friendly - a manifestation of a new way of banking in the country. They have been modelled differently from a traditional bank branch to respond better to the tastes of a highly digital-first segment of visitors.

Key Features

- Personalised service and high-tech delivery sit side-by-side at an IDFC Bank branch; thus, enhancing the in-branch experience
- Live operations, instant cheque scanning and biometric / Aadhaar authenticating machines enable self-service
- Within the branch, the space is open, inviting and bright - with an emphasis on lighting and colours. The design segregates the consumer service area and the bank staff workspaces into two distinct zones. The transaction and advisory sections are simplified and consumer-centric
- Glass cabins are fitted with video conferencing facility for on-the-spot connect with product teams

Overall, the design encourages customers to walk around and browse; it makes them rethink what it means to go to a bank.

Broadly, IDFC Bank has three distinct strategic business verticals:
Bharat Banking | Bharat Plus | Commercial & Wholesale Banking

BHARAT BANKING

Bharat Banking seeks to transform India, one district at a time - by taking banking services to the community, rather than have people coming to the bank. It offers doorstep banking services in each village that they service. The mission is to bring the financially excluded within the ambit of quality financial services.

Bharat Banking emphasises on identification of the value-chains of livelihoods that exist in the catchments of its branches, recognising each such chain by developing an understanding of their needs, and designing customised products and services that will help fulfil them.

Sakhi Shakti

A joint liability livelihood group loan plan, Sakhi Shakti helps advance livelihoods for rural women to help them grow their household's revenue stream. A comprehensive plan, it encompasses features like:

Product Awareness and Financial Literacy

In addition to providing various solutions to meet varied financial needs, it helps create awareness about the various aspects of borrowing, savings, expense management and insurance.



Wide Reach, Doorstep Service

Bharat Bank's Officers cover villages within a radius of 25-30 km around the branch. Thus, they are able to serve every village in the vicinity and reach out to the most spread out locations.

Easy Documentation, Quick Processing

Women can apply for the loan with a basic identity document like Aadhaar Card. Once the documentation is done, they undergo a simple but very useful group training that educates them on various aspects of the loan and its terms. Upon successful completion of the training, the loan amount is disbursed to individuals in the group.

'Pratham' Savings Account

These zero-balance savings accounts are in line with the RBI's Basic Savings Bank Deposit Account (BSBDA) scheme. Not only can the customers avail of simple banking needs by using multiple banking channels like branches, ATMs and Micro-ATMs, they also earn interest on the account balance. The customers can also use their savings account to receive all their government payments and subsidies directly.

Business Current Account for Small Businesses

A simple-to-operate current account, it is thoughtfully built for the growing business's needs and aspirations, offering advantages like:

- A simple and quick opening process using fewer than usual documents

- Multiple channels of banking - ranging from chequebook, ATM, Micro-ATM and debit card to net banking, mobile banking and phone banking

- An overdraft facility to tide over day-to-day business needs

- A growing network of branches in both the customer's district and state, as well as urban centres



E-NTTEGRATING THE IMPOSSIBLE



Challenge

How can one set up a strong banking infrastructure in remote, underdeveloped villages of India where even primary healthcare infrastructure has not been made possible? How can the financially excluded hinterlands that hardly have the access to electricity be included within the ambit of quality financial services? How can a bank build bridges between Bharat and India without adding burden on the local rural ecosystems?

Intervention

The answer to these complex challenges lies in making banking, location-agnostic. IDFC Bank has set out on a tech-enabled, service-inspired journey with a goal to reach out to the villages across the length and breadth of India, and offer the rural customers a banking experience that is simple, safe, convenient and respectful.

Our Bharat Banking approach is to remain lighter on branches and rely more on digital infrastructure. Be it introducing India's first inter-operable Micro-ATM, which allows access to any bank to India's first cashless Aadhaar-enabled Public Distribution System, be it offering quick-and-convenient digital pension payments to the elderly or designing special loan plans for women - we are committed to leverage the power of technology to fast track financial integration.

Two of the salient features of IDFC's Bharat Banking model, which are poised to transform the basics of banking:

Doorstep Banking Across Villages

IDFC Bank is focussing on a 'less-branches, more-banking' strategy where rural branches will act as a staging host that house the loan officers and relationship officers. These officials will be mobile and will deliver services to the community at their doorsteps, using handheld devices.

Relationship Officers are a key element in our outreach banking services, covering the last mile between the branch and its customer - thereby offering doorstep banking in its truest sense. They travel to the towns and villages around the branch; serving customers at their doorstep, understanding their needs and aspirations, and help fulfil them. Trained on creating an awareness of financial products and services, these Relationship Officers focus on building a good credit and savings culture among households.



cont. →

E-NTEGRATING THE IMPOSSIBLE

MICRO-ATM, A BANK-IN-A-BOX

IDFC Bank has launched India's first AePS (Aadhaar Enabled Payment System) Interoperable Micro-ATM. We are building a network of Micro-ATMs to further the outreach and come closer to our customers. Rural customers can avail the services of Bank-in-a-box with the help of a well-informed IDFC Bank Agent. The customers can operate their account through multiple options including account, Aadhaar card, registered phone and ATM card numbers. The following services are offered as part of the Micro-ATM bouquet:



e-KYC Based Account Opening Bringing paperless account opening to the unbanked & underbanked areas, customers will be able to open an account just by linking their Aadhaar Number and biometric authentication via fingerprint capturing.

Cash In / Out The customer shall be able to withdraw as well as deposit cash at the Micro-ATM centres from any bank Account.

Account Servicing Various account servicing requests such as account balance enquiry, account particulars updation, mini-statement etc. will be offered through the Micro-ATM centres, thus bringing the bank to the customers.

All Government Payments Various Government payments can be more easily availed by the end customer through easy withdrawals / deposits from the Micro-ATM centres.

Utility Payments The customer will be able to make various utility payments such as payment of electricity bill, water bill etc. at the Micro-ATM centre, thus removing the need for the customer to visit these respective centres and offering a one-stop solution.



Outcome

In a nutshell, our Micro-ATMs will facilitate all services that can be availed at regular ATMs plus much more. We believe this new-age banking strategy will further the rural banking outreach at an unprecedented pace and enable significant social impact:

Employment Creation

Augmenting rural entrepreneurship through establishment of the Micro-ATM network

Low Carbon Operations

Taking banking into the rural communities where the customers reside, eliminating the need for travel to the nearest branch

Customer Convenience

Offering enhanced customer convenience of multiple types of transactions through the Micro-ATM

SUCCESS STORIES

Citizens of Krishna District can now Draw their Entitlements in their Neighbourhood

IDFC Bank has tied up with Andhra Pradesh Government for Direct Benefit Transfer schemes in the Krishna district of the state. Setting up a strong network of 250 Micro-ATMs in the District, the Bank is geared to deliver over 100,000 pension payments every month. We have also launched India's first Cashless AePDS, so that our rural customers enjoy the facility of buying their rations through cashless transactions. Money is transferred from pension account directly to the PDS shop owner's account. This quick-and-cashless mode means no hassles of withdrawing cash, carrying cash or ensuring the receipt of correct change.

Other DBT payments like NREGA payments, scholarships etc. will also be channelised through this infrastructure soon. Over time, the concentrated coverage of our banking services at villages is expected to touch the lives of 4 million citizens in Krishna district alone.

The Citizens of Shillong get a Taste of New-age Banking

In the first year of operations itself, IDFC Bank launched its services in Meghalaya, one of the smallest states in India. This is IDFC Bank's first step in establishing its presence in the North East and expanding reach to the region's under-banked rural and semi-urban locations.



The bank has opened its first branch in Shillong and has set up interoperable Micro-ATMs in rural locations providing the citizens of Meghalaya, the convenience of doorstep banking, customised financial products and increased access to capital for micro, small and medium businesses.

BHARAT PLUS



While Bharat Bank strives to provide access to the underserved in rural India, the Bharat Plus vertical seeks to provide delight to the new-age urban Indian professional and salaried class.

In addition to the values of simplicity, promptness, consistency and thoughtfulness, the Bharat Plus products add more value through products like:

- **Easy-to-open savings accounts that are customised to suit every age and financial requirements**

- **Customer-friendly fixed and recurring deposit schemes that offer one of the highest interest rates in the market**

- **Competitive home loan solutions that are not only quickly processed, but also have the potential to shave off from the tenure and save on EMIs**

- **Customised solutions for Current Accounts, Trade & Forex Services and Cash Management Services**

- **Specialised products and services to cater to the unique needs of not-for-profit organisations like schools, colleges, hospitals, associations, places of worship and NGOs**

These products are complemented with services like new-age debit cards with signature offers, free access to any ATM in India, mobile & internet banking services, and secure gateways for paying bills, transfer of funds and online shopping.

INITIATIVE

FREEING THE ATM



In the last two decades, ATMs have changed the landscape of the Indian banking industry. Increasing economic development, rise in the personal disposable income levels (especially in the urban areas) and the evolution that made banking available to masses - have meant that thousands of ATMs have come up across the nation.

Unfortunately, like most resources, even ATMs are not uniformly distributed. So, while urban areas and metros have them in hundreds, rural areas are serviced quite sparsely. Additionally, in October 2014, RBI introduced a policy to cap the number of free transactions a cardholder can do from the host bank's ATM. This further restricted the users' access to ATMs.

One core aspect of IDFC Bank's business vision is to set new standards of customer experience and convenience. *Hence, the Bharat Plus customers enjoy free, unlimited transactions across 100,000 ATMs in India; including those owned and operated by other banks.*

COMMERCIAL & WHOLESALE BANKING



Our goal and service philosophy is to provide thought leadership, advocacy and best-in-class segment specific solutions, to enable sound financial decisions based on clients' needs.

This vertical caters to large corporates, mid-markets and SME clients as well as government businesses and financial institutions, through comprehensive financial solutions ranging from cash management services and escrow accounts to project finance and forex services.

INITIATIVE

MAKING TRANSACTION BANKING PAPERLESS, CONTACTLESS & SEAMLESS

IDFC Bank has introduced Business Experience Platform (BXP) - a user-intuitive and interactive digital transaction banking solution that enables a corporate, for the first time, to perform trade, treasury, forex and cash operations - on one platform, on its own.

This has been made possible by drastically cutting complexities and superior data analytics - empowering the corporate to perform regular transactions on its own, on the web. This digital architecture effectively replaces the several-a-day, face-to-face or phone conversations, a corporate has with its banker, with a simple, digital and independent e-banking platform which is also available 24x7. Bringing the entire financial ecosystem onto one analytical platform, it places in the hands of the corporate treasurer - convenience, choice and control - in a doubly secure environment.

First Time Advantages

- The flexibility of viewing the company's financial position across all divisions on one single intelligent dashboard with the assurance of a single-entry point
- Designed to anticipate liquidity positions, surplus / deficit values and transact accordingly
- Omni-channel experience

■ FINANCING A GREENER FUTURE

Over the years, we have set an example of thought leadership and advocacy on sustainability for emerging economies. We have helped translate policy initiatives into actual implementation through specific projects in the public private partnership model, and promotion of sustainable practices in project development and operation.

Traditionally, we have given impetus to sustainable ventures through two key enablers:

1 Project Finance undertaken by our Corporate Investment Banking Business

2 Private Equity under our Alternative Assets Management Business

■ While our Green Portfolio encompasses project lending to Renewable Energy projects, and developing and owning renewable energy assets, our alternative assets business has been one of the largest investors in low-carbon businesses in India.

On October 1, 2015, in order to fulfil the conditions under the scheme of arrangement and obtaining the final Banking License, the Financing Undertaking of IDFC Ltd. was demerged into IDFC Bank. This includes lending and financing business undertaking of IDFC including project finance (fund based and non-fund based), fixed income and treasury.

IDFC Bank will continue to build on its core strength of serving the needs of the infrastructure sector. The aim is to now supplement our traditional term lending and project finance expertise with the full range of banking products & solutions.

Additionally, there is now an opportunity to expand presence in non-infrastructure segments. During the year, the Wholesale Banking business made significant strides by building on the already established reputation as a corporate bank, by introducing the full range of banking solutions, backed up with innovative technology.

Renewable Energy

To boost renewable energy generation, we focus on all three core areas: **Wind, Solar and Hydro.**

We encourage innovation and invest in development of cost

effective technology with an aim to find a long-term sustainable solution to the country's growing energy needs.

India Infrastructure Fund (IIF) - I & II have made investments in renewable and clean energy projects across the country. The investments in the RE and clean energy sector aggregate to approximately USD 198 million having a portfolio of:



264 MW
in solar power plants

900+ MW
in wind energy

726 MW
in combined cycle gas power plant

The gas power plant is in Tripura State and remaining projects are across different states in the country.

Additionally, our Private Equity vertical has invested around USD 85 million in Green Infra Limited (now Sembcorp Green Infra Limited) having a portfolio of approximately 708 MW capacity in wind and solar assets.



■ MITIGATING ENVIRONMENTAL & SOCIAL RISKS

Our extensive project financing experience has given us the ability to not just identify, but also assess and mitigate any potential environmental and social risks associated with such projects. This is done not only to protect our exposure and our client's investment, but also to uphold the trust that the community has reposed in us and the project.

We have an Environment & Social (E&S) Policy applicable specifically to business conducted by IDFC. It enables a thorough E&S risk management framework plus helps lay down processes and guidelines for various stages of project appraisal process. The Environmental Risk Group (ERG) at IDFC Bank works proactively with clients (and other internal teams) to identify and address E&S risks associated with the project.

Environment & Social Risk Management Framework of IDFC

IDFC has framed an Environment and Social Policy as well as an Environment and Social Risk Management Framework, for large corporate and commercial banking (including mid-market, SMEs, Business Banking and Bharat Banking) businesses of the Bank. These provide guidelines for various stages of transaction appraisal and monitoring review processes.

Environmental & Social Policy Statement

The Environment & Social Policy of IDFC is as follows:

- **Engage our customers and stakeholders on mainstreaming E&S Risk management**
- **Ensure our lending is made to environmentally sustainable, socially acceptable and economically viable projects**
- **Ensure environmental and social safeguards, as defined by the applicable Indian legislation and the Equator Principles, are complied with by all transactions**
- **Ensure a project's environmental and social risks are properly addressed throughout the loan tenure**
- **Integrate environmental risk in our internal risk management analysis**

■ **Influence interested parties to carry out environmentally and socially responsible businesses and contribute to overall goal of sustainable development**

■ **Ensure transparency in IDFC's Environment Management Systems & Procedure activities**

■ **Manage and reduce IDFC's impact on the climate through optimising its internal operations, and as part of its business in its services and products**

Environment & Social Risk Management Framework

IDFC is conscious of the need for sustainable development in the country and is committed to the cause of responsible investing. It has a dedicated Environment Risk Group (ERG) that works proactively with internal teams and external clients to identify, mitigate and manage, the environment and social risk associated with the transactions and projects being funded by it.

It undertakes the environmental and social risk assessment for the projects / transactions at the time of appraisal, obtains information on environment and social related regulatory and compliance norms, and evaluates the E&S performance of projects and facilities, so as to ensure compliance with the applicable national environmental and social legislations.

IDFC has developed and adopted an exclusion list comprising of sectors, in which it will not engage

IDFC follows the Equator Principles (EPs) for its project finance transactions. EPs are a globally accepted benchmark for determining, assessing and managing, environmental and social risk in project finance transactions and lending operations.

in any financing activity. We have also identified sensitive sectors, which have potentially high impact on the environment and communities, and where IDFC may have to deal with critical E&S issues. These sensitive sectors are evaluated centrally by the ERG team, in order to ensure their compliance with our E&S policies and processes.

ERG has actively participated as an expert panel member and resource person, in workshops and training programmes organised by EXIM Bank, GIZ, FICCI, CII, MoEF&CC-Gol, MoF-Gol, NABARD, TERI, CSE and ORF, on mainstreaming E&S risk management in Financial Institutions and Climate Finance.



Prakriti – ERG's Environment Newsletter

The Environment Risk Group (ERG) of IDFC Bank publishes a quarterly in-house environment newsletter 'Prakriti'. The purpose of the publication is to make environmental information easily available and accessible, and stimulate an interest on environmental issues.

The newsletter explains how environmental changes are influencing and impacting businesses, and attempts to provide a simplified understanding of various environmental aspects.

✓ Measurement of client relationships

✓ Performance of IDFC on key customer satisfaction parameters

✓ Critical areas for improvement

The overall feedback revealed that IDFC was performing well on key customer satisfaction parameters.

We have a 'Know Your Customer' policy in keeping with specific requirements for Non-Banking Financial Company.

All customer complaints that were received in the reporting period have been resolved.

■ MARKETING COMMUNICATION

With regards to our products and services, we ensure complete clarity in communication. We abide by all rules and regulations related to corporate advertising, promotion and sponsorship.

During the reporting period, there were no complaints received on the subject of misleading marketing communication.

concerned product, accompanies our product.

Scheme Information Document (SID), Offer Document (OD) plus Statement of Additional Information (SAI) which contains details of constitution, and certain tax, legal and general information, is made available with our products as well as hosted on our site for easy reference and availability to all our stakeholders. It is incorporated by reference (is legally a part of the Scheme Information Documents of IDFC Mutual Fund).

During the reporting year, there were no incidences of non-compliance pertaining to product labelling and information regulations.

■ COMPLIANCE

We abide by all statutory regulations and voluntary codes, with respect to products and services. We have complied with all the requirements of regulatory authorities. During the reporting year, there were no incidents of non-compliance and no penalties or strictures were imposed on the Company by stock exchanges or the SEBI or any statutory authority on any matter related to capital market.

■ CUSTOMER SATISFACTION

Customer satisfaction is the first step to customer loyalty, which in turn keeps a business economically sustainable.

To gauge the satisfaction levels amongst our customers and gain insights on their expectations, we carried out a customer survey in 2012. This survey was conducted by a non-partial third party and covered clients across our business segments. The three key points that the study focussed on, were

■ DETAILED PRODUCT DISCLOSURE

IDFC encourages informed investing and knowledgeable buy-in for its products.

Detailed documentation accompanies each of our products. A Product Disclosure Statement (PDS) or Terms and Conditions brochure which describes our financial products or services, including the features, benefits, costs and risks associated with the

General Standard Disclosures

Indicator	Page Number/Description	External Assurance
STRATEGY AND ANALYSIS		
G4-1	1-2	No
ORGANISATIONAL PROFILE		
G4-3	3	No
G4-4	15-18	No
G4-5	Back Cover	No
G4-6	Pan-India Operations	No
G4-7	15, 27	No
G4-8	15-18	No
G4-9	24, 44	No
G4-10	44	No
G4-11	All employees are covered by collective bargaining agreements	No
G4-12	IDFC's key suppliers include IT products and services providers, human resource consultants, event managers, utilities providers, technology partners, office stationary suppliers, architects and infrastructure vendors	No
G4-13	9, 15, 44	No
G4-14	21	No
G4-15	22, 50, 53, 54	No
G4-16	21	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	6, 15-18	No
G4-18	3	No
G4-19	3	No
G4-20	3	No
G4-21	3	No
G4-22	None	No
G4-23	3, 15-18	No
STAKEHOLDER ENGAGEMENT		
G4-24	7	No
G4-25	7	No
G4-26	3, 7-8	No
G4-27	3	No
REPORT PROFILE		
G4-28	6, 15-18	No
G4-29	Sustainability Report FY 2012-14	No
G4-30	Annual	No
G4-31	6, 15-18, Back Cover	No
G4-32	In accordance - core option	No
G4-33	None	No
GOVERNANCE		
G4-34	19-20	No
ETHICS AND INTEGRITY		
G4-56	20-21	No

Specific Standard Disclosures

DMA and Indicators	Page Number/Description	External Assurance
CATEGORY: ECONOMIC		
Material Aspect: Economic Performance		
G4-DMA	3	No
G4-EC1	24-26	No
G4-EC2	26	No
G4-EC3	25-26	No
Material Aspect: Indirect Economic Impacts		
G4-EC7	28-40, 59-62	No
G4-EC8	14, 16, 26, 56-63, 65, 76	No
Material Aspect: Procurement Practices		
G4-EC9	26	No
CATEGORY: ENVIRONMENTAL		
Material Aspect: Energy		
G4-DMA	3	No
G4-EN7	55-56	No
Material Aspect: Emissions		
G4-DMA	3, 53-55	No
G4-EN15	56	No
G4-EN16	56	No
G4-EN17	56	No
Material Aspect: Products and Services		
G4-DMA	3	No
G4-EN27	52-54, 57, 64-65	No
Material Aspect: Compliance		
G4-DMA	3	No
G4-EN29	No show cause / legal notices from CPCB / SPCB were received by IDFC Bank	No
Material Aspect: Transport		
G4-DMA	NA	No
G4-EN30	NA	No
CATEGORY: SOCIAL Sub-category: Labor Practices and Decent Work		
Material Aspect: Employment		
G4-DMA	3	No
G4-LA1	44	No
G4-LA2	47, 25-26	No
Material Aspect: Occupational Health and Safety		
G4-DMA	49	No
G4-LA7	49-50	No
G4-LA8	49-50	No
Material Aspect: Training and Education		
G4-DMA	3, 45	No

DMA and Indicators	Page Number/Description	External Assurance
G4-LA9	46	No
G4-LA10	45-46	No
G4-LA11	47	No
Material Aspect: Diversity and Equal Opportunity		
G4-DMA	48	No
G4-LA12	48	No
Material Aspect: Equal Remuneration for Women and Men		
G4-DMA	48	No
G4-LA13	48	No
Material Aspect: Supplier Assessment for Labour Practices		
G4-LA14	50	No
Material Aspect: Labour Practices Grievance Mechanisms		
G4-LA16	50	No
Sub-category: Human Rights		
Material Aspect: Investment		
G4-HR1	65	No
Material Aspect: Non-discrimination		
G4-HR3	50	No
Material Aspect: Child Labour		
G4-HR5	50	No
Material Aspect: Forced or Compulsory Labour		
G4-HR6	50	No
Material Aspect: Human Rights Grievance Mechanisms		
G4-HR12	50	No
Sub-category: Society		
Material Aspect: Local Communities		
G4-DMA	3, 29	No
G4-SO1	10	No
G4-SO2	NA	No
Material Aspect: Anti-corruption		
G4-SO3	21	No
G4-SO4	20	No
G4-SO5	20	No
Material Aspect: Anti-competitive Behavior		
G4-SO7	20	No
Material Aspect: Compliance		
G4-DMA	3	No
G4-SO8	20, 66	No

DMA and Indicators	Page Number/Description	External Assurance
Sub-category: Product Responsibility		
Material Aspect: Customer Health and Safety		
G4-PR1	NA	No
G4-PR2	NA	No
Material Aspect: Product and Service Labeling		
G4-PR3	66	No
G4-PR4	66	No
G4-PR5	10, 66	No
Material Aspect: Marketing Communications		
G4-PR6	NA	No
G4-PR7	66	No
Material Aspect: Customer Privacy		
G4-DMA	3	No
G4-PR8	No complaints were received regarding breaches of customer privacy and losses of customer data during the reporting period	No
Material Aspect: Compliance		
G4-DMA	3	No
G4-PR9	66	No



Acronyms

AePS	Aadhaar Enabled Payment System
ASICS	Annual Survey of India's City Systems
AUM	Assets Under Management
AWWS	Anganwadi Workers
BFSI	Banking Financial Services & Insurance
BSBDA	Basic Savings Bank Deposit Account
BXP	Business Experience Platform
E&S	Environment & Social
ECCE	Early Child Care & Education
EP	Equator Principles
ERG	Environment Risk Group
EX	Employee Experience
GAAP	Generally Accepted Accounting Principles
GRI	Global Reporting Initiative
HLFPPT	Hindustan Latex Family Planning Promotion Trust
IDFC AMC	IDFC Asset Management Company Limited
IDFC IDF	IDFC Infra Debt Fund Limited
IDR	India Development Review
IIF	India Infrastructure Fund
IR	Investor Relations
IRDR	India Rural Development Report
IT	Information Technology
KNMH	Kamala Nehru Memorial Hospital
MMR	Maternal Mortality Rate
MNH	Maternal & Newborn Health
MoRD	Ministry of Rural Development
MSMEs	Micro, Small and Medium Enterprises
OD	Offer Document
PDS	Product Disclosure Statement
PMO	Prime Minister's Office
RBI	Reserve Bank of India
RM	Relationship Manager
SAI	Statement of Additional Information
SATARC	Safety Trends and Reporting of Crime
SID	Scheme Information Document
SMCs	School Management Committees
SMEs	Small and Medium-sized Enterprises
SNEHA	Society for Nutrition, Education and Health Action
STP	Straight-Through-Process
UNGC	United Nations Global Compact
WASH	Water, Sanitation and Hygiene



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