New **Bank.** New **Mission.** New **India.**





IDFC FIRST BANK LIMITED

ANNUAL REPORT
2018-19

IDFC FIRST
Bank

Index

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2018-19 Key Numbers

Funded Assets

₹1,10,400 Cr.

Retail Assets/ Total Funded Assets

37%

Net Worth

₹18,159 Cr.

(standalone)

CASA Ratio

12.9%

(as % of Total Deposits)

Capital Adequacy Ratio

15.5%

GNPA

2.4%

No. of live customers

7.3 MILLION

No. of branches

242

NNPA

1.3%

Our Vision

We want to create the world's best bank, right here in India, for aspiring Consumers and Entrepreneurs.

Mission

We want to touch the lives of millions of Indians in a positive way by providing high-quality banking products and services to them, with particular focus on aspiring consumers and entrepreneurs of our new India, using contemporary technologies.

Values

Our Cultural Tenets to guide every action we take:

Innovative
We constantly strive to innovate in the customer interest.

Collaborative
We develop, maintain and strengthen relationships with both internal and external stakeholders.

Empowered
We trust our employees' ability to be successful, especially at challenging new tasks; delegating responsibility and authority.

Customer Focussed
We put the customer's interest first by putting ourselves in the customers' situations and viewing things from their perspective.

Decisive
We exercise best judgement by making sound and well-informed decisions.

Action-Oriented
We consistently demonstrate focus, initiative and energy to deliver our promise of delighting customers.

A New **Bank**

Growth is real only when it is sustainable and serves the long-term interest of stakeholders.

An aspiration for accelerated and sustained growth paved the way for the merger of erstwhile IDFC Bank Ltd and erstwhile Capital First Ltd on December 18, 2018. Thus, a new bank with a new DNA was born – IDFC FIRST Bank.

The merger is a milestone in the history of the two institutions and marks the end of one journey and beginning of a new one.

Renewed focus on retail

IDFC FIRST Bank is born to be distinctly different from what it was earlier. It has a renewed focus on retail business with an intent to fast-forward its growth trajectory, and to serve many more customer segments that are seen as growth-drivers of the Indian economy.

Our new bank fuses state-of-the-art technology and the superior liability platform of erstwhile IDFC Bank with analytics-led lending capabilities, the retail DNA and strong profitability track record of erstwhile Capital First. It enables both the institutions to expand capabilities and reach and to better serve customers.

Thus, the merger sets the stage for the creation of a financially and strategically stronger entity. IDFC FIRST Bank now has a strong funded asset base of more than ₹ 1,10,400 crore with 37% in the retail segment. Its quarterly annualised Net Interest Margin has expanded from 1.9% to 3.0% post merger. The Bank now enjoys a leading position in some of the retail asset segments.

The Bank's tech-driven liabilities platform is ready to grow exponentially with a new focus on expanding footprint across the nation. The combined customer base is now 7.3 million and growing, with a significant share of it in India's booming hinterland.

Customer-focussed & analytics-driven

As a Bank, our approach is to keep banking simple, easy to know and easy to understand. We enable people to save, borrow, invest, grow and protect their wealth. Our service is characterised by digitisation, personalisation and customer-centricity, in addition to extensive physical reach.

In addition to the exceptional strengths of erstwhile IDFC Bank, we derive the required expertise from the unique business model of erstwhile Capital First, which deploys its greenfield method of assessing credit risk – a strength that has enabled it to lend extensively to first-time borrowers and yet maintain a healthy asset quality that has withstood the challenges of economic cycles and policy changes.

We are a people's bank – for the salaried and self-employed, small businesses and micro-enterprises. With a specific emphasis on the underserved and first-time borrowers. The underserved segments are important to us. We also have the opportunity to bring these customers into the financial mainstream and touch their lives in a positive way.

Serving the new aspiring India

We believe an immense opportunity awaits us, as IDFC FIRST Bank starts to invest in customer-driven innovation that will create new liability products, new credit markets and new jobs – keeping in view the needs of a New India.

By financing the growth of business and consumption, we not only participate in the growth of the country but also generate employment for millions. This, we believe, will lead to greater domestic production, greater consumption and will contribute to the virtuous cycle of growth of the nation.

IDFC FIRST Bank is confident and ready to chart out its own destiny. It is now better positioned for growth in its business, deploy new digital channels, enter new markets and serve more customers.

It is now geared to seize tomorrow's opportunities, today.

Message from the Non-Executive Chairman

A landmark year

Dear Shareholders,

The fiscal year 2019 turned out to be an eventful year for the Indian economy and also for the banking sector. Economic growth faced some headwinds in the form of enhanced global protectionism, volatility in the global financial markets, as also some domestic issues such as weak consumption and decelerating private investment demand.

Domestic sentiment was also hit due to problems faced by the NBFC segment and uncertainties related to the elections. Consequently, GDP growth that was reported in the first quarter at 8%, fell off to 5.8% in the fourth quarter. However, full year growth was at 6.8%, and by that metric, India continued to be the world's fastest growing economy. As a result of the slowing growth momentum, inflation dipped through the year and opened up space for the RBI to reduce interest rates.

Despite a challenging year, the economy although weakening has remained resilient with the outlook looking positive into FY20. Importantly, uncertainties pertaining to elections are behind us and the majority mandate for the incumbent government provides hope for a faster pace of economic reforms in the coming years.

Provided the monsoons are about normal, one might expect some renewed buoyancy to consumption demand. That said, we must recognise that challenges do remain in the form of headwinds from slowing global economic growth and also problems that the NBFC sector in India has been going through.

It is encouraging to note that government and regulatory efforts to address the "twin balance sheet problem" of the financial sector as well the corporate sector continue. Within banking, the three-way amalgamation of public sector banks is a step in the right direction towards strengthening the sector.

The merger with Capital First has been transformational for the Bank. It greatly accelerates the Bank's plans to retailise the book and bring profitability to the franchise. It is thus value accretive for all shareholders.

Dr. Rajiv B. Lall
Non-Executive Chairman, IDFC FIRST Bank Limited

Our merger with Capital First was transformative because it brought together the exceptional and complimentary strengths of IDFC Bank and Capital First.

During the year, RBI has also sought to ease out the problems for the NBFC sector whereby it announced relaxation of liquidity norms for NBFCs and also permitted banks to lend to non-banking finance companies (NBFCs) facing asset-liability mismatches.

The other big development for the banking sector in FY19 was related to RBI's February 12 circular, which was a turning point for asset quality recognition. Under this circular, banks had to classify an asset as being in default if repayments were missed even by a day. This has now been replaced by a revised prudential framework for stressed asset resolution that allows banks 30 days to monitor the account and frame a plan, instead of mandatorily having to use the bankruptcy courts. The move provides some flexibility to banks in the resolution process for stressed assets while continuing to hold them to higher standards of financial discipline and corporate governance. Nevertheless, the progress under the Insolvency and Bankruptcy Code (IBC) continues to hold the key to timely resolution of stressed assets and a credit repayment culture.

A significant year for IDFC FIRST Bank

IDFC Bank launched operations on October 1, 2015, with 23 branches and a state-of-the-art digital platform. It was formally inaugurated by Prime Minister Shri Narendra Modi at 7 Race Course in New Delhi. Within 35 days of starting operations, IDFC Bank listed on the Bombay Stock Exchange and National Stock Exchange.

As part of our evolution, we wanted to be able to provide financial services to a larger segment of the population, diversify away from infrastructure and provide banking services in underbanked locations in the country.

With that in mind, IDFC Bank was founded by demerging the lending business of IDFC Ltd, with a view to transforming its business from infrastructure financing to a diversified universal bank.

As part of the demerger, the Bank inherited the large infrastructure book of its parent IDFC Ltd. In order to diversify the balance sheet, we took a call to build a retail banking franchise.

By FY19, the Bank had successfully expanded its reach to serve new customer segments both on the retail as well as the wholesale side of the business, and was well on course to build a sustainable banking franchise.

The Bank rolled out its retail businesses, both on the liabilities front as well as on the retail assets side and the business was growing well. The Bank built an integrated technology architecture for delivering digital-enabled banking services to our customers. In three years until September 2018, the Bank had raised ₹ 2,555 crore of retail CASA from over 4,00,000 customers and had acquired over 1.8 million MFI customers, including customers of Grama Vidiyal. Quite a remarkable achievement in such short timespan.

Message from the Non-Executive Chairman (Contd.)

Even so, it was recognised that since the bank was converted to a bank from a large infrastructure finance institution, the Net interest margins of the bank were low at 1.7%, and resulted in low profitability, thus impeding our ability to invest in business like retail. To build deep last-mile connectivity and work out technological solutions would take heavy capital expenditure in the initial years, an investment that would pay back only over time. Further, building real scale in a retail business with deep last-mile connectivity and a sustained competitive edge in a highly competitive environment would be an expensive and time-consuming proposition. Further, the pace of building a retail business has to be calibrated and tested to ensure resilience through business, economic and credit cycles.

In view of this it was deemed strategically vital for your Bank to expedite the building of retail assets and retail liabilities at scale through the inorganic route. We therefore actively looked out for a partner who had already achieved these capabilities as well as developed last-mile connectivity, scale and profitability and would be a perfect complement to the franchise we had launched.

In this context, we first successfully acquired and integrated Grama Vidyal in July 2016, one of southern India's largest micro finance companies. Next we proposed a merger with the Sriram Group in July 2017, including their transport finance and consumer finance businesses. But this merger was not pursued because of no agreement between the two parties on a swap ratio for combining the businesses. We then worked out a proposition for a merger with Capital First as it met all our strategic requirements and in fact turned out be a better cultural fit for the Bank. Capital First as a company had built tremendous intellectual property over eight years and had a large retail franchise with a strong return on equity, and continuously growing profitability (net profit for FY17-18 was ₹ 328 crore). In fact, the added bonus of pursuing a merger with Capital First was that we were also getting a strong leader with a terrific track record to take the institution forward.

Our merger with Capital First was transformative because it brought together the exceptional and complimentary strengths IDFC Bank and Capital First. IDFC Bank's assets and success included, among others, a banking platform, a superior technology platform, wholesale banking skills, and our newly launched retail business with a fast growing, differentiated and highly profitable rural lending franchise. In addition the Bank had Tier 1 capital of over ₹ 15,000 crore and a great reputation and respect in the marketplace for corporate governance, risk management, contribution to nation building through infrastructure, a loan book of over ₹ 70,000 crore, a micro-financing business acquired from Grama Vidyal, rural presence, and the team of committed employees. Capital First brought with it a strong and differentiated retail asset franchise, with over 7 million live-to-date customers of which 4 million are live customers. Its loan book, and most importantly seasoned over years, largely to small entrepreneurs and consumers, of ₹ 30,000 crore, was growing upwards of 25% per year, with an ROE in excess of 15%, and with profits growing at a 5-year CAGR of 55% (FY18 PAT grew by 37%). More importantly, the technologies

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developed by Capital First could serve customers hitherto underserved by the existing financial services system through unique credit models built by them. Such excellent intellectual property built over eight years at scale is hard to build and takes time, and got automatically transferred to the combined entity through the merger.

Such strong complementarity is hard to find between merging institutions. It is thus value accretive for all shareholders in the long run.

It has been an absolute pleasure to serve as Founder MD & CEO of erstwhile IDFC Bank for three years since its inception. Mr. Vaidyanathan, Founder & Chairman of erstwhile Capital First, who is now MD & CEO of IDFC FIRST Bank comes with an extraordinary track record of success in financial services. Mr. Vaidyanathan had earlier built ICICI Bank's retail banking business to great scale of ₹ 1,30,000 crore, built a large liability franchise with 1,419 branches, 4,713 ATMs, large Retail CASA and Retail Term Deposits for the bank, internet and mobile banking, and subsequently, in an entrepreneurial role, founded Capital First and took it to scale with a loan book of over ₹ 30,000 crore in underserved segments. I have no hesitation in endorsing him as the leader of IDFC FIRST Bank.

I have no doubt that the combined entity will be a strong institution and I am happy that I was able to lead the organisation to such scale with multiple businesses built over the last 15 years, navigate a complex transition from an infrastructure-only non-bank financier to a Bank that is now positioned successfully for future growth.

As my role transitions to Non-Executive Chairman of IDFC FIRST Bank, I would like to take a moment to thank you, our shareholders, for your continued support over the years.

Over the past three years, I have had the privilege of working with many talented, committed, and enthusiastic people who laid the foundations of this Bank. My sincere gratitude to all of them.

Sincerely

Dr. Rajiv B. Lall
Non-Executive Chairman,
IDFC FIRST Bank Limited

Such strong complementarity is hard to find between merging institutions.

Message from the MD and CEO

A New Beginning

Dear fellow Shareholders,

It is my great privilege to write this letter to you all. As the first MD and CEO of the newly merged entity IDFC FIRST Bank, I wanted to share our thoughts about our approach going forward, our vision, mission, our founding theme and what we want to achieve.

Since this is my first note to you, I am also sharing with you what really happened behind-the-scenes at my end that led me here, and the sequence of events that culminated in the creation of IDFC FIRST Bank.

In 2004, RBI announced two new bank licences for Kotak Bank and Yes Bank. I was with my colleagues at ICICI Bank when the news broke and instinctively exclaimed to my colleagues "Let's go to the RBI and ask for a bank licence too!." I figured that it was an impractical idea for an individual to apply for a bank licence, yet the thought stayed.

A year later, I was inaugurating an MCHI Property exhibition, and one of the stalls we passed by was of a palmist. My friends from ICICI remind me to this date that I asked the palmist in jest "When will I get a bank licence"! Jest it might have been, but it did reveal a wish nevertheless. The following year, in 2006, I joined the ICICI Bank Board of Directors and such ideas went into cold storage only to come back a few years later in 2010.

The Plan: The issue was - how do I get started? So I came across a simple idea - start an NBFC where entry licence conditions are relatively easier, finance small entrepreneurs and new-to-credit customers, and, hope to succeed and approach RBI for a banking licence someday. Pursuing this theme, I came across an existing NBFC, so I decided to acquire a stake in it, and give the idea a go. It was a long shot but an exciting thought.

And whom would we lend to? Since I was heading retail banking, the idea was to build a bank doing just that - retail banking. Thousands of small entrepreneurs all around us (shopkeepers, kirana shops, auto mechanics, dentists etc.) could not avail credit from the formal financial system because of not filing income tax returns, but usually had a strong cash-flow or sound business model

> We plan to implant the erstwhile Capital First's tried and tested model of financing small entrepreneurs and consumers [a retail franchise, growing at 29% per annum and 5-year profit CAGR of 55%, (FY18 PAT grew by 37%)], on a bank platform, (IDFC Bank's strong branch network of 242 and growing, excellent technology stack, quality internet and mobile banking, and strong rural presence).

V. Vaidyanathan
Managing Director & CEO,
IDFC FIRST Bank Limited

"The founding years, which I call the next five years, are particularly important, as the DNA we establish now will be hard to correct later. We will make every effort to sell the right products to customers, avoid mis-selling, avoid selling such third-party products that make wonderful fees for us but at the cost of expensive products for the customer. If we make a mistake, we will apologise and correct it. After all, we do not want to take this Bank to great heights in profits and profitability while having earned any penny that truly does not belong to us."

since generations. Further, the middle class was beginning to borrow for consumption. The thought was to provide finance for their businesses, and for buying homes, cars and consumption to the less organised. I thought of this as a big need, and a great opportunity. (Post-merger with IDFC Bank, our new banking platform offers opportunities to expand the scope of technology solutions to medium and large entrepreneurs and these too are great opportunities. This was not part of the plan then in 2010, though).

I got an opportunity for this plan in 2010. The NBFC I got involved with was a loss-making one, it had made losses of ₹ 30 crore & ₹ 32 crore in the prior two years respectively. But it saved time in getting access to a NBFC licence. So over time I acquired significant equity stakes in the company mostly through personal leverage. We shut down unrelated businesses like foreign exchange, broking, asset management and wealth management, and instead started consumer and small business financing in the entity as part of the longer plan.

It was the hardest five years of my life professionally. Raising debt funding was difficult for a start-up loss making entity, and when it was available after a lot of follow-up, it was expensive - we were borrowing at Base Rate plus 500 bps (about 14% rate of interest in today's terms), and we lent upwards of 20%. Bit by bit, bank by bank, we borrowed ₹ 1,000 crore, and started building the loan book. I got the timing all wrong because during this period, the growth rate of the Indian economy was falling precipitously by the quarter from 10% to 5%, inflation was high (9-10%), and the RBI was raising interest rates - they raised it 16 times at a stretch. I didn't know where to spend my time - there was so much to cover - we had to raise debt, raise equity, build business, hire people, build relationships, build technology stack, report quarterly results, make pitches, manage environment and media and so on. Fortunately, our team was great and each one of them put in extraordinary effort to deliver on these.

And there were always dilemmas whether to build business or slow it down, grow out of trouble or play conservative, focus on cost of funds or quantity, focus on immediate profits for the sake of stakeholders or to invest for the future, to book securitisation profits upfront or amortise it, to buy a stack or make it, greenfield research or off-the-stack models and so on. These decisions look easy when working for a MNC, or a large profitable institution, but not so when you are small, loss making and depend on the courtesy of the markets.

But one thing was clear: the target customer segment - it was the unorganised, underserved segment, by using technology. They would pay us the rates as appropriate to our borrowing costs. It was riskier to lend to, so we had to discover new ways to lend with greenfield research, sans tax returns. Over 50% of our target customers were not on the credit bureau as no one in the formal sector had lent to them. So we had to be extra careful.

The Take-off: The idea took off well; within a year, the retail loan book grew from ₹ 94 crore to ₹ 770 crore and we had the desired proof of concept to show to potential equity investors. We were running out of equity and our maiden attempt to raise equity through QIP had failed to take off. Then by the turn of certain circumstances, I learnt there was another way to raise equity - Private Equity. Meanwhile we raised more debt of ₹ 2,000 crore, and took the loan book to ₹ 2,700 crore by 2012. After countless presentations for over a year to all major PE players

Message from the MD and CEO (Contd.)

demonstrating the proof of concept, we won the backing of ₹ 810 crore in 2012 from Warburg Pincus.

Selling the idea to a backer was not enough, there were too many approvals to take: from the RBI, SEBI (for Open Offer), FIPB, lenders, shareholders, Forward Markets Commission and so on. The day ₹ 810 crore clinked in the bank account on September 29, 2012, I asked the CFO three times over the phone to check if it was true. We had been racing against time for this. That night I couldn't sleep, it was a great escape.

What followed was a fund raise at ₹ 162 a share in 2012, another equity raise at ₹ 153 a share in 2014, another one at ₹ 390 a share in 2015 and one at ₹ 712 a share in early 2017!

Leveraged Management Buyouts are not uncommon in the West, but in India, this was one of the rare ones. We got a new Board, and new shareholders. We recapitalised the company with a Preferential Allotment followed with a QIP, created a new entity and brand called Capital First. The business continued to grow between at 25% plus YoY.

The soft landing: Within just seven years into 2017, we grew retail loans from ₹ 94 crore to ₹ 18,353 crore in March 2017. We became a strong brand name in the consumer financing segment. The best part was that our asset quality was pristine all through these years. The Gross consistently low at 2% and Net NPA stayed below 1% all through. Our market cap jumped 10X from ₹ 780 crore to over ₹ 7,800 crore between March 2012 and March 2017. I then sold 1.5% of the company in March 2017 to close the loan I had availed to acquire the stake in the beginning. While this was playing out, I had also been trying to figure ways for a commercial banking licence for Capital First.
By this time, the RBI had announced norms for on-tap banking licences for eligible entities.

The dynamic IDFC Group: Meanwhile, in parallel, by strong coincidence, a great story was playing out at the IDFC Group under Dr. Lall's dynamic leadership. Under his leadership, IDFC Limited, which was primarily into infrastructure financing, had successfully expanded into Asset Management (acquiring Standard Chartered AMC), Alternative Asset Management (infrastructure Focussed), Securities (acquiring SSKI) and Investment Banking.

IDFC Limited became a highly successful and diversified group under his leadership. The loan book grew from ₹ 21,000 crore in 2009 to ₹ 57,000 crore in 2013, with strong growth in PAT.

But Dr. Lall's extraordinary foresight told him that life as an infrastructure financing company had its limitations, particularly if markets turned hostile to infrastructure. So IDFC Limited had applied for and successfully acquired a banking licence in 2014. The Bank was successfully launched in 2015 and had already set up 17 urban and 83 rural branches, and more were rolling out in the pipeline by the time Dr. Lall reached me in November 2017.

I recently got an opportunity to see IDFC Limited's banking licence application to RBI. It's a masterpiece. Getting a banking licence in India is not an easy task in India; and it was the greatest accomplishment for Dr. Lall to get one for the infrastructure lending group. It says a lot about his foresight, his calm demeanour, his ability to surmount odds, his diplomacy, and the highest levels of corporate governance he imbibed into IDFC, that the RBI found it fit and proper to award a licence to the IDFC Group.

The value proposition was straightforward for both of us. IDFC Bank needed to retailise the loan book away from infrastructure. Building retail financing takes years or decades. Capital First fit the bill perfectly as a merger partner as the retail lending franchise was already built, the last-mile connectivity was built, intellectual property created and the loan book was large at over ₹ 22,000 crore (Sep 17). Not just that, the loan book was seasoned over cycles through seven years. It was a one-shot fast forwarding for IDFC Bank's diversification.

From Capital First's point of view, it got access to the banking licence. At the time we met, IDFC Bank already had a branch network, had great people, had already launched many unique products and services in the market, had great corporate governance, and the platform was already built for a scale-up on the liabilities side. Liabilities - that's all we needed!
It was straightaway fast forward for the banking licence plan. Once we met and agreed, both parties quickly appointed lawyers, started financial and legal due diligence on each other, appointed the bankers, all in extreme secrecy.

When we were meeting in secrecy, we reminded each other of a little story. When our QIP had failed in 2011, I had called on Dr. Lall with a request to him to provide us a Subordinated Debt loan of ₹ 200 crore - he had politely declined the loan as it was a risky proposition! I told him a little secret, even Mr. Parekh had declined the same proposal so did many more!

"

I am quite confident that once we see through this investment phase (expansion of branch network, retailising assets, retailising liabilities), barring unforeseen circumstances, the Bank is set for a continuous and one-way growth in profitability from thereon.

We both had a hearty laugh over our little secret!

The merger announcement: We announced the deal to the markets on January 13, 2018. What followed was another high octane year. Dr. Lall, myself and the respective teams got steadfastly working on putting the merger together. The teams spent time seeking approvals from the Competition Commission of India, Stock Exchanges, SEBI, RBI, creditors, shareholders and NCLT, and other such approvals.

Often, these approvals were contingent on approvals from other parties. I must say that every single entity we approached during this period for approvals was pretty straightforward in their approach and facilitative of the process. Despite the fact that the integration was such a complex act involving a NBFC and a bank, involving regulators, dealing with Companies Act, Banking Regulations, legal issues and other such, the processes went smoothly and I must say to other observers of our country that we are one of the finest places to do business in.

We formally merged on December 18, 2018, and a new entity was founded by the merger, IDFC FIRST Bank. As a result of the work of Dr. Lall and the entire team, 99.98% of IDFC Bank Shareholders and 99.90% of Capital First Shareholders by value approved the transaction. Investment bankers said near 100% approval rates were "astonishing", "extraordinary" and "unprecedented", considering that the two entities were publicly listed and widely traded companies together with near 8,00,000 shareholders.

This was not the first time I had gone through such an experience. Earlier, when Capital First was founded, then too, it involved an open offer, fresh equity raise, preferential allotment, change of ownership, change of brand name, FIPB approval for FDI and so on. But I do believe that doing business in India has become easier over the years.

Our challenges were not these alone. It also involved putting together, merging and evolving the best architecture, and bringing the best of both institutions together. It involved integrating people, varied processes, credit policies, premises, customer segments, strategy, operations, treasury and so on. Putting these pieces together has been back-breaking work for the integration team, and it has been my greatest privilege to have had this opportunity of leading the integration of the two organisations, and to create a new composite, forward-looking bank.

The two institutions bring extraordinary strengths to the table. Both companies had high levels of corporate governance, extremely professional people and energetic staff. The complementarities are obvious and explained elsewhere in this report.

The New business model: The easiest way to understand the new business model is as follows. We plan to implant the erstwhile Capital First's tried and tested model of financing small entrepreneurs and consumers [a retail franchise, growing at 29% per annum and profits 5-year CAGR of 55%, (FY18 PAT grew by 37%)], on a bank platform, (IDFC Bank's strong branch network of 242 and growing, excellent technology stack, quality internet and mobile banking, and strong rural presence). We will also find cutting edge solutions for larger entrepreneurs and corporates and customise technology solutions to meet their needs for trade, forex, credit, deposits, and payments.

The Challenges: A number of research reports including those by reputed entities such as Credit Suisse, Deutsche Bank and Morgan Stanley have pointed out that the bank faces many uphill tasks on profitability

Message from the MD and CEO (Contd.)

Our new bank has a new vision. We want to create the world's best bank, right here in India, for aspiring Consumers and for Entrepreneurs

and liabilities. I don't deny these challenges, also thank them for their efforts to research us. For instance, Morgan Stanley's report read "IDFC has one of the weakest retail liability franchises and one of the lowest share of retail loans among peers." CNBC says the issue of low CASA will be hardest to fix. Deutsche Bank says the bank has a large loan book at over ₹ 1,00,000 crore and low CASA of ₹ 6,500 crore. Negligible CASA will have a very long gestation period." "Building CASA will be a costly and long journey: Credit Suisse"

Of course, we understand this issue, and we are determined to fix it. The only way to address this issue is to grow CASA faster than the growth of the loan book. Our liability products are already a hit in the marketplace and I think we will surprise you on the upside.

"Large infra book related issues": says Deutsche Bank. Our response - this will wind down over time to NIL. We are not doing this anymore.

"A very high opex ratio (79%) should keep returns depressed for a long time." "Low core profitability" are other concerns by research agencies. However, I'm sure this too will get fixed. The compounding power of a finely tuned retail lending machine coupled with low cost of funds of a bank is phenomenal. The margins have already increased from 1.7% to 3.03% as a result of the merger. It will increase year-on-year, you can see the trend in eight quarters.

We are going to invest in setting up a large branch network across the country over the next two years. This may appear to put pressure on the P&L but I assure you these are table stakes to be able to play a long-term game in banking as a large bank in India. I am quite confident that once we see through this phase, barring unforeseen circumstances, the bank is set for a continuous and one-way growth in profitability from thereon.

I have experienced the same situation before. The company I was associated with earlier had posted losses of ₹ 30 crore and ₹ 32 crore. It took two years to put all the building blocks in place, develop intellectual properties and gather momentum. But once the core profit (core NII + Core Fees less operating expenses less normalised credit losses) turned positive to ₹ 37 crore in 2013, there was no looking back as profits compounded at 55% straight for the next five to take us to ₹ 328 crore and yet compounding at 37%, at the time of the merger. I believe it is very much possible to do it again.

We want to touch the lives of millions of Indians in a positive way by providing high quality banking services to them, with particular focus on aspiring consumers and entrepreneurs of our new India, using contemporary technologies

Plans: I have guided for the following simple strategy. Grow CASA % from 10% to 30%, grow retail deposits (CASA +TD) as % of total borrowings from 10% to 50%, grow retail loan book as % of total loan book from 35% to 70%, reduce infrastructure loans from 22% to 0%, reduce Cost to income ratio from 80% to 55%, grow branches from 200 to 800, grow NIM from 3% to 5%, all in five years. In short, build franchise, diversify liabilities, diversify assets, improve margins. It's that simple. You will see us consistently delivering on these fronts.

Our Customer Approach: It always starts with the customer. I have made it clear to all that we don't want to do anything that will hurt the customer's interest in the course of scaling up our Bank. The founding years, which I call the next five years, are particularly important, as the DNA of what we establish will be hard to correct later. We will make every effort to sell the right products to customers, avoid mis-selling, avoid selling such products that make wonderful fees for us but at the cost of the customer's pocket. We will communicate all material information to the customer in a transparent manner. If we make a mistake, we will apologise and correct it. After all, we do not want to take this

> Thank you, Dr. Lall, without you there would be no IDFC FIRST Bank. I want to whole heartedly appreciate you and the entire senior management team for the wonderful platform that you built with your hard work. I also sincerely thank the entire Board of erstwhile IDFC Bank for their guidance in building the bank, and to bring it to great success

Bank to great heights in profits and profitability while having earned any penny that truly does not belong to us.

Hence, we selected a new public tag line 'Always You First'. It is a carefully thought-through line and reflects our sincere commitment towards our customers. All of us employees stand committed to this.

A new bank: Since we have new shareholding, new brand name, new brand colour, I see IDFC FIRST Bank practically as a new bank, but with great strengths of the two entities incorporated into one. It pretty much feels like how we felt when Capital First was founded in 2012, with all things new - identity, name, brand colour, shareholders, and business model and we set sail with the same gusto.

Vision and mission: Our new bank has a new vision. "We want to create the world's best bank, right here in India, for aspiring Consumers and for Entrepreneurs."

We want to touch the lives of millions of Indians in a positive way by providing high quality banking services to them, with particular focus on aspiring consumers and entrepreneurs of our new India, using contemporary technologies.

Our nation first: We are confident of not only participating in the growth of Indian GDP, but also contributing to the growth of our beloved nation and her people. We aspire to create millions of employment opportunities, and finance the growth of business and consumption. This will lead to greater domestic production, greater consumption, and we want to contribute in further fuelling the virtuous cycle of growth for our great nation.

To our employees, I have this to say - I know all of you have been through a difficult one year because of the merger, media breakouts and rumours at different stages of the merger. I thank you for keeping your chin up during the process. We are going to create an institution, for all of you, and indeed India, will be proud of, one day.

Thank you, Dr. Lall, without you there would be no IDFC FIRST Bank. Infrastructure financing may not be in vogue today and may be known for low margins and high losses, but back in 2007 it was the in-thing. And to pull the group out of that and to get a banking licence is a stupendous achievement few have achieved, and the merged entity rides upon that today. I want to wholeheartedly appreciate you and the entire senior management team for the wonderful platform that you built with your hard work. I also sincerely thank the entire Board of erstwhile IDFC Bank for their guidance in building the bank, and to bring it to great success. A banking licence is a precious and sacred possession, and we will preserve it with the extreme respect it deserves.

I thank the Media for very responsible reporting during the entire merger process.

I would like to express our sincere thanks to the banking regulator for their consent to the merger. What you have offered is invaluable for us, and we will treasure it and justify your faith. We sincerely thank the Competition Commission of India, BSE, NSE, SEBI, NCLT, shareholders, creditors, rating agencies, and all other people who were instrumental in our successes. Thank you, customers.

V. Vaidyanathan
Managing Director & CEO,
IDFC FIRST Bank Limited

IDFC FIRST – its new identity

A New Look For A New Mission

The new brand identity of IDFC FIRST Bank signifies growth and energy.

It reflects the progressive spirit of our times. The symbolism behind our new identity is drawn from the theme of 'progress'. Inspired by a forward-moving bar graph, it embodies a symbol of growth that can be seen and measured. The three bars stand for a threefold purpose - progress of the bank, progress of our customers and progress of the nation.

About the Logo

IDFC FIRST Bank

The formation of a capitalised 'F' by the staked bars, stands for the principles of 'FIRST' as in, always putting the Customer first.

Looked at in another way, the bars can be also seen as bars of progress which increase continuously over time.

The design of the symbol is characterised by simplicity, connoting the ease of banking with us. The colour maroon sets a powerful tone for the brand. The strong typeface is an expression of our reliability & our constant endeavour to build trust with our customers.

The logo, as our new identity, in its entirety embodies the values of a new-age bank for today's India – progressive, agile, simple, trustworthy and above all, keeping the customer at the heart of everything we do.

Tag line –

Always You First

'You' refers to the customer

Road leading to the Merger

Since this is the first annual report after the founding of the new entity, it is important to share with our existing and prospective shareholders the background and history of the two organisations that have come together to create a new institution. This exercise, which includes trends as well as past strategies leading to the merger will provide clarity to our shareholders and prospective shareholders about the path that the company will take in the future. In this context, we present this report.

In 2010, IDFC Securities was ranked 2nd in the equity league tables by Bloomberg. IDFC ranked among the top 50 companies in India's S&P ESG Index.

History of erstwhile IDFC Bank

The erstwhile IDFC Bank was created by demerger of the infrastructure lending business of IDFC Limited to IDFC Bank in 2015. IDFC Limited was set up in 1997 to finance infrastructure focussing primarily on project finance and mobilisation of capital for private sector infrastructure development. Whether it is financial intermediation for infrastructure projects and services, whether adding value through innovative products to the infrastructure value chain or asset maintenance of existing infrastructure projects, the company focussed on supporting companies to get the best return on investments.

IDFC led infrastructure financing in India

IDFC was focussed on helping to develop the framework for making the funding of long gestation private infrastructure projects possible on a commercial basis. IDFC played a key role in assisting various government agencies design the contractual bases and some of the policies for making Public Private Partnerships (PPPs) financeable. IDFC Ltd raised ₹ 893 crore for India's first infrastructure dedicated growth equity fund in 2003.

Dr. Rajiv B. Lall joined IDFC Ltd in 2005 and diversified the company into a large financial conglomerate. In the same year, IDFC Ltd got listed both in BSE and NSE at a listing price of ₹ 60 per share. The Company raised ₹ 1,372 crore of equity capital through this IPO.

Diversifying into other businesses

Under his leadership, IDFC Limited had excellent growth and became one of the leading infrastructure players in India. In 2006, IDFC Ltd raised over ₹ 2,000 crore for its second infrastructure focussed growth equity fund. In 2007, IDFC Limited raised ₹ 2,100 crore through QIP at ₹ 127 per share. Also, in 2007, the Company acquired SSKI, a leading domestic investment bank and institutional equities firm. SSKI was completely integrated into IDFC as IDFC Securities. In 2008, IDFC Ltd acquired Asset Management business of Standard Chartered Bank in India and set up an office in Singapore. In 2009, IDFC Ltd became a part of the index, NIFTY 50.

In 2010, IDFC Securities was ranked 2nd in the equity league tables by Bloomberg. IDFC ranked among the top 50 companies in India's S&P ESG Index. In the same year, the Company raised ₹ 2,654 crore of equity capital through QIP at ₹ 168 per share. In 2011, IDFC Mutual Fund was ranked as one of the top 10 mutual funds in India by AUM.

In 2012, IDFC Ltd completed its 15 years of operations and got recognised as best NBFC for Infrastructure Financing

IDFC's evolution

1997
- IDFC incorporated in Chennai on the recommendation of the Expert Group on commercialisation of Infrastructure Projects

2003
- IDFC raises ₹ 893 crore for India's first infrastructure dedicated growth equity fund

2005
- IDFC lists on both NSE and BSE. Raises ₹ 1,372 crore of equity capital

2006
- IDFC raises over ₹ 2,000 crore for its second infrastructure focussed growth equity fund

2007
- Does a QIP raising ₹ 2,100 crore at a multiple of 4x the initial IPO price
- Acquired SSKI, a leading domestic investment bank and institutional equities firm

2008
- IDFC raises $700 million in a second growth equity fund and $930 million in a new asset-class to recycle equity in completed infrastructure projects
- Acquires AMC business of Standard Chartered Bank. Set up an office in Singapore

2009
- IDFC becomes a part of Nifty 50
- IDFC is recognised as a top 5 Lead Arranger for Project Finance Loans in Asha by Dealogic
- IDFC becomes a signatory to UNPRI, CDP and the UNGC Global Compact

2010
- IDFC Investment Bank ranked 2nd in the equity league tables by Bloomberg. IDFC ranked among the top 50 companies in India's S&P ESG Index. IDFC launches the National PPP Capacity Building programme to train over 10,000 government officials
- IDFC raises ₹ 2,654 crore in its second QIP at almost 5x of initial list price

2011
- IDFC Mutual Fund ranked 10th in the country by AUM

2012
- IDFC completes 15 years. Recognised as a Business Superbrand. Recognised as the best NBFC for Infrastructure Financing and also receives the Silver for excellence in Financial reporting from ICAI. Set up and office in New York, USA

2013
- IDFC becomes the first Indian signatory to the Equator Principles

2014
- Secured licence from RBI

2015
- Launch of IDFC Bank

and also received the Silver Shield for excellence in financial reporting from ICAI. In the same year, the Company opened its office in New York City, USA. By the end of FY12, IDFC Limited was the 4th largest infrastructure financing player in terms of portfolio size, after State Bank of India, ICICI Bank and Punjab National Bank. It was the largest Infrastructure Financing NBFC in the country.

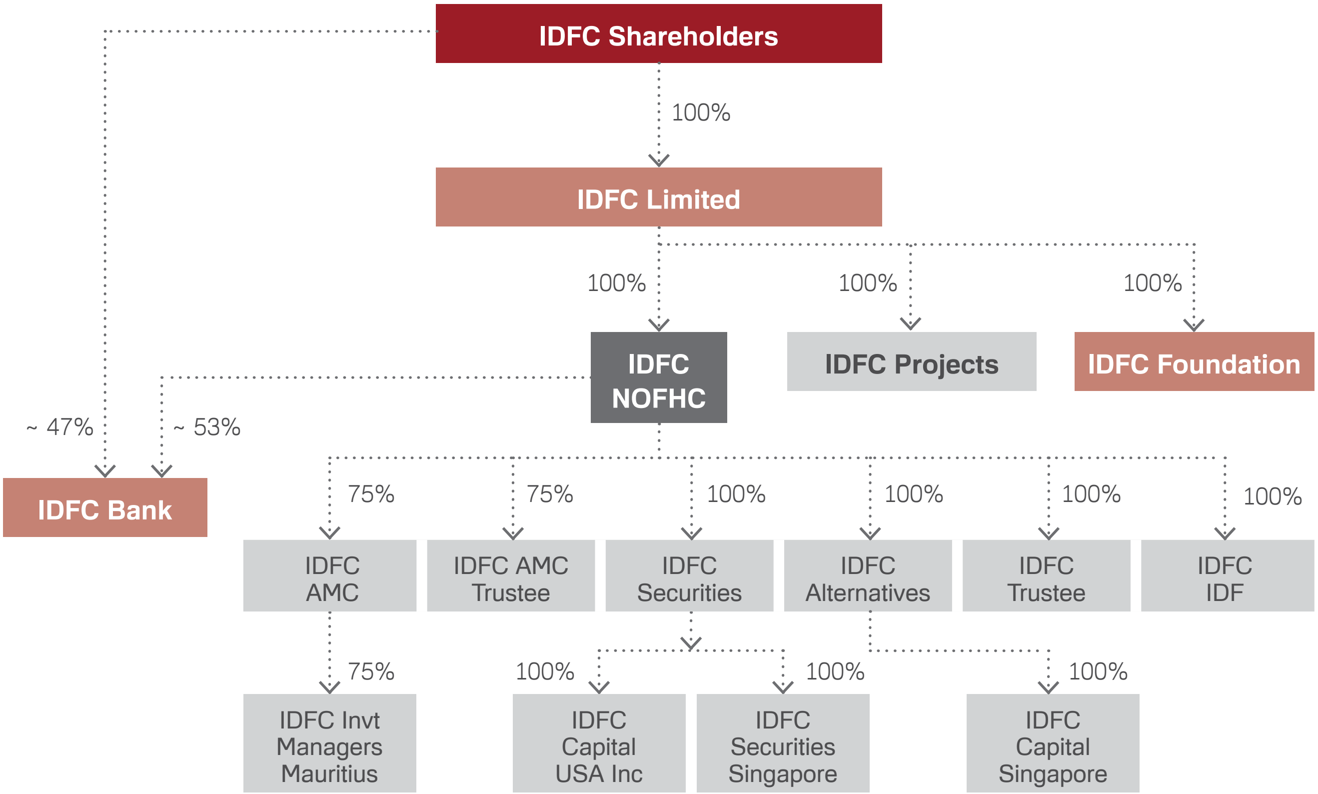
IDFC Limited showed an exemplary growth in infrastructure financing and diversified well in broking, institutional equities, private equity, alternate assets and mutual fund in the 15 years of operation. The Company's ability to tap global as well as Indian financial resources made it the acknowledged expert in infrastructure finance. But around FY2013-14, India started experiencing issues in the infrastructure segment and the growth slowed down, along with the policy paralysis. Keenly observing this trend, IDFC Ltd wanted to pivot itself into a bank and diversify more into the retail banking businesses.

IDFC gets a banking licence
The Company applied for a commercial banking licence to the RBI in 2013. Owing to the efforts of the Company under the leadership of Dr. Rajiv B. Lall, in 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.

Thus erstwhile IDFC Bank was created by demerger of the infrastructure lending business of IDFC to IDFC Bank in 2015. The parent entity, IDFC Limited, retained businesses of AMC, Institutional Broking and Infrastructure Debt Fund business through IDFC Financial Holding Company Limited (NOFHC).

The shares of erstwhile IDFC Bank Limited were listed in the exchanges in November 2015. During the subsequent three years, the bank developed a strong and robust framework including strong IT capabilities and infrastructure for scaling up banking operations. The Bank designed efficient treasury management system for its own proprietary trading, as well as for managing client operations.

Structure after demerger of IDFC Bank from IDFC Ltd. in October 2015



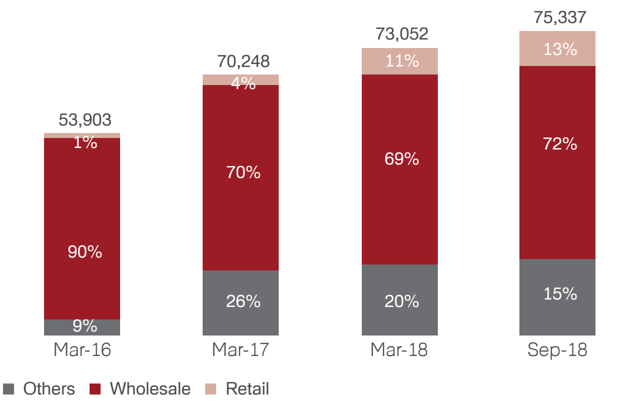
Key financial highlights of IDFC Bank
The first three years of the Bank from 2015 to 2018 were spent in setting up the platform which would form the basis for growth in the future. It was also the time when the bank recognised stressed and non-performing infrastructure loans and accounted for them in a transparent manner.

Also, the Bank realised that infrastructure loans could not give the necessary margins for profitability. Thus, the management put together a plan to retailise the balance sheet which would give it enough cushion. The Bank launched retail businesses successfully and was in the process of scaling up and building a sustainable business.

Some of the key financial parameters of the erstwhile IDFC Bank before the merger are shown below –

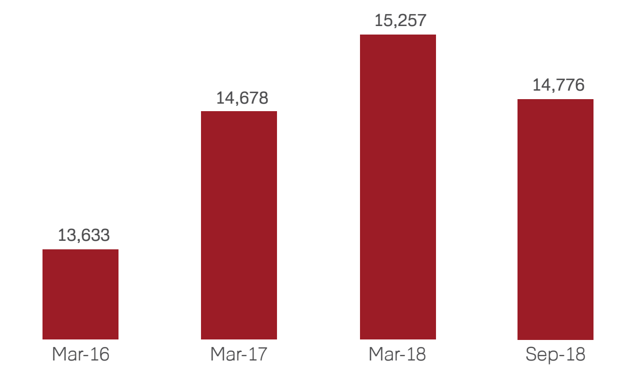
- **Loan Assets:** The Loan Assets of the Bank increased at a moderate pace over the years as the Bank inherited the legacy infrastructure financing book from its parent IDFC Ltd. In FY16, the Bank started the retail financing book and increased it to ₹ 9,916 crore contributing 13% of the overall funded assets as of September 30, 2018. Retail assets was planned for increase as a percentage of overall loan book.

Loan Assets (₹ Cr)



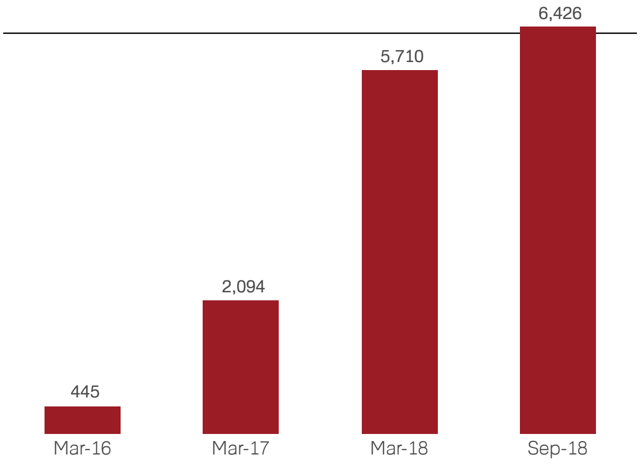
- **Net Worth:** The Net worth of the Bank increased from ₹ 13,633 crore as of March 31, 2016 to ₹ 14,776 crore as of September 2018. However, as the Bank accounted for additional provisioning for loan accounts in its wholesale loan book, and the net worth as of September 30, 2018 was at ₹ 14,776 crore.

Net Worth (₹ Cr)



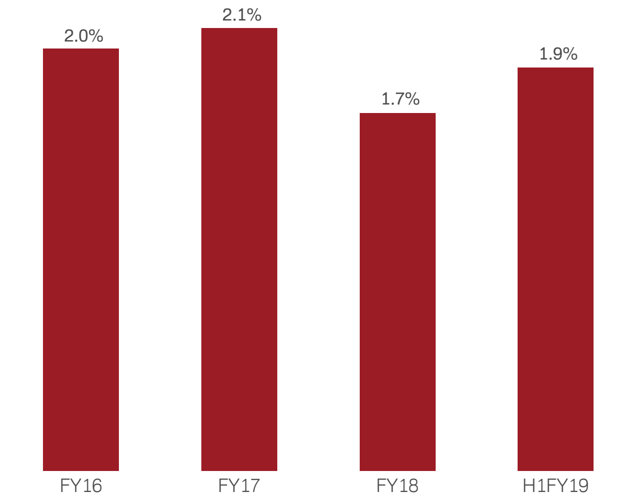
- **CASA Deposits:** Within 3.5 years of operation, the Bank was able to mobilise ₹ 6,426 crore of CASA deposits, out of which ₹ 3,092 crore was in Savings Account deposit and ₹ 3,334 crore was in current account deposits. This was done primarily through 140 branches, out of which 92 branches were rural branches. This was the set-up stage of the Bank.

CASA Deposits (₹ Cr)



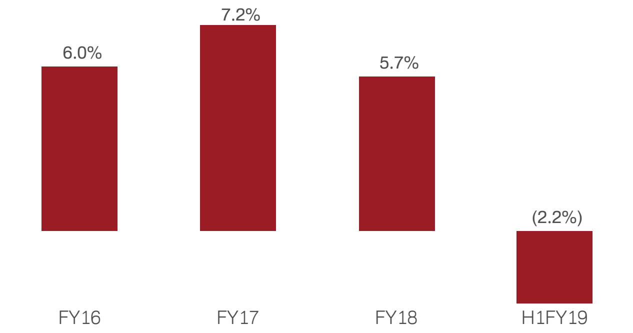
- **Net Interest Margin:** The Net Interest Margin broadly remained in the range of 1.7% - 2.0% during the years of operation. This was primarily because of the low yielding wholesale infrastructure financing book and comparatively higher cost of funds. The idea of the Bank was to increase the margins by retailising the loan books.

Net Interest Margin



- **Return on Equity:** Higher provisioning on loans in the infrastructure book reduced income because of non recognition of income of NPA book and low NIM in core book reduced the RoE in recent years. This would have increased with scale up of retail businesses after a few years.

RoE (%)



The bank diversified from being a predominantly infrastructure financier to wholesale banking operations. But the erstwhile IDFC Bank clearly realised that a bank entirely founded on infrastructure financing business is subjected to relatively higher black swan risks. Since a large portion (90%) of the bank was wholesale (infrastructure and corporate loans) as a legacy from IDFC Limited until 2017, the company put together a strategy to retailise its loan book. The bank launched businesses across retail liabilities including developing an advanced technology stack, Internet and mobile banking, a branch and ATM network, and supported by appropriate systems and processes. Even on the retail assets businesses, the bank launched home loans and other such businesses including acquiring a stake in Grama Vidyal to further its rural banking business. The Bank was well on its way to building a sustainable retail banking franchise.

Merger proposed to accelerate retail

However, the key issue of building retail businesses is that it takes a long time, and further, the market for retail banking is intensely competitive and constantly evolving. Products have to be continuously launched in the market in an agile manner, they have to find acceptance with customers, technological developments such as analytics and scorecard have to be worked out for each of those products, collection capabilities need to be built, the risk metrics of the portfolio show only when the books go through adequate aging. The business that is built has to be adequately scalable, and finally, building profitability of these retail businesses may take a long time to come through, as the business model has to be finely tuned between operating expenses, operating income and credit losses. This also requires building teams that stay stable and develop customer service capabilities across the digital ecosystem as well as the physical premises where the customers walk in.

> Hence, the erstwhile IDFC Bank looked for a retail lending partner who already had scale, profitability and specialised skills, to merge with so that it could jumpstart this process which could otherwise take many years to build, with its attendant probabilities.

The merger talk between the erstwhile Bank and a diversified financial group in India was initiated in 2017 but during the second half of the year, it was called off. Post that, erstwhile IDFC Bank started the discussion with the erstwhile Capital First Limited, one of the leading retail financing NBFCs in India for a possible merger, as Capital First met the requirements.

History of erstwhile Capital First Ltd.

Around the same time (2010-2017), while these events were playing out at IDFC Group, certain events were playing out in parallel at Capital First.

The then MD and CEO of ICICI Prudential Life Insurance Company in 2009-10, Mr. Vaidyanathan, quit the group for an entrepreneurial foray. During 2010-11, he acquired a significant stake in a small listed real-estate financing diversified NBFC and then prepared the ground for a Leveraged Management Buyout of the firm by launching retail financial businesses for small entrepreneurs and consumers.

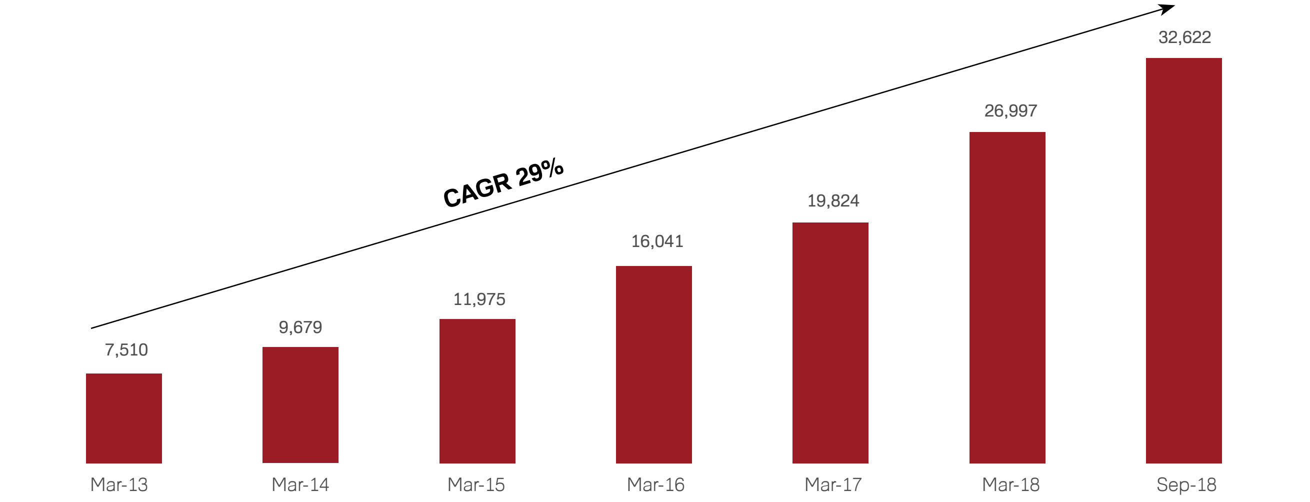
Capital First's technology-driven retail loan book reached ₹ 770 crore by March 2011, and this proof of concept was presented to global private equity players for a management buyout. Meanwhile, he exited non-core businesses like Retail Equity Broking, Foreign Exchange Business, and other unrelated business. In 2012, he concluded India's largest Management Buyout by securing equity backing of ₹ 810 crore from Warburg Pincus, got fresh equity into the company and founded Capital First as a new entity with new shareholders, new Board, new business lines, and fresh equity infusion.

Between March 31, 2010, to March 31, 2018, the Company's Retail Assets under Management increased from ₹ 94 crore to ₹ 25,243 crore. The company financed seven million customers through new age technology models. The credit rating increased from A+ to AAA. The Gross and Net NPA reduced from 5.28% and 3.78% respectively to 2% and 1% respectively. The asset quality remained consistently high.

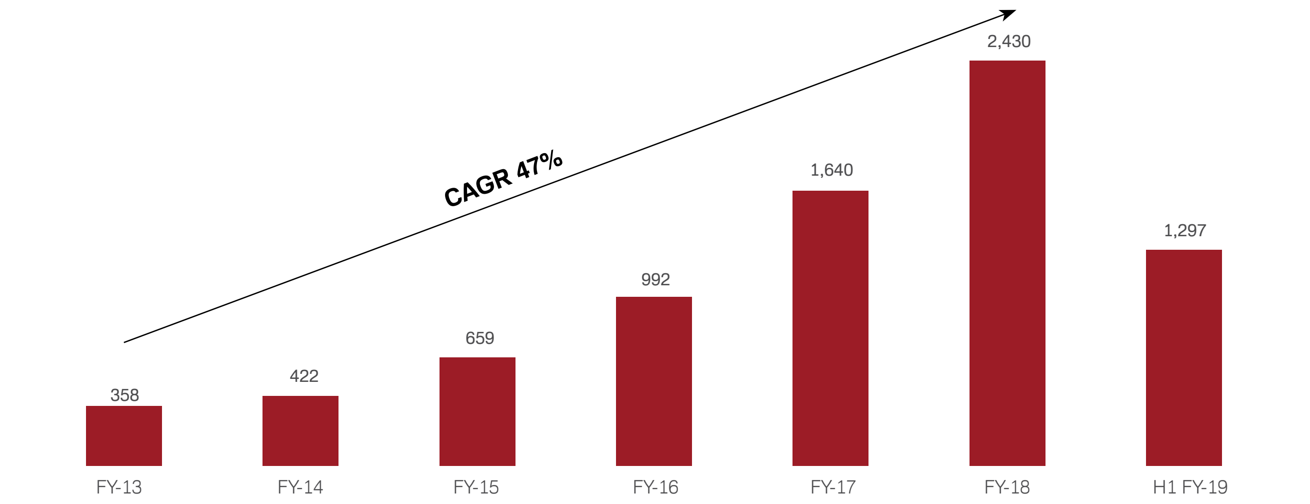
The Gross NPA reduced from 5.28% in 2010 to 2% in 2018 and the net NPA reduced from 3.75% in 2010 to 1% in 2018 and stayed low consistently. The asset quality remained high.

During the last five years, between FY13 and FY18, Capital First Limited grew its overall AUM with a CAGR of 29% and its Net Profit grew with a CAGR of 55% (FY18 PAT grew 37%). During this period, the EPS for the Company grew with a CAGR of 47% and the market capitalisation grew with a CAGR of 40%. However, the Company built its entire business model of retail lending on the basis on wholesale borrowing. This was a critical issue for Capital First as funding limit could be constrained during tight liquidity condition and could lead to black swan risks for the Company. To continue the growth momentum going forward, Capital First needed to diversify its liability base towards retail liabilities which could provide better pricing and sustainable availability of the long-term funding. As per the current regulatory environment, this was only possible under a banking platform.

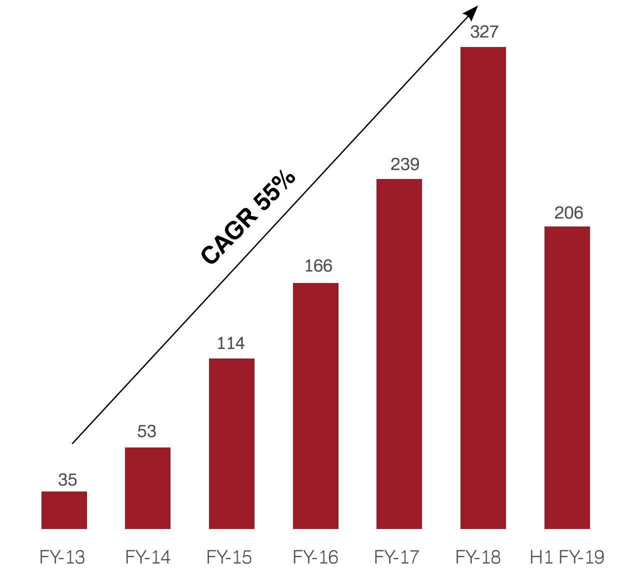
Assets Under Management (₹ Cr)



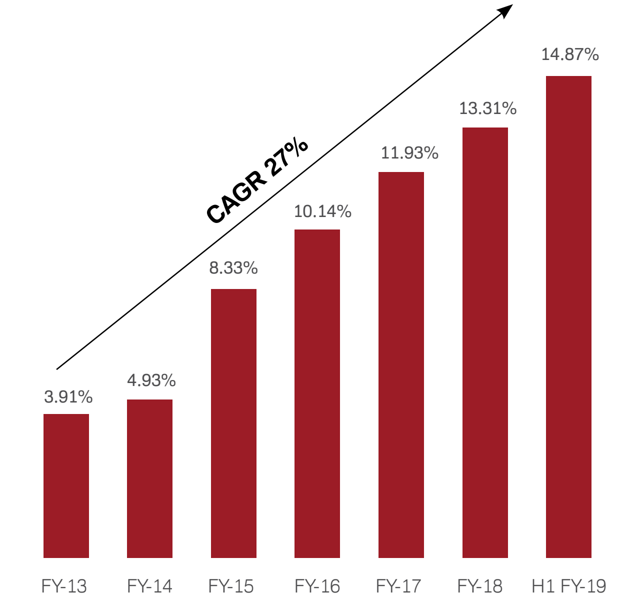
Total Income (₹ Cr)



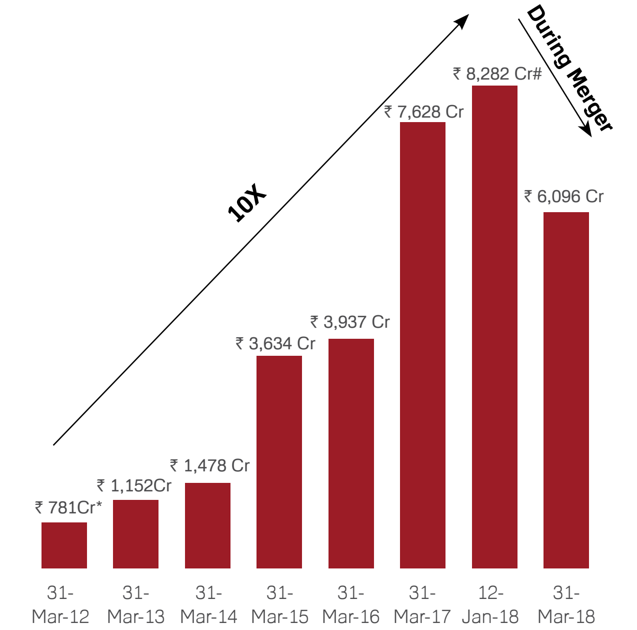
Profit after tax (₹ Cr)



ROE (%)



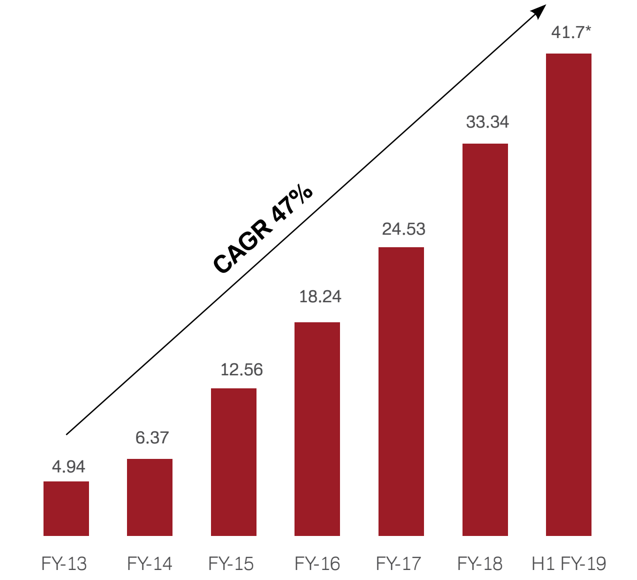
Market Capitalisation (₹ Cr)



* Last date of Financial Year immediately preceding the Management Buyout

Market Cap on the day before the announcement of merger with IDFC Bank (Jan 13, 2018).

Earnings per Share (₹)



* Half-Yearly annualised.

Excluding exceptional income of sale of property and upfront accounting for securitisation of ₹ 27 crore at PAT level

The classic turnaround

Further, the company turned around from losses of ₹ 30 crore and ₹ 32 crore in FY08 and FY09 respectively, to ₹ 327 crore by 2018, representing a 5-year CAGR increase of 39.5%. The loan assets grew at a 5-year CAGR of 29%. The RoE steadily rose from 2.5% in 2013 to near 15%. The market cap of the company increased ten-fold from ₹ 780 crore as in March 2012 to over ₹ 7,800 crore in January 2018 at the time of announcement of the merger.

Restructuring and sustained focus on Retail

As part of this recovery process, between 2010-12, the company shut down broking, foreign exchange, property broking, and single-mindedly focussed on building a platform that could easily convert itself to a bank. Importantly, in eight years, the company did not deviate into any other potentially attractive businesses which could otherwise distract the approach of a bank such as investment banking, broking or real estate.

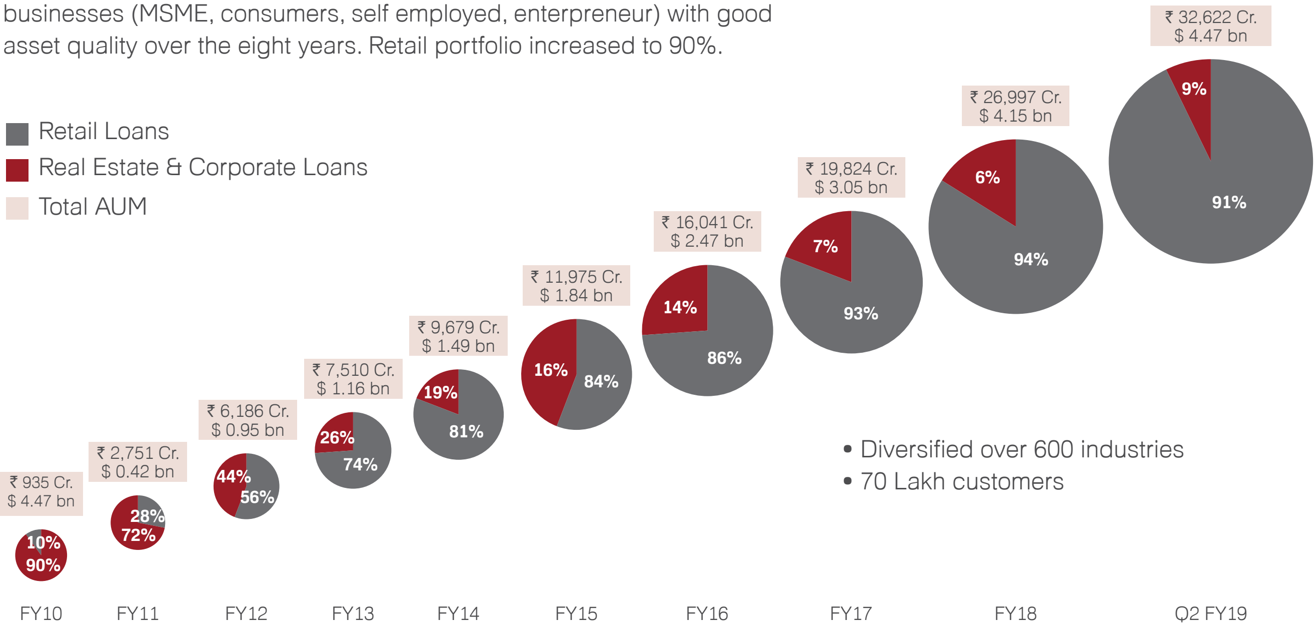
- The first two years prior to creation of Capital First, the company built certain business models financing small entrepreneurs and Indian consumers in a differentiated way using technology and positioned it for a buyout.

- In its six years of existence as a standalone entity starting 2012, Capital First had consistently focussed on financing these chosen segments through technology-driven solutions, thereby recording strong growth in its retail franchise.

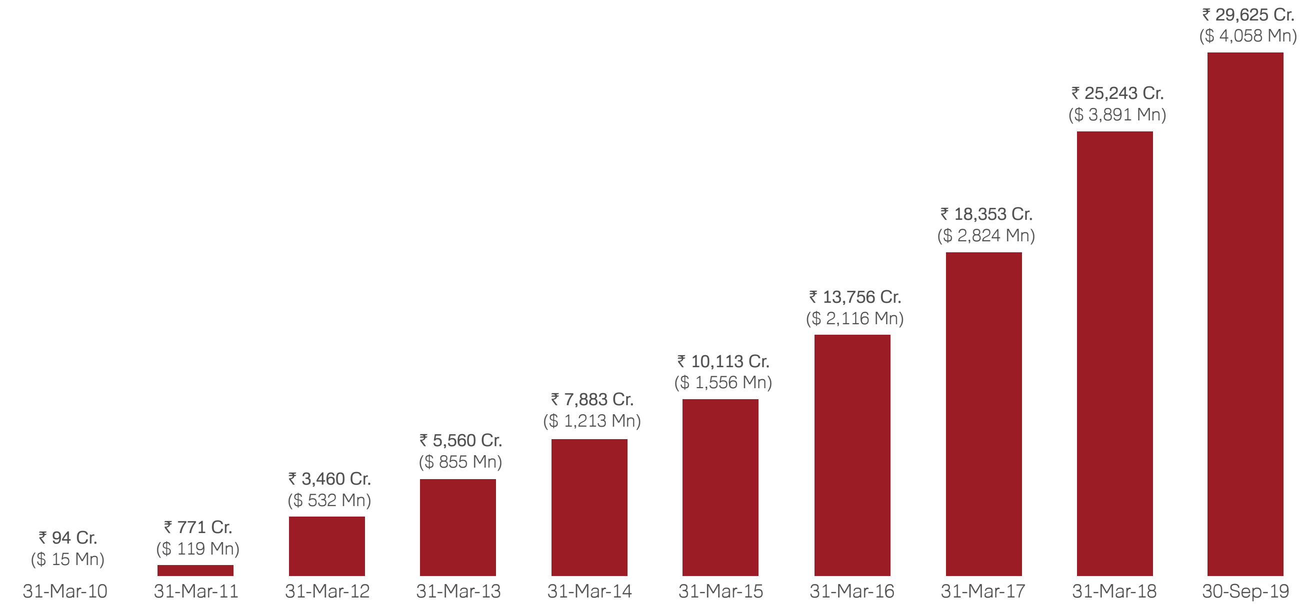
- The total Asset Under Management reached ₹ 32,622 crore while the Retail Asset contribution to the overall Asset under Management was at 91% as of September 30, 2018, the quarter before the merger, as compared to 10% in FY10.

By 2017, the business was mature and large enough to convert itself to migrate to a banking platform.

The Company stayed steadfast with its approach to buildup retail businesses (MSME, consumers, self employed, enterpreneur) with good asset quality over the eight years. Retail portfolio increased to 90%.

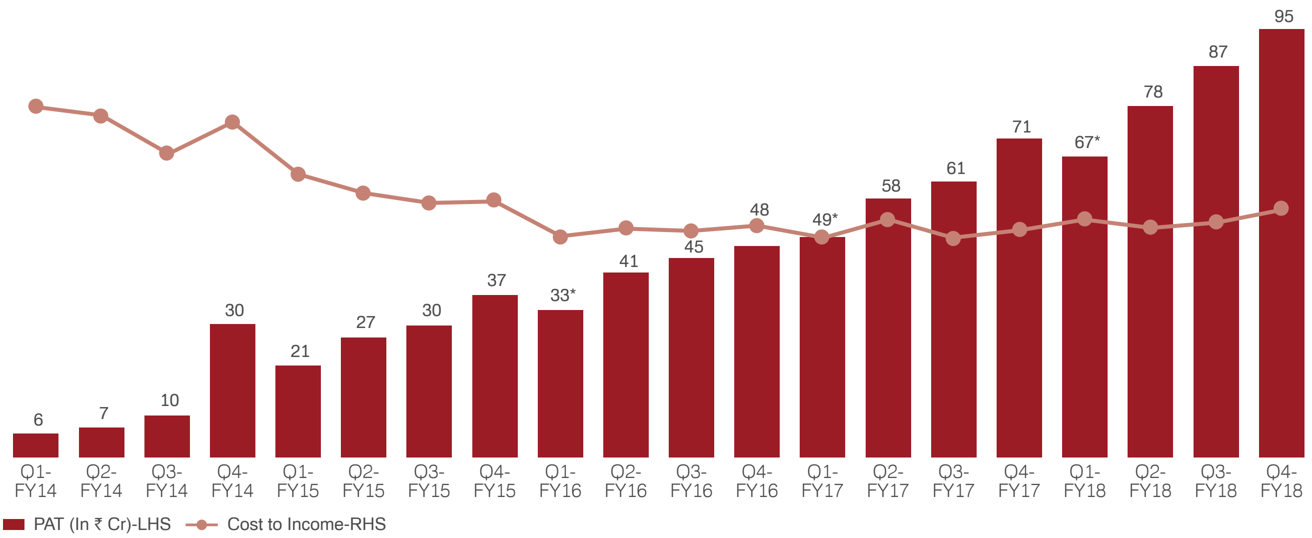


- Capital First's successful product launches made it a significant player in the Indian retail financial services landscape with its Retail Loan Book growing from ₹ 94 crore to touch nearly ₹ 30,000 crore as of September 30, 2018. Growth varied between 25-30% over the last 5-6 years.



- The company consistently grew its Net Profit over many quarters which was primarily driven by the growth in the Net Interest Margins due to higher retail asset contribution and moderation of the cost of funds. The cost-to-income ratio dipped from 76% to 50% within a span of 5 years.

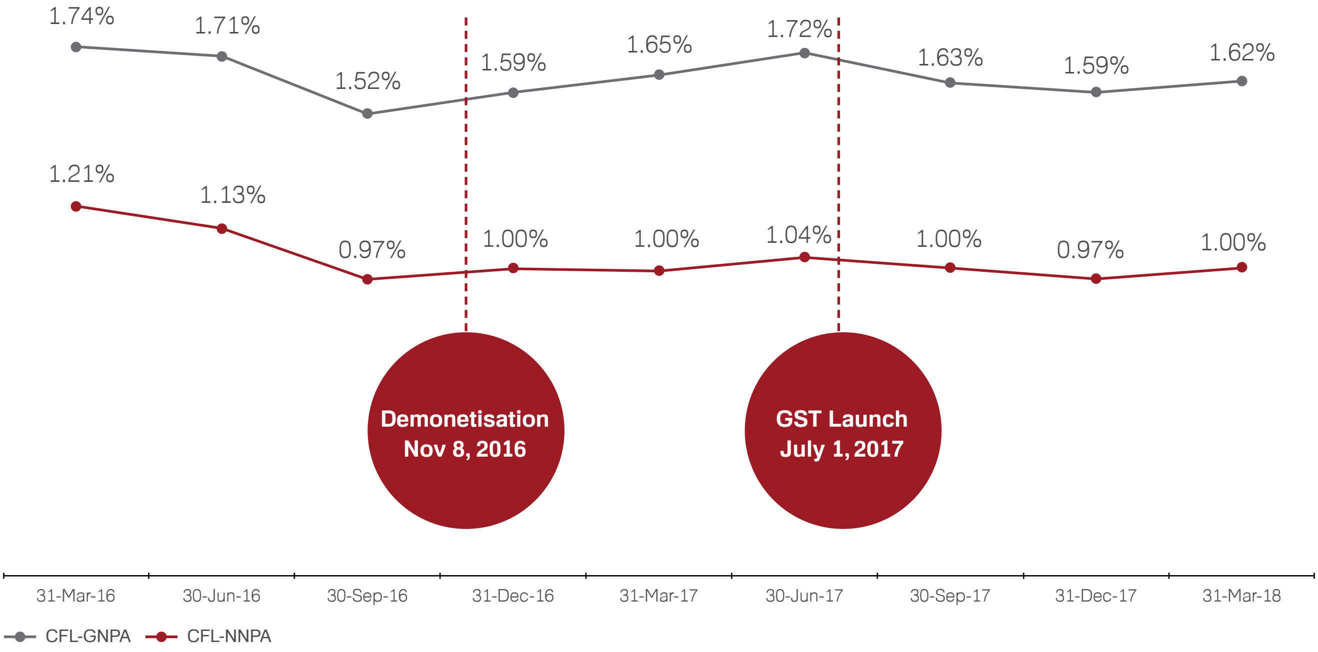
Profit After Tax has grown consistently with a CAGR of 55% in the last 5 years. In FY18 PAT growth was 37%



** Includes one-time impact of change in Standard Asset Provisioning Policy as per RBI guidelines*

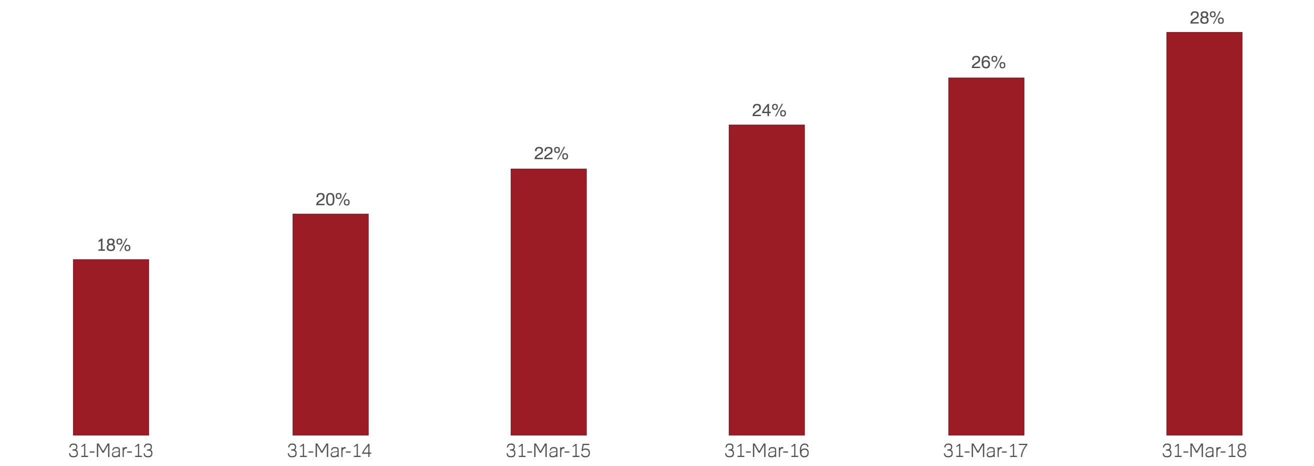
- Rigorous underwriting process helped in maintaining high asset quality. The credit performance of Capital First, over eight years, has been strong with Gross NPA not exceeding 2% and net NPA not exceeding 1% even during economic cycles and even through phases of interest rate hikes (2010-2014), Demonetisation (2016), and GST implementation (2017)

The Company reported NPA at 180 DPD till 2015, 150 DPD till FY16 at 120 DPD till FY17, and at 90 DPD since FY18 as per RBI norms. In order to enable easy comparability of NPA as a common scale, the NPA chart below has been compiled at 90 DPD basis for the last nine quarters.



- The dividend pay-out increased every year as the Company continued to grow its profitability and return ratios over the years.

Dividend (as % of face value per share)



Shareholders of IDFC Bank approved the merger with an overwhelming 99.98% votes in favour of the merger. Capital First shareholders too approved the merger with an equally overwhelming approval rate of 99.90%.

Strong net profit growth at 5-year CAGR of 55%
During the last five years, between FY13 and FY18, Capital First Limited grew its overall AUM with a CAGR of 29% and its Net Profit grew with a CAGR of 55% (FY18 PAT grew by 37%). During this period, the EPS for the Company grew with a CAGR of 30%.

Risks
However, the Company built its entire business model of retail lending on the basis on wholesale borrowing. This was risky in events of tight liquidity. To continue the growth momentum going forward, Capital First needed to diversify its liability base towards retail liabilities which could provide better pricing and sustainable availability of the long-term funding. As per the current regulatory environment, this was only possible under a banking platform which would have also enhanced the retail financing offerings of the Company.

Plans to convert to a bank; Proposed merger with IDFC Bank
Erstwhile Capital First evaluated applying for a banking licence to the RBI. However, this would take time even if it came through. In November 2017, IDFC Bank had a robust, technology-led, modern banking platform with

An Integration Committee Meeting in progress.

The Competition Commission of India approved the transaction in March 2018. Both the stock exchanges BSE and NSE provided their respective approvals in May 2018 for the merger.

high capital base for growth. With this, Capital First got the opportunity to continue growth on a banking platform.

Post the business and synergy discussions, legal and financial due diligence, both the entities came together and announced the merger on of January 13, 2018 with an understanding to merge with each other and shareholders of Capital First were to be issued 139 shares of the merged entity for every 10 shares of Capital First. Both the companies went through a series of regulatory filings and approvals thereafter.

Merger gets approved and completed

The Competition Commission of India approved the transaction in March 2018. Both the stock exchanges BSE and NSE provided their respective approvals in May 2018 for the merger. The Reserve Bank approved the transaction in June 2018 with No-Objection Certificate.

Shareholders of IDFC Bank approved the merger with an overwhelming 99.98% votes in favour of the merger. Capital First shareholders too approved the merger with an equally overwhelming approval rate of 99.90%. Such overwhelming approval rates for a merger were unprecedented for merger of listed companies in India.

Post the NCLT approvals received by both the entities in the first week of December 2018, the merger was consummated on December 18, 2018 and subsequently the new identity “IDFC FIRST Bank” was born.

Initiating integration of Capital First with IDFC Bank

Within the boundaries of the regulatory guidelines, the Companies, erstwhile IDFC Bank and Capital First Limited kicked off the integration and synergy efforts in 2018. Key integration teams were formed in various areas including technology, businesses, operations, risk, people management and other support functions which involved representations from both the entities. With the excellent efforts put in by these core integration teams without disrupting the usual business operations of both the entities, on December 18, 2018, the Bank started its operation as a combined entity through a smooth transition.

The strategy of the new bank is largely to superimpose the lending business model of the erstwhile Capital First on the excellent liability platform built by the erstwhile IDFC Bank. The Bank will also focus on the tech-led solutions on trade, forex, remittances, transactions and credit selectively for corporates. The foundation includes technology, branches and systems that could be scaled up from here.

IDFC BANK + CAPITAL FIRST = IDFC FIRST Bank

IDFC BANK

- Liability franchise base
- Pan India presence of 200 branches (Dec 18) and CASA of ₹ 2,800 crore (Dec 18)
- Strong technology platform
- High Capital Adequacy
- High Corporate governance
- Efficient treasury management
- Innovative digital banking and payment solutions
- Retail lending businesses
- Launched rural banking
- Diverse offerings across asset and fee product

CAPITAL FIRST

- Robust retail asset franchise in niche segments
- Analytics-driven technology platform and strong credit skills
- Presence in 220 locations with 102 branches
- High NIM
- Profitable & sustainable growth engine with five-year profit CAGR of 55%, (FY18 PAT grew by 37%), high RoE of 15%
- Highly asset quality with seasoned loan book of 8 years
- Granular book across retail including bottom of pyramid
- High Capital Adequacy
- High Corporate governance
- Customer base of over 7 million

IDFC FIRST Bank

- Strong Loan assets of more than ₹ 1,04,660 crore, as of December 31, 2018, right after the merger, out of which 35% of loans were in the retail segment
- Quarterly annualised Gross spread increased from 1.7% (before merger), to 2.9% post merger (Q3 FY19)
- Diversified asset profile
- Strong platform to grow retail deposits and CASA
- A large retail customer base of more than 70 lakh live customers including 30 lakh rural customers

The merger of IDFC Bank and Capital First has created a new bank that builds on the strengths of both institutions and positions the new entity for continued growth in the future.

In the Press

Economic Times, January 15, 2018

ET Q&A

RAJIV LALL
Chairman, IDFC Bank

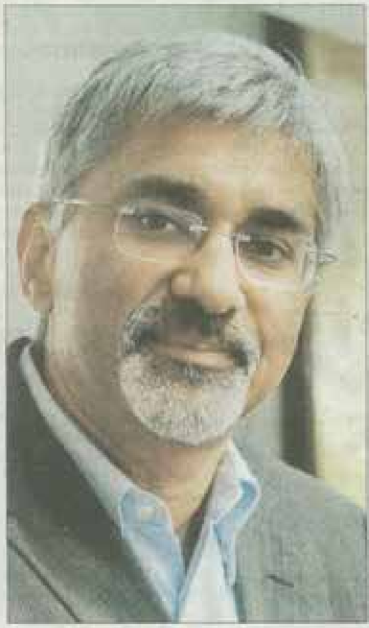
Betting on Vaidya Building a Bank that is Like no Other

In less than three months after snapping merger talks with Shriram Capital, IDFC Bank's chairman Rajiv Lall stitched up a deal with Capital First. In an interview with **Saloni Shukla** and **Shilpy Sinha**, Lall narrates the idea and hopes behind the deal. Edited excerpts:

Where was this marriage made?
This marriage was made on earth. I reached out to him and told him why don't we have a chat and then one thing led to another.

Why did Capital First and Vaidyanathan strike you when there are several other NBFCs?
All of you were asking me when I will get a retail head. Each time, I looked at the list of people running retail, his (Vaidyanathan's) name was on top of the list. So, this is perfect. Someone with Vaidyanathan's experience driving retail along with a full gamut of banking products, leadership qualities, building an institution – it's a very good package as far as our shareholders are concerned. Our stated strategy is aggressive retailisation, so we also get management heft to drive it, and it deals elegantly with the issue of succession.

Capital First gives only retail assets, but you needed deposits. How do you get that?
Acquiring liabilities is a marathon and it costs money to do it. You have to burn significant amounts of money to get a liabilities base. CASA (current account savings account) number is going up every quarter. We have good traction, but given the large size of our balance sheet, it will take time. The strategy dilemma that we faced at IDFC Bank was that while we were confident of building this franchise over time, the reality was it would take time and we were a listed entity. We got listed very early in our journey, we would have had to withstand significant periods of depressed earnings because we would have had to constantly invest huge amount of our earnings which were under pressure because of our corporate franchise.



ET ARCHIVES

what Capital First brings. Now, with these two things together, we have fused the entire range. We have now close to ₹3,000 crore exposure organically created towards Bharat Banking, and indirectly through acquisitions is even larger. With the use of technology, it is now possible to service much smaller ticket sizes in ways which are more profitable.

But what about liabilities...
Even on the liability side, it is my belief that it is possible to collect liabilities at much lower cost. If you are able to provide banking services at zero net cost, it is good for customer stickiness over time. I would wager that the 3 million happy customers of Capital First would give me a little bit of their money to put in a savings account. You need to first have a connect with the customer, then only you can start cross-selling. The most difficult thing today is to develop a

Economic Times, January 15, 2018

ET Q&A

V VAIDYANATHAN
Founder, Capital First

I Count on Dr Lall to Keep Books Clean, Make Provisions

Vaidyanathan built Capital First into a ₹20,000-crore retail franchise from scratch with funding from Warburg Pincus. The former ICICI Bank hand now prepares for a big role as the chief executive of the merged IDFC Bank-Capital First, which is yet to get a new name. In an interview with **Shilpy Sinha** and **Saloni Shukla**, Vaidyanathan describes what lured him into this deal and how he intends to build the bank. Edited excerpts:

Why do you need a bank when you are valued better at 3.5 times the book and a bank that is less than half of that?
It is not about price to book, but about longevity. Well-run banks also command fantastic premiums. I am very confident of the synergies a bank brings which is diversified, deep relationship, composite in terms of product suite and will last long. NBFCs are fantastic in identifying the niche and doing a great job at that. Funding for NBFC is at the end of the day largely wholesale. I do believe having a diversified source of savings is a must for lending. At some stage when assets reach ₹70,000 crore or ₹1 lakh crore, you would wish your deposit base, independent of any large institution, paid for it. We are a little too early in the game. We could have waited 3 to 4 years for the story to play out. Sometimes opportunities like these don't come every day.

How do you build a deposit base in such a competitive market?
If we have the right products and the right technology which suits the new generation of people and new kind of ecosystem that India has, we will get the deposits. Even the new banks like Bandhan have all got deposits. It is not that only the big boys get deposits. Our loan book itself is growing at 27-30%. That story on the lending side can continue for the next few years. Our challenge will be to raise liabilities. It is expensive, it is micro, it is hard work. But I don't worry about that. The good thing is it is low cost, stable and perennial.

ET ARCHIVES

track. I want to make companies which are black swan free.

Which is the best peace-of-mind bank which stands out as an example for you to emulate?
HDFC Bank is a peace-of-mind bank. What we are saying is there is peace of mind in other fronts. We want peace of mind in credit loss. I am looking to create peace-of-mind institution and that comes with retail. Wholesale lending is an important piece. We have to see, are we financing power plants, steel plants? If I have to lend today and predict the price of steel five years from now, I am scared of that. But if I am financing cash flow of a large institution, I am okay with that. If we do wholesale, we will do it for top-rated corporates with visible cash flows. Retail never blows you out.

But we have seen retail blowing up and

(Contd... from page 30)

ON FINANCIAL SYNERGIES

In less than 36 months, our existing high-cost funds start getting repriced. In the interim, our emphasis will be to build CASA franchise

So, couldn't wait to get there?
It is chicken or egg, right? To be able to invest and prepare for this marathon, we need to boost our earnings. You can also get liabilities by building a retail asset franchise that gives you higher NIMs, gives you good earnings, gives you customers to whom you can cross-sell. So that's the road we have strategically chosen. Capital First has 3 million active customers, close to 70 branches; we can expand that network and cross-sell our liabilities product to that customer base.

How is this different from Shriram?
If you go back to the Shriram deal, this is the SCUF (Shriram City Union Finance) bit of the deal. So the intent was to go after SCUF, but it came with all kinds of arms and legs attached, and that added to the complication. Here it is so elegant. Our stated strategy was to get a retail earnings driver engine with customers. And it is trying to reach a customer segment, which most other banks find difficult. The Shriram deal was also a learning. It was kept under wraps until the intent was made clear – the idea being that the actual swap ratio would be negotiated after the intent was declared. So, I learnt from that and said that unless we have a deal, we are not going public. After the Shriram deal, we didn't want any complexity. Let's keep it simple, let's keep it straight forward, may be you won't get everything in one sweep, but one step at a time, and you build momentum.

Where does this deal take you?
When we got our banking licence, we put a lot of importance on entering new customer segments and that is why the emphasis on Bharat Banking, which is one customer segment below connection with the customer.

What's the financial cost of regulatory requirements like SLR, CRR?
We overall require ₹5,000-6,000 crore as a result of this merger. We already have surplus CRR, SLR of about a little over ₹2,000 crore. So for us, to mobilise another ₹3,000-4,000 crore will not be a problem.

Why are you paying a premium to Capital First when the bank licence is more valuable?
That is not how it works in a marriage. We are not asking ourselves how much you paid to me, and how much I am paying you. Kotak Mahindra Bank paid a premium of 21.5% for its deal with ING Vysya. This is a very fair deal.

Will the merged entity be a retail bank, or another ICICI or HDFC Bank?
I have my view and Vaidya will have his. But I am betting on Vaidya building a bank that is like no other. Yes, you have a full range of businesses as a universal bank. But, I draw confidence and inspiration from the purpose which we ourselves, coming from the extreme end of the corporate spectrum, set out to do when we got the banking licence.

Have you christened the new entity?
We have not yet finalised it but we have had conversations, and it is fair to say that the broad thinking that there is an opportunity here to bring the strength of both brands together and create something fresh.

Have you worked out the financial synergies and how the book will look post the merger?
Financial synergies will emerge as high-cost liabilities gets repriced. In less than 36 months, our existing high-cost funds start getting repriced. In the interim, our emphasis will be to build CASA franchise. All these things will help systematically bring down the cost of liability.

What next for you?
Immediate focus is to get the merger done and guide a well-organised transition process. I will also see the new bank has the best possible chance of sustaining the success, and delivers on my dream of leaving behind an institution.

(Contd... from page 31)

ON WORKFORCE SYNERGY

We are more in a hiring mode than looking at people synergies. We want to make it explicitly clear that everybody has a job

Now that the rates are hardening, have you caught the best time to insulate yourself against it?

It is not a interest rate game. Interest rates going up by 50-80 basis points does not change anything for NBFCs. We have NIMs upwards of 8%. If interest rates go up by 50 basis points, it is only incremental borrowing and does not move the needle much. It is playing ahead of the time to get banking.

Did you look at other banks?

This was the first bank. It was spontaneous combustion. I am always thinking about how to build an institution that will last very long. For that, it has to be a bank. If I create a bank which is retail, growing at 25% per annum, return of equity of high teens, then it is sustainable.

So, will it be largely a retail bank?

The first thing that comes to my mind is long term; second, diversification; third, relationships; and fourth is sustainable profitability. Retail is going to be an important part of the story. What the existing institution has built is inheritance from the IDFC parent that migrated into bank. It is giving you a headstart into some profitability. Long-term future is diversified retail franchise. I get peace of mind running Capital First. In no quarter do I have to worry about a black-swan event. We can predict profitability of the next quarter with reasonable efficiency. When the leader has peace of mind, then the shareholders have it too. Our profitability is one-way

many including foreign banks burning their fingers?

In retail, there are largely four kinds of lines – mortgages, auto, personal credit to salaried segment – these did not have problems. In one or two years, in unsecured business, if there was a cycle, it was a learning curve for the industry. India's retail business has done really well if you look at the composite. You should take a niggle for 2008-09, but if you look at the 25-year cycle, it has never blown up. In the US or the UK, you will see advertisements asking people with bad credit scores to come to a particular lender. In India, they say you have a problem, don't come to me.

In any merger, human resources is the trickiest one. How would you handle it?

It is not tough for us. As far as people is concerned, two entirely complementary teams are coming together. We are carrying a large book of retail. IDFC Bank is more wholesale. We felt there was no overlap. We are more in a hiring mode than looking at people synergies. We want to make it explicitly clear that everybody has a job.

You are quite allergic to wholesale corporate finance, while IDFC Bank's book is made of that. How did you convince yourself to go with it?

When we looked at the book as part of financial diligence, the book is well provided for. There is good corporate governance that exists. It is a wholesale business, so I can never have a complete peace of mind. I will not be surprised if there is a blow-up tomorrow morning. I am counting on Dr Lall to keep the book clean and keep making provisions. The story is not about how wholesale book is, but are we getting into a liability platform that is stable and low cost? Are we looking at perennial organisation so that availability of funds is perennial? The answer is yes. Are we seeing runway for growth in India for growth opportunity in consumption side, the answer is yes.

Economic Times, January 15, 2018

PROJECT IDLI-DOSA

Cooked Over Curd Rice & Khichdi

MC Govardhana Rangan

Mumbai: On a pleasant November evening when Rajiv Lall was contemplating life after a broken engagement with Shriram Capital, the thought of the giant of Indian banking — KV Kamath — flashed across his mind. And with that, the man who he was introduced to years ago, V Vaidyanathan.

A moment after, Lall dialled Vaidya, and a courtship began even before the bitter aftertaste of a divorce with Shriram left his mouth.

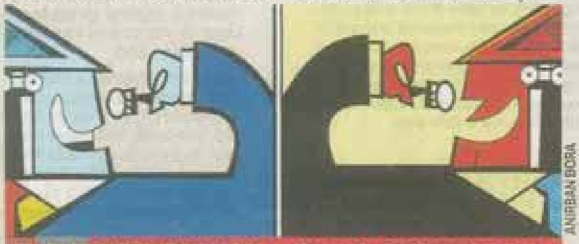
Both knew it was a marriage of convenience. Capital First's Vaidyanathan, who built his empire in the past decade by giving loans to retail and small businesses, knew all too well that long-time survival in financial services is assured only for banks.

And IDFC Bank was desperate to get someone who could build a retail franchise, especially when talent was hard to come by. Vaidyanathan, who built ICICI Bank's retail business and later repeated the success at Capital First — a non-banking finance company — fitted the bill.

So, the project — Idli-Dosa — was born when the chiefs of two institutions began discussions of a possible merger at central Mumbai's Four Seasons hotel which didn't have many prying eyes unlike at the picturesque South Mumbai's Taj or the Oberoi.

The first understanding was that they would neither walk in nor walk out together, and that there would be no investment bankers in the picture. But how did they pull it off?

"There's a deep trust in what Vaidya has done," said Lall. "Actually, we spent more time discussing the ethos, culture and the longevity of the institution rather than numbers," chipped in Vaidyanathan.



ET Q&A Rajiv Lall & V Vaidyanathan ▸▸ On Money Matters

Continued on ▸▸ MONEY MATTERS

Cooked Over Curd Rice & Khichdi

▸▸ From ET Markets Page 1

One thing they were clear about was to avoid complications, thanks to Lall's experience with the Shriram episode. For Vaidyanathan, who sold stock broking and foreign exchange at Capital First to focus on retail lending, the mantra was clear: "keep it simple".

As the two were determined to maintain secrecy, the five or six meetings they held were invariably late in the evenings, and even the menu was simple and repetitive.

Vaidyanathanwould nibble at his curd-rice, a favourite of most Tamilians, and Lall just stuck to Khichdi in all these meetings.

A dialogue was possible, thanks to Warburg Pincus' decision to prune its stake in Capital First to 34% from nearly 60%. That cleared the biggest obstacle that would have faced regulatory hurdle. With such a huge stake for a private equity firm in a bank, convincing the Reserve Bank of India would have been a Herculean task.

The status of both as operating companies without any other associates, or subsidiaries, to be dragged along helped them stitch the alliance quickly.

It is normal to believe that valuations and executive positions consume more time in any merger talk, but in this case it was the easiest part, with Lall choosing to be the chairman leaving the CEO's role to Vaidyanathan.

But there is still one unsettled issue between the two — what are they going to name the new born? Will it be First IDFC Bank, or IDFC First Bank? Probably, it would need some more curd rice and kichdi before they come up with a name.

Business Standard, January 14, 2018

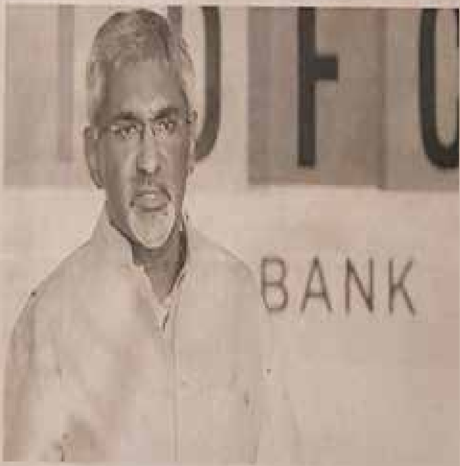
Sunday Business Standard MUMBAI | 14 JANUARY 2018 COMPANIES 3

'We're getting a person who understands retail'

Q&A

RAJIV LALL
MD and CEO, IDFC Bank

The merger with Capital First will drive home three years of growth at one go to IDFC Bank, said the bank's MD and CEO **RAJIV LALL** in an interview with Anup Roy. The succession of V Vaidyanathan in the bank is part of the strategy to drive retail growth, said Lall. Edited excerpts:



Why are you stepping down as the CEO of the bank?

As you know for sometime we have been looking for a head of retail to drive retailisation in the bank. This is really the best of all w[illegible] in the sense, we are getti[illegible]erson who really understands retail and not only retail, has also vast experience in general banking. He has a team building and institution building experience, and here I am able to step up and act like a mentor. It works for everybody.

Under the new leadership, will your vision of mass retailisation and aggressive acquisitions, continue?

The mass retailisation no doubt will continue. How much more acquisitions we will do will remain to be seen, but these are things that Vaidyanathan will have to think through. For now, focus will have to be on getting the merger fully done and making sure that the transition and integration is done properly. Beyond that we are not thinking of anything at this point.

How long the transition will take?

We are getting different estimates. We are planning about nine months.

Your shareholders will agree to this plan?

Our belief is that this is a very good deal because it really adds value. It accelerates the growth of the bank to gain at least three years. In the absence of this deal we would have depressed earnings because we would be invested in building our branch network and Casa (current and savings account) franchise. So this actually gives us again the best of both worlds. It gives us enhanced earnings and the ability to aggressively grow our Casa franchise. I believe our shareholders should welcome this.

Do you think this merger is a good replacement of your original plan with Shriram? Was that a better deal had it gone through?

The proof of the pudding is in the eating. So, a deal not done is not a good deal. A deal that is done is a good deal. This is a good deal.

Your future plans...

My future plans are related to focus on making this deal a success. There are time enough to contemplate on broader details.

THE HUB BANKING

NEW RIDER AT IDFC FIRST BANK

V. VAIDYANATHAN, THE NEW BOSS OF THE MERGED ENTITY, HAS HAD A GOOD RUN BUT NOW FACES CHALLENGES AND HIGH EXPECTATIONS.

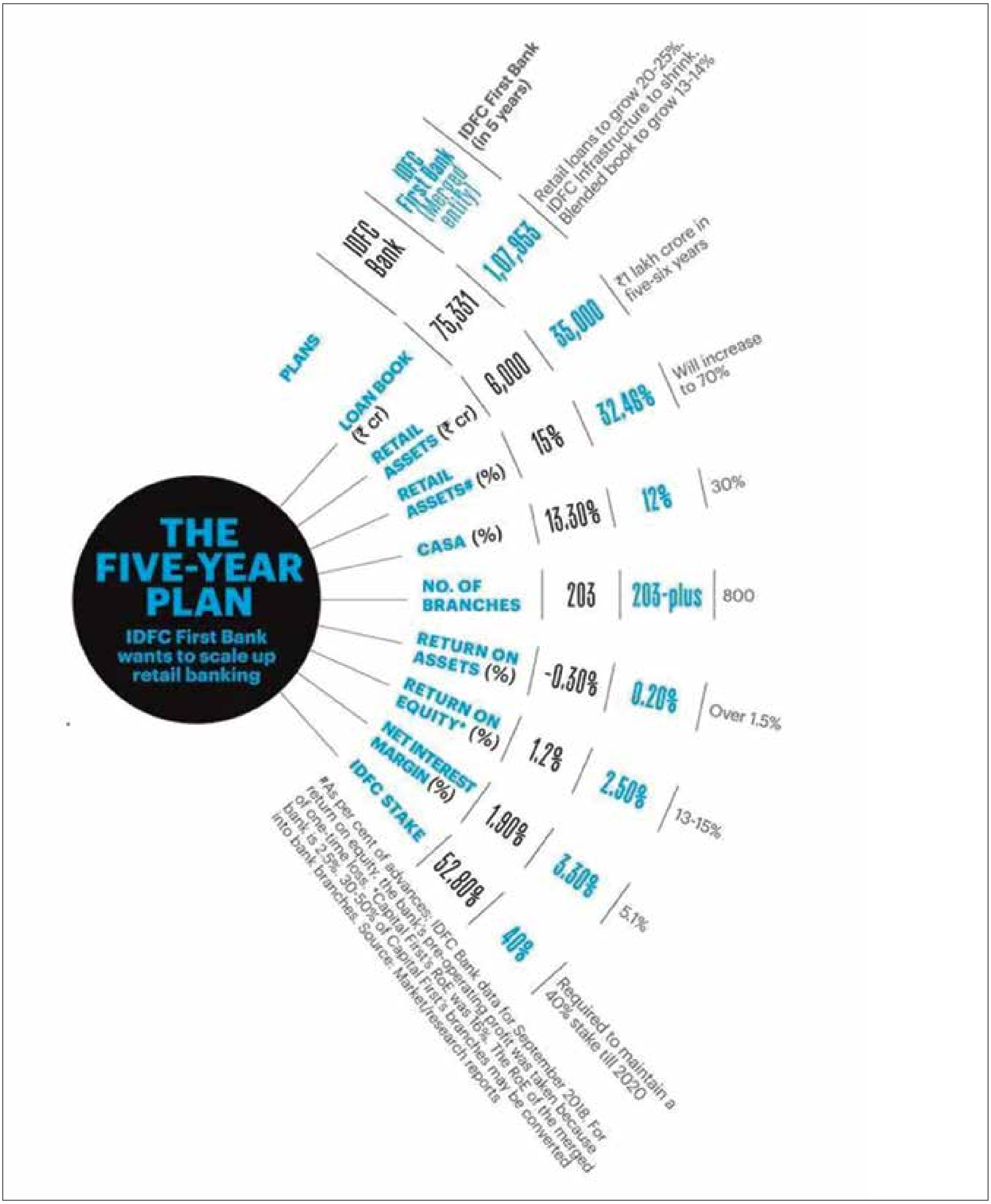
By ANAND ADHIKARI
Photograph By SHEKHAR GHOSH

"INDIA HAS SPACE FOR ANOTHER INSTITUTION ENTIRELY DEDICATED TO FINANCING SMALL ENTREPRENEURS AND CONSUMERS"
V. Vaidyanathan
MD & CEO, IDFC First Bank

S

ANDY WEILL, THE FORMER Chairman of Citigroup, now in his mid-80s, had an exceptional five-decade-long career during which he rose from being a professional to an entrepreneur to head the largest bank in the world. Weill sold his securities business to American Express for a billion dollars in the 1980s and also became the president of the merged entity. After leaving American Express mid-way, he founded a small finance company, and went on to acquire some big Wall Street names like Primerica, Travelers and Salomon. But his biggest kill was merging his entire business with Citicorp. After close to a decade at Citigroup, Weill hung up his boots as Chairman in 2006.

The latest merger of a non-bank finance company Capital First and IDFC Bank draws simi-



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Multiple Voices

Business Standard
MUMBAI | THURSDAY, 20 DECEMBER 2018

The Smart Investor

THE COMPASS

IDFC First's downside limited but challenges mount

Faster-than-expected loan growth could lift valuations for the bank

HAMSINI KARTHIK

Shares of IDFC Bank and Capital First were up 4 per cent each, after the announcement that the merged entity — to be called IDFC First Bank — has commenced operations.

The combined entity is headed by V Vaidyanathan, founder and chairman of Capital First.

Analysts believe that the IDFC Bank stock (Capital First is merging into this), which has shed 21 per cent over the last year, has bottomed out.

"Currently trading at around its book value, I don't see further downside for the stock," says G Chokkalingam, founder of Equinomics Research.

The question, however, is whether investors should be lured by valuations in anticipation of improvement in financials.

Compiled by BS Research Bureau

The Street is divided on this. Since its inception, the bank has worked its way in terms of deposit growth, loan growth and bad loans.

While the bank closed the recently gone by September quarter (Q2) in red with a loss of ₹3.7 billion, its net non-performing assets (NPA) has reduced from 1.6 per cent a year ago to 0.6 per cent.

Likewise, it has doubled its branch presence in a year to 203 branches, and increased the share of low cost current account-savings accounts (CASA) deposits to 13.3 per cent, from 8.2 per cent a year ago.

"As IDFC Bank has been investing in building processes, systems and infrastructure, the merger with Capital First will help build its retail franchise, bolstered by the latter's execution capability," said analysts in an Edelweiss Securities note.

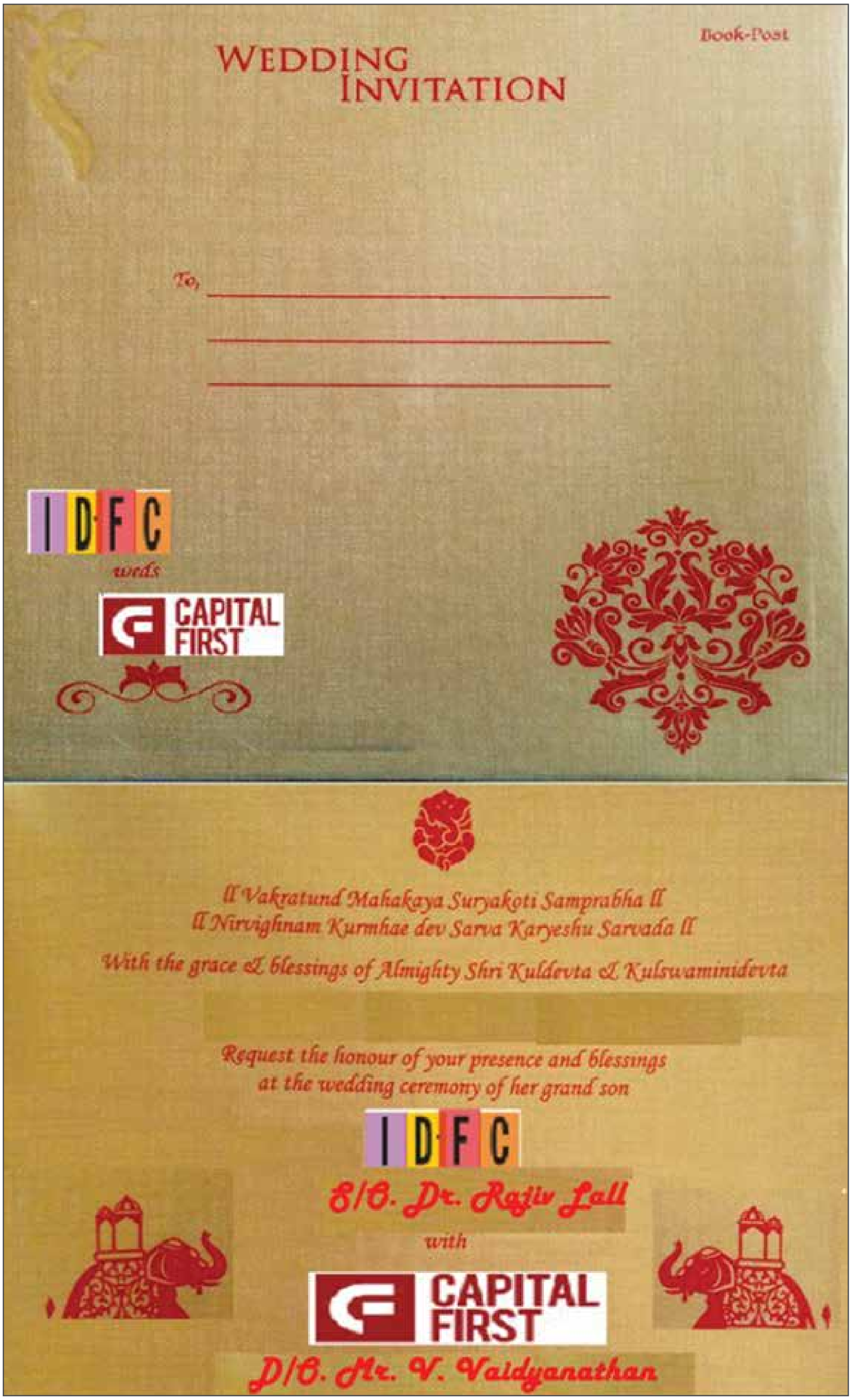
That said, those at Deutsche Bank Research feel the merger with Capital First will only be accretive on the asset side, with pressure on liabilities becoming more acute.

Even now, despite the increase in CASA ratio, IDFC First Bank's number is way below that of even the public sector banks on this metric.

On an average, the PSU banks maintain 33-38 per cent CASA ratio. Therefore the core operating parameters could remain under pressure given the planned expansion.

Chokkalingam also points out that while Vaidyanathan is an able leader who can take the bank to the next level, the intensity of penetration and competition could make his job challenging. Analysts say benign valuations will appeal only to long-term investors, as the bank faces multiple challenges over the medium term.

The social media was quick in its sense of humour about the merger and messages floated around quickly. We don't know who is the creator of this creative piece is, but even in the melee of the media, this piece of humour evoked laughter among us all!

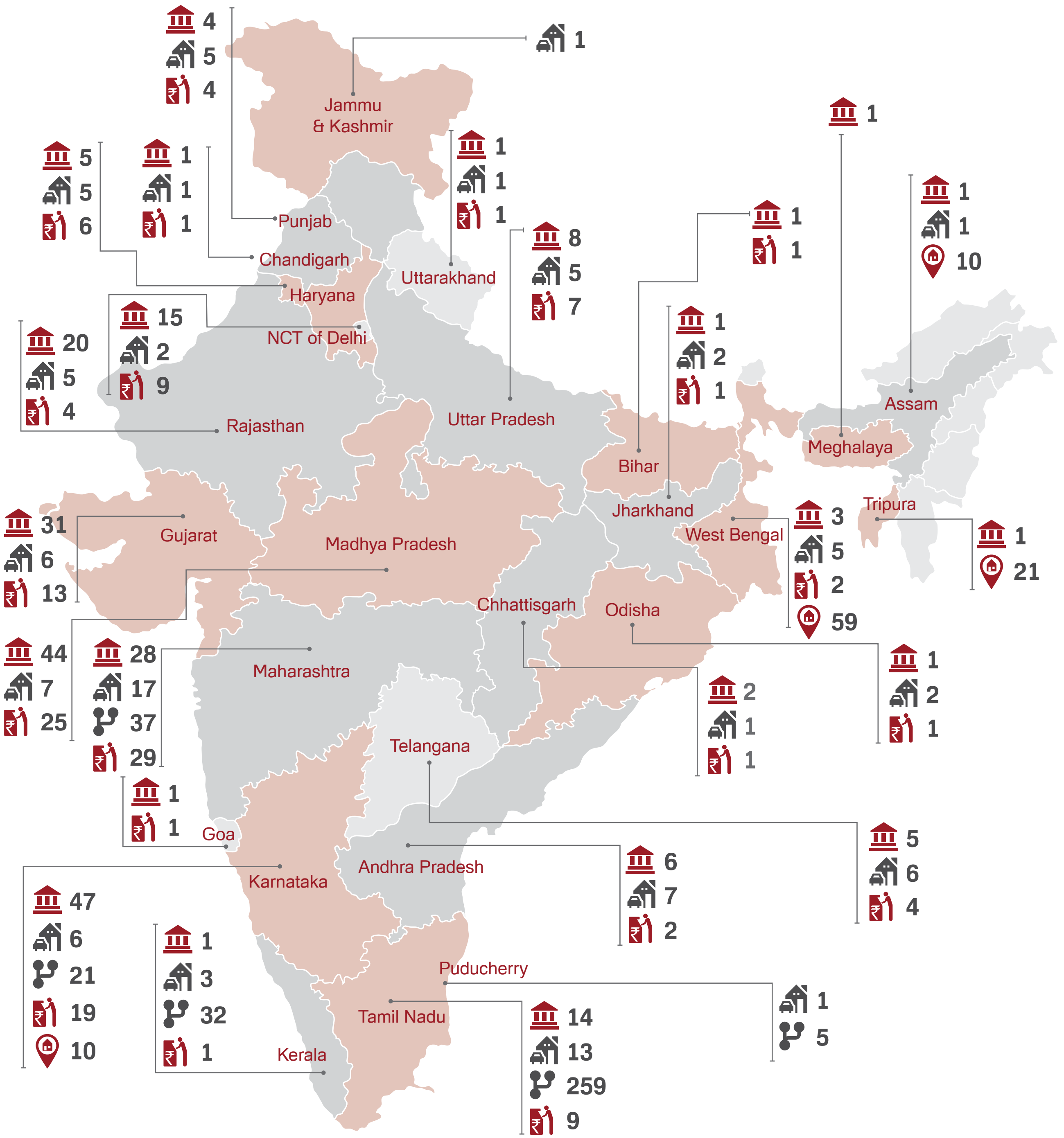


The listing of IDFC FIRST Bank shares on NSE

Employees across the country in all branches greet the merger with celebrations on Day 1 - December 18, 2018

Employees greeted the merger with great creativity and decorations across the country in all branches

New & Expanded Reach



Map not to scale. For illustrative purposes only.

242 Branches

102 Asset Service Branches

354 Rural BC Branches (IFBL)

141 ATMs

100 Other BC Branches

New Value Proposition

The merger creates a distinctly new value proposition and opens exciting business possibilities for IDFC FIRST Bank.

IDFC FIRST Bank now has the benefit of:

Robust retail product suite

- Instant and paperless opening of savings accounts, current accounts, NRI accounts, with no hidden charges
- Corporate salary customers of the Bank have access to digitised employee benefits and rewards solutions
- Demat accounts, fixed and recurring deposits
- Home loans, Personal loans, Two-wheeler loans, Consumer Durable loans, small business loans, forex products
- All-in-one feature-rich mobile app, user-friendly netbanking, 24x7 Banker-on-Call support, Digital Payment solutions
- Democratised wealth management services which makes managing investments easy

Diversified asset profile

- Retail Loans have increased to 37% of Total Loans (post-merger) from 10% as on March 31, 2018 (pre merger)

Strong growth in retail deposits and CASA

- Retail CASA + Retail Term Deposits, which together constitute core retail deposits, has grown 132% to ₹ 13,214 crore as on March 31, 2019, from ₹ 5,693 crore as on March 31, 2018
- Retail CASA + Retail Term Deposits as percentage of the overall liability book has grown to 9.41% as of March 31, 2019, from 5.40% as on March 31, 2018

Larger customer base

- More than 70 lakh live customers including 30 lakh rural customers

Growing distribution channels

- As of March 31, 2019, the Bank's distribution network comprised 242 bank branches and 141 ATMs, as compared to 150 branches and 115 ATMs (including white label ATMs) in the previous year. The Bank also has 102 asset branches (from erstwhile Capital First), 354 rural financing branches and 100 business correspondence centres.

Combined power of digital technology

- Unique analytics-led credit assessment system, mobile and internet banking of erstwhile Capital First allows for faster decision-making, and lending solution at bottom of the pyramid.
- Contemporary technology stack of erstwhile IDFC Bank, mobile & internet banking, enables speedy account opening for savings accounts, current account, NRI business etc. and overall setting up a platform for liability solutions.

Retail expertise and intellectual capital

- Diverse talent from two institutions to energise growth plans

Putting Customers First

IDFC FIRST Bank places customers ahead of everything else. We care for our customers. The theme is 'Always You First'. This culture of putting our customers first is helping us establish deeper and long-standing relationships with them, thereby contributing to their financial well-being.

(All pictures are of actual customers)

"I enjoy sewing and my talent used to help me take up small orders in my village. I wanted to scale up but was unable to obtain funds. I came across IDFC FIRST Bank and obtained a small business loan. It helped me employ people and thereby take on more orders. My sewing business is now a growing success!"

Lakshmi Sarathe,
Entrepreneur, Hoshangabad

"As a software technology company, engaged in data science, AI and machine learning, our teams are young, tech savvy. We started a corporate salary account with IDFC FIRST Bank and were delighted from the start. The account opening was instant and paperless, so payroll for our new joinees was never delayed. The mobile banking app was simple and user friendly. It's been a great experience."

Vishwas Mudagal,
Promoter, Good Work Labs - Entrepreneur, Angel Investor, Author – The Last Avatar, Motivational Speaker

"Yoga and dance have been a passion. After my post-graduation, I started work as a Yoga instructor and a dance teacher. I loved my work but it meant a great deal of commute. I used to borrow my sister's vehicle to make it to class in time. One day, I decided to borrow from a bank instead and own a vehicle. I secured a two-wheeler loan as a first-time borrower from IDFC FIRST Bank. I now own a Suzuki, zip to classes and save time."

Deepti Pathey,
Yoga and Dance Instructor, Nashik

"I started Krushna Bhakti Pooja Bhandar & General Store over 7 years ago. However, upkeep of the place and stocking inventory needed funds, which I had no access to. The small business loan from IDFC FIRST Bank helped me furnish the store and expand my business. This gave my family additional income and made me a successful entrepreneur."

Jyoti Shirsath,
Shop Owner, Ahmednagar

"The inlay of silver and gold in antique handicrafts is a difficult task and I have spent a lifetime doing it. My profession paid me well but it wasn't just enough to buy a home. It was my dream to own a house. But as a self-employed person, it was difficult to get a bank loan. A friend then introduced me to IDFC FIRST Bank. I got a home loan from the Bank and I now have an independent house that I can call my own."

Navratan Thanthera,
Craftsman, Bikaner

"Life as a medical professional is busy and challenging. Our current account and savings account with IDFC FIRST Bank helps us manage our day-to-day finances in the most simplest manner through the Bank's mobile app, netbanking and its doorstep banking facilities. We've never had to visit a branch."

Dr. Gaurav Gupta,
Internist - Critical Care at Breach Candy & HN Reliance Hospital, Dr. Meghna Oza, Paediatrician, Mumbai

"In an import business, we look for bank that provides speed, 24x7 service and is digitally savvy. I chose IDFC FIRST Bank and have been using their digital banking services for efficient remittances and for transacting on-the-go."

Gaurav Khatri,
Businessman, Big Imports and Gifts, Mumbai

"Starting up a restaurant business was an ambition I had pursued for long. But for entrepreneurs like me, it is not easy to secure working capital. A Loan Against Property from IDFC FIRST Bank enabled me to start Kitchen Stories, a restaurant in the most happening area of Pune. Footfall is high and my business is now turning into a success story."

Aditya Satpute,
Proprietor, Kitchen Stories, Pune

"The world of fitness always interested me. After completing my engineering and management, I decided to deviate into a completely unrelated area – fitness. A business loan from IDFC FIRST Bank enabled me to buy land and start, what is today, Nashik's coolest gym."

Vinod Waghmare,
Proprietor, New Xpose Fitness Club, Nashik

"I am engaged in the fabrication business and have to manage cash flows tightly. When I needed to buy a refrigerator and an LED, I looked for financing which would help me manage my monthly budget better. I purchased both appliances with an instant consumer durable loan from IDFC FIRST Bank. The new conveniences have brought a lot of joy to my family."

Gorakh Aher,
Businessman, Nashik

I used to make bricks on a very small scale and the money I earned used to supplement the family income. Someone told me about IDFC FIRST Bank and I approached them for a loan to expand my business. After I secured a loan from IDFC FIRST, I was able to not only grow my business and income, but also employ others in my village. I am happy that my endeavour has augmented the income of even other women in my village."

Sunita Triloki Kumar,
Bandrabhan, Entrepreneur, Madhya Pradesh

Beyond Business: **Enabling Social Transformation**

Creating social value is integral to our existence. The Bank's Corporate Social Responsibility programmes have brought a positive and sustainable impact in the lives of socially under-served communities.

Social inclusion, be it of students, women and communities, was the broad theme of your Bank's CSR efforts in FY19. Our programmes focussed on improving people's lives, giving them an opportunity to succeed, and helping them become resilient to life's challenges in the future. Your Bank's corporate responsibility mission is focussed on four areas: Education, Livelihoods, Women Empowerment and Health. We look for programmes that have the potential for long-term sustainability and where we can add value beyond financial support. We have been able to successfully work with select impact partners on influencing their strategy, partnering on advocacy programmes and supporting in on-ground implementation.

Education: Equal opportunities to succeed

Our initiatives in the education space focus on supporting the most vulnerable communities with the access to quality education across different fields. We support youth from poor socio-economic backgrounds, youth with disabilities and those from shelter homes, to name a few. Our approach includes offering direct scholarships along with partnering with non-profits to reach underserved communities.

Flagship MBA Scholarship Program

Background

Our flagship programme under this theme is the **MBA Scholarship Program**. Under this, we provide scholarships of ₹ 1 lakh a year for two years to full time MBA students who secure admissions in B-schools on their own merit, but are unable to fund the fees due to socio-economic background. We provide scholarship for such successful students with family income of less than ₹ 6 lakhs.

IDFC FIRST Bank CSR team with Mrs. Kala Sridhar, former AVP of Centre for Continuous Employability, IFIM Institutions

Impact:

163 students from top 100 B-schools across 22 states of India have been awarded the scholarship this year.

22 states of India have been covered for the scholarship this year.

Scholarship for education in Mental Health

Background

We facilitated capacity building for faculties teaching mental health and supported scholarships and stipends for students pursuing their Masters in Mental Health Studies from **Banyan Academy of Leadership in Mental Health**. The support helped cover travel, living and other expenses for people from weaker economic backgrounds. Stipends and scholarships were awarded to students pursuing any of the following courses from the Institute:

- Mental Health Studies
- Diploma in Community Mental Health Care
- Masters in Applied Psychology & Buddhist Studies
- Students working with Vulnerable Children

Students of Diploma in Community Mental Health Studies supported by IDFC FIRST Bank at their graduation ceremony

Impact:

62 students

from economically disadvantaged backgrounds were given scholarship this year which helped them sustain the cost of Mental Health education and complete their degree successfully.

Aspiring Life Scholarship

Background

This unique programme aligns with the Bank's commitment towards making our society inclusive for persons with disability and integrating them into mainstream. In partnership with **Bubbles Centre for Autism,** we supported scholarships for students with autism who could not afford the cost of intervention given their economically disadvantaged background.

We also supported life-skills training to help young adults with autism cope with the uncertainties of life, these trainings were conducted across different settings away from home. To meet this objective, an adventure camp was organised to expose them to environmental stimulations and help them learn problem-solving, fitting in the general workplace environment, through systematic exposures in controlled excursions and overnight stays away from familiar set-up.

To raise awareness about autism, we also supported making of short films in and around the subject of autism and shared them on our social media and communication channels to create awareness about the capabilities and challenges of a person with autism among the masses.

Mr. V. Vaidyanathan, MD and CEO of IDFC FIRST Bank with students of Bubbles Centre for Autism at the theatre production of 'Jungle Book'

Impact:

59 students

were supported with scholarships to pursue their education and skills training at Bubbles.

- The Bank sponsored the Bubbles Theatre Program which was held in Bengaluru in January 2019. The students of Bubbles Centre for Autism performed on a special edition of 'Jungle Book'. This is a one of its kind initiative in the country by Bubbles Centre for Autism where theatre was used for therapy and performing arts for advocacy and awareness on the subject of autism.
- In our volunteer engagement 'Buddy Sports program', 25 employees from the Bengaluru branch got an opportunity to play cricket and basketball with the youth of Bubbles in an inclusive manner at an indoor sports centre in Bangalore.
- We supported 'Bubbles Centre for Autism' with funding for video-production for an advocacy series on autism and livelihoods. These films are screened on-ground and on-line as an advocacy initiative to influence corporates, NGOs, parents of youth with autism and other important stakeholders.

Ashoka University Scholarship

Background

In our endeavour to make high-quality education accessible to deserving students irrespective of their socio-economic backgrounds, we supported need-based scholarships for students enrolled in Young India Fellowship programme of **Ashoka University**. This programme brought together a group of individuals from across the country and trained them to become socially committed agents of change. This is part of our effort to support inclusion and gender, geographic, cultural, socio-economic diversity.

Impact:

19 students

of the Young India Fellowship were supported by us. The support was used towards their tuition and accommodation fees thereby relieving them of financial stress of sustaining their education.

IDFC FIRST Bank CSR team with Young India fellowship students 2018-2019 at Ashoka University campus

Aftercare Program

Background

This programme is run in partnership with **Make a Difference** and ensures youth from shelter homes complete their education and are able to pursue their chosen career paths agnostic of their financial backgrounds. The Aftercare programme provided support to young adults in the form of reliable mentorship after they left their shelter homes and were admitted to college or when placed in a job.

Impact:

21 **students**

from shelter homes across five cities in India : Bengaluru, Coimbatore, Chennai, Mumbai and Mysore were supported by us.

- We also conducted a sensitisation workshop at our Bengaluru branch to throw some light into the lives of children in shelter homes and how our employees could make a difference in their lives in their your own capacity.

Students of Aftercare programme at Make a Difference in discussion with their mentors

Voice of Impact

I am a disabled student with many financial responsibilities. My family has always supported my dreams. But when I got through IIM, I was apprehensive as the tuition fees were high. I didn't want to let go of this golden opportunity, so I decided to apply for the IDFC FIRST scholarship.
I believe that getting awarded by IDFC FIRST Bank is recognition in itself, which I can proudly present to others.

Valli Lakshmanan

MBA scholarship awardee, Indian Institute of Management, Kolkata

I belong to an underprivileged community. My mother is the only breadwinner of my family. With her limited income, she has been supporting my education. This scholarship has helped me reduce my mother's financial burden. It would have been very difficult to complete my studies without it.

Rashmi Aakode

Scholarship awardee studying M.A. in Applied Clinical Psychology from Banyan Academy of Leadership in Mental Health

Women Empowerment: Enabling economic independence and social inclusion

Under this theme, we support programmes that have a special focus on economic and social empowerment of women. We do this in partnership with non-profits and incubators supporting women entrepreneurs creating social impact.

Self-Shakti Program

Background

'Self-Shakti' is a women empowerment programme in partnership with **Buzz India Trust** under which we supported training of women on basic principles of financial literacy, elements of personal growth and entrepreneurship skills across 92 villages of Karnataka.

Impact:

2,534 women

from low-income families of Kolar district in Karnataka were trained through this program.

- Bangalore branch employees were invited to the launch of this programme and also volunteered for a 'Buzz Buddy Program' wherein they met the trainees at Kolar and engaged in conversations with them to understand their challenges, difficulties and impact of the program. The objective of this activity was to help them evaluate how they could add value to the lives of these women and mentor them to expand and run their business.

IDFC FIRST Bank employee volunteers at the Launch of Self-Shakti programme in partnership with Buzz India Trust

Social Entrepreneurship Program

Background

In our endeavour to drive change through innovation, we supported **Tactopus Learning Solution Private Limited**, a women-led social enterprise that develops tactile kits and interaction tools for students with visual impairment. Tactopus makes audio-tactile learning resources which though are primarily designed for children with visual impairment but can be useful for children with developmental delays and learning disabilities too.

A child with visual impairment learning numbers using Tactopus's tactile product kit

Impact:

- The support has been extended in partnership with **Social Alpha**, a technology business incubator which supports social enterprises. The funds are currently being used to develop proprietary interaction content that would be worth five years of curriculum and will be deployed in at least 180 blind schools, while making 3,900 Schools inclusive.
- We are also working closely with the Tactopus team to guide their go-to market strategy, brand building and developing their theory of change.
- This programme has been featured in the Stanford Social Innovation Review for its model and approach focusing on sustainability.

Saksham

Background

This programme aims to upgrade skills and livelihood potential of underprivileged women residing in urban slums of Mumbai through a systematic tailoring internship in a 'learn and earn' format. We run three centres in partnership with **Animedh Charitable Trust** at Jogeshwari West, Mahakali Caves and Vashi that are strategically located inside slum communities.

Mr. Pankaj Sanklecha, CFO & Head-Corporate Centre and CSR team of IDFC FIRST Bank felicitating women trainees of Project Saksham, Vashi centre

Impact:

314 **women**

from low-income groups underwent training across all our Saksham centres and have started working in tailoring units or started their own business from home.

- On this International Women's day, we felicitated our women achievers at the Deeva Excellence Awards. The event included certificate distribution to Saksham's graduate trainees and handing-over a cheque of ten thousand as prize money to the Superdeeva awardee for her dedication and unwavering commitment to fighting the odds and earning a living for herself and her family.
- This year, we also started a Pilot Project Saksham 4, which was the rural extension of Project Saksham and provided vocational training and guidance to Adivasi women in six villages of Dadra Nagar Haveli to enable them to become self-sufficient through livelihood activities like Animal Husbandry and Organic Farming.

Voice of Impact

At Tactopus, we have spent the past two years working closely with a wide community of teachers and parents of children with vision loss and learning disabilities. The funding support from IDFC FIRST Bank has helped us refine the prototypes and produce the first batch of books for launch. With continued support, we're now able to focus on creating more of the content that the community has expressed need for. The faith and confidence of the Bank has helped us turn a promising idea into the fully functional product that many blind and sighted children actively use today.

Chandni Rajendran
Co-Founder, Tactopus Learning Solution Private Limited

Kartika who has difficulty hearing in both her ears, started training at Project Saksham, programme supported by IDFC FIRST Bank. She was keen to learn how garments were made. Due to her hearing impairment, she was given instructions in writing. "I never thought I would be able to work in an environment like this," says Kartika. Now my hearing disability does not stop me from achieving economic success.

Kartika
Trainee at Advanced Tailoring course run by Animedh Charitable Trust

Livelihoods: Fostering skill development and entrepreneurship

We partner with various non-profits who provide Livelihoods training and support to marginalised communities in urban and rural India. Our programmes range from supporting skills training to developing entrepreneurship programmes.

Entrepreneurship Program

Background

This programme in partnership with **Pratham Training Institute** helped women from economically disadvantaged backgrounds living in slums or rural areas to undertake entrepreneurship activities in beauty services. This was an example of a self-sustaining model where our grant money was given as interest-free seed capital to the entrepreneur and was repaid over a period of two years to Pratham Institute. We aim to reinvest this funding pool into a new batch of beauty business owners. The women we support are from low-income groups living across Mumbai, Nashik, Nagpur, Indore, Dhamtari and Bareilly.

Women Entrepreneurs of the Beauty Entrepreneurship Program at Pratham Training Institute

Impact:

42 women

were supported with a seed capital of up to ₹ 50,000 to help them set up their beauty salons

Vocational Training & Women Entrepreneurs Program

Background

With an aim to skill the youth and help them gain meaningful employment, we supported the Vocational Training Program in partnership with **ETASHA Society** which trains youth from urban slums of Delhi and imparts them with sustainable and marketable skills for securing employment.

We also supported the Women Entrepreneurs Program which empowered underprivileged slum-dweller women of Mangolpuri and Sultanpuri by enabling them to set-up and run profitable self-owned business enterprises thereby helping them earn income. Under this program, women formed groups to share entrepreneurial roles in terms of investing their resources, time and skills for a jointly owned enterprise where decision-making was shared.

IDFC FIRST Bank CSR team with staff of ETASHA society and the women entrepreneurs of Women Entrepreneurship Program in Delhi

Impact:

147 **women**

in total have been supported under the Vocational Training Program and Women Entrepreneurship Program

- Five women-led enterprises were set-up for the following trades - Assembly & sales of LED bulbs and light fittings, repackaging & selling of spices, catering of office lunches and snacks for parties, manufacturing and retailing of handmade soaps & manfacturing of fashion accessories & garments.
- Employee volunteers of our Delhi branch attended the launch of 'Women Entrepreneurs Program' and engaged with the women of ETASHA to learn more about the programme and ways in which they could contribute to this program.

Social Action for Manpower Creation (SAMPARC)

Background

We supported **SAMPARC** Industrial Training Institute and Vocational Training centre to train rural school dropout youth in and around Lonavala and to help them gain employment in nearby industries in Electrician and Welder Jobs.

Students of Vocational Training programme at SAMPARC during a classroom session in Lonavala

Impact:

42 students

were trained in ITI and welder jobs. To ensure 100% placement, SAMPARC Vocational Training Centre has partnered with D.Y. Patil Academic Education Excellence Federation, Pune.

- We also supported the yearly 'Heritage Walk' organised by SAMPARC that is aimed at creating awareness among people about the historical importance and architectural significance of our heritage monuments.

Football program

Background

The 'Football program' in partnership with **OSCAR Foundation** educated young adults and imparted them with life-skills using the medium of sports. This sports-based life-skills programme for marginalised students recruited and trained youth and volunteers from the slums and coached them in football. Here, sports was used for development and to move children out of poverty by nurturing them from childhood to adulthood using football as a medium to bring about behaviour change. These young adults were given exposure to better opportunities and encouraged to attend schools.

Students of Football programme at OSCAR Foundation during a match

Impact:

73 students

attended 41 football and life-skills sessions which included lessons on self-awareness, assertiveness – confidence, creative thinking, leadership and the importance of education.

- Our support helped start a new 'Development through football' project in Bandra and to sustain the existing project at Cuffe Parade.
- The students who were divided in three batches received a football jersey each. This will be followed by distribution of football shoes in the coming year.

Om Creations Trust

Background

We understand that development can only be sustainable when it is equitable, inclusive and accessible for all and acknowledge the fact that 'women with disabilities' suffer a double discrimination, both on the grounds of gender and on impairment and thus partnered with **Om Creations Trust** to support training of women with Intellectual disabilities. As part of this program, we supported monthly stipends of women who were being trained in production of a wide range of art and food products. This created a supportive environment which allowed them to earn and contribute to their households.

IDFC FIRST Bank CSR team interacting with trainees of women with intellectual disabilities programme in partnership with Om Creations Trust

Impact:

56 women

we supported made 95,529 ceramic/art and 46,702 food products.

- The women beneficiaries successfully delivered an order that they received from Israeli consulate for National day customised gift bags, chocolates and Challah breads.

Om Abode

Background

Om Abode, a self-sustainable social innovation centre in Karjat developed by **Om Creations Trust** is a multi-functional residential campus to train young adults with intellectual disability and to gainfully employ them in different areas. This centre has been built by Om Creations Trust and provides women with intellectual disability with a special environment and the right training and amenities to live independently and participate fully in all aspects of life and development.

IDFC FIRST Bank CSR team with Dr. Radhike Khanna, Founder and Trustee discussing launch of Om Abode

Impact:

8 staff member

salaries were funded by the Bank. The team comprised of special educators, trainers and care-staff who work with adults with disabilities to turn their capabilities into a means of sustenance and income.

Lighthouse Program

Background

We supported the 'Sustainable Livelihood Program' which is run through physical centres called 'Lighthouses'. This programme skilled the underprivileged youth from slum community of Aundh, Pune, and assisted them in placements to enhance their employability and livelihood opportunities. It involves a multi-disciplinary project with a holistic approach to skill development. These centres are run in partnership with **Pune City Connect** and **Pune Municipal Corporation**.

Impact:

188 **students**

underwent the training programme which consisted of a foundation course of 40-50 hours followed by one-to-one counselling, market exploration session and skills training.

- The trainees were encouraged to take up placements, start their entrepreneurial journey or pursue higher education as the case may be.

IDFC FIRST Bank CSR team at Aundh Lighthouse with the team of Pune City Connect

Digital Empowerment Program

Background

We supported digital literacy training of those enrolled in the 'Digital Empowerment Program', run in partnership with **Pune City Connect** and **Pune Municipal Corporation**. The objective of this programme was to impart digital skills required for day-to-day functions of life to youth and adults from slum areas of Pune. We supported five digital empowerment centres across the Pune city in Janata Vasahat, Bopodi, Sagar Colony, Kothrud, Jai Bhawani Nagar & Aundh.

Dr.(Mrs.) Brinda Jagirdar felicitating graduate trainees at the 1st anniversary celebration of Digital literacy centre at Bopodi, Pune

Impact:

3,000 **people**

across the five centres have undergone training

- Dr.(Mrs.) Brinda Jagirdar graced the 1st anniversary celebration as Guest of Honour for the event of the National Digital Literacy Mission (NDLM) centre funded by erstwhile Capital First in Bopodi, Pune

Shwetdhara Program

Background

Shwetdhara is a rural livelihood enhancement programme which promotes dairy farming among small and marginal farmers in rural areas of Rajasthan and M.P. This programme helped increase livelihoods and income opportunities for the farmers by increasing the milk output of their cattle. This program, is carried out in the catchment areas of our rural bank branches. We are currently operating in two states in partnership with three organisations namely **Vrutti, CARD and End Poverty**.

Gram Sakhi and other field staff during training in Madhya Pradesh

Impact:

800 trainings have been undertaken at the community level to disseminate best practices on dairy farming. These trainings were focussed on key aspects of dairying like breed improvement and nutrition. The capacity building exercise is complemented with mechanisms that promote behaviour change among farmers.

- Over 200 Shwetdhara groups met every month to discuss the best practices in dairying. This process was duly supported by a cadre of village level women volunteers called the Gram Sakhis.
- 7 Pashu Vikas Kendras (PVK) were established which acted as resource centres manned by a veterinary doctor and extension officers.
- The programme enabled over 10,000 rural households across over 200 villages, access good quality inputs and services required for effective dairy farming.
- During the year, the Artificial Insemination Technicians (AITs) engaged with the programme have provided around 5,000 breed improvement services.

Voice of Impact

After joining OSCAR's Football Programme, I feel very inspired to study and to attend school regularly. My two sisters Pooja and Poonam who live in the same community represented OSCAR in the UK Schools Football Tour 2018 and also had the opportunity to go to Russia and be a part of the FIFA Foundation Festival during the FIFA World Cup 2018. After this my parents became supportive of me joining the OSCAR Football program. I express my sincere gratitude to IDFC FIRST Bank as because of their support I get to learn new things, and explore new places. Because of this program, I am experiencing a new life.

Radhika Verma

Student at Colaba Municipal School and trainee at OSCAR foundation

This training has helped me a lot. I got to understand about the market and its trends. Now I feel much more confident to step out and set up a stall to sell our products on my own. Now my family supports me in participating in events and in going to markets for purchasing raw materials. I feel much more confident as I am able to do things on my own and don't have to depend on anyone. Earlier I was not doing anything and I was just sitting at home but now I also have a goal to expand my business and wish to contribute to my family income.

Ms. Meera

Co-owner of Sahas Mahila Udyog and trainee of WEP program

Health: Cleaner surroundings for a better life

Project Swachh Worli Koliwada

Background

This is a programme started in partnership with **G5A Foundation for Contemporary Culture** and **Brihanmumbai Municipal Corporation**.

Apart from creating awareness, the programme also involves locating community bins at the identified spots along the shoreline, setting up composting pits within the community where the bins carrying the organic waste will be offloaded. All of this forms a part of the larger Solid Waste Management Plan.

Mr. V. Vaidyanathan, MD and CEO of IDFC FIRST Bank at G5A Foundation for Contemporary Culture with volunteers and crew of theatre production 'Utterly Gutterly Atrocious'

Impact:

500 residents

have undergone various sessions on behaviour change and basics of solid waste management.

- An audit of 1,040 households was conducted and 1,099 households were surveyed.
- In our effort to bring about social transformation through arts, we also supported a theatre production titled 'Utterly Gutterly Atrocious" produced by G5A in collaboration with Aarambh Mumbai. The play which is a take on the classic hare and tortoise story satirises our society's attitude to waste, class and caste featured children from Worli Koliwada who had little or no experience in theatre prior to this production. Mr. V. Vaidyanathan was the Chief Guest for the evening and he expressed his support towards the programme as he thanked all the artists for putting up a great show.

Voice of Impact

Project Swachh Worli Koliwada will prove to be beneficial for the residents of Worli Koliwada. Plastic and waste is not only impacting our surroundings, but also fishing trade and marine life. Thus, the project by G5A Foundation for Contemporary Culture and IDFC FIRST Bank is timely and has our full support. Awareness plays an important role in the success of a project. So we are committed to doing our bit.

Harishchandra Nakhwa

President - Nakhwa Machhimar Cooperative Society and resident of Worli Koliwada community

There is a difference in how theatre sessions are conducted in college and here. We don't have games and sports as a part of theatre in college. Here, they taught us how to speak, to modulate voice, indentation, eye contact with people, and trust your fellow actor.

Prajyot

community member and participant of theatre play directed by G5A and supported by IDFC FIRST Bank

Board of Directors

DR. RAJIV B. LALL - *Part-Time Non-Executive Chairman*

Dr. Rajiv Lall is the Non-Executive Chairman of IDFC FIRST Bank. He was the Founder MD & CEO of IDFC Bank from October 1, 2015, till December 18, 2018. Previously, he was the Executive Chairman of IDFC Limited. A veteran economist for 30 years, Dr. Lall has been an active part of the finance and policy landscape, both in India and internationally. In his diverse career, he has also held leadership roles in global investment banks and multilateral agencies.

MR. V. VAIDYANATHAN - *Managing Director and CEO*

As a career banker and entrepreneur, Mr. Vaidyanathan worked with Citibank (1990-2000) and ICICI Group (2000-2010). He then acquired a stake in an existing NBFC, concluded a leveraged Management Buyout of the Company, and founded Capital First (2012) as a new entity and brand with PE backing. In 2018, he became the MD and CEO of IDFC FIRST Bank, the Bank formed by the merger of IDFC Bank and Capital First. He is an alumnus of Birla Institute of Technology and Harvard Business School (AMP).

MS. ANINDITA SINHARAY - *Non-Executive Non-Independent Director*
(Representing the Govt. of India)

Ms. Anindita Sinharay is an Indian Statistical Service (2000) officer working as a Director in the Department of Financial Services, Ministry of Finance. She holds a post graduate degree in Statistics from the University of Calcutta. She has vast working experience of more than one decade in National Accounts Statistics in Central Statistics Office (CSO) and analysis of data of large scale sample surveys conducted by National Sample Survey Office (NSSO).

MR. ANAND SINHA - *Independent Director*

Mr. Anand Sinha joined the Reserve Bank of India in July 1976 and rose to become Deputy Governor in January 2011. He was Adviser in RBI up to April 2014 after demitting the office of Deputy Governor in RBI on January 18, 2014. As Deputy Governor, he was in-charge of regulation of commercial banks, Non-Banking Financial Companies, Urban Cooperative Banks and Information Technology, among others.

MR. AASHISH KAMAT - *Independent Director*

Mr. Aashish Kamat has over 30 years of experience in the corporate world, with 24 years being in banking & financial services & 6 years in public accounting. Mr. Kamat was the Country Head for UBS India, from 2012 until his retirement in January 2018. Prior to that he was the Regional COO/CFO for Asia Pacific at JP Morgan based out of Hong Kong. Before moving to Hong Kong, Mr. Kamat was in New York, where he was the Global Controller for the Investment Bank (IB) at JP Morgan in New York; & at Bank of America as the Global CFO for the IB, and, Consumer and Mortgage Products. Mr. Kamat started his career with Coopers & Lybrand, a public accounting firm, in 1988 before he joined JP Morgan in 1994.

DR. (MRS.) BRINDA JAGIRDAR - *Independent Director*

Dr. (Mrs.) Brinda Jagirdar, is an independent consulting economist with specialisation in areas relating to the Indian economy and financial intermediation. She is on the Governing Council of Treasury Elite, a knowledge-sharing platform for finance and treasury professionals. She retired as General Manager and Chief Economist, State Bank of India, based at its Corporate Office in Mumbai. She has a brilliant academic record, with a Ph.D. in Economics from the Department of Economics, University of Mumbai, M.S. in Economics from the University of California at Davis, USA, M.A. in Economics from Gokhale Institute of Politics and Economics, Pune and B.A. in Economics from Fergusson College, Pune. She has attended an Executive Programme at the Kennedy School of Government, Harvard University, USA and a leadership programme at IIM Lucknow.

MR. HEMANG RAJA - *Independent Director*

Mr. Hemang Raja, is an MBA from Abeline Christian University, Texas, with a major emphasis on finance. Mr. Raja has also been the head of Capital Market activities in the Institutional and Retail Segments when he started and became the Managing Director and CEO of the then newly formed initiative by IL&FS, namely IL&FS Investsmart Ltd. His last assignment from the year 2006 onwards was in the area of Private Equity and Fund Management business with Credit Suisse and Asia Growth Capital Advisers in India as MD and Head - India.

MR. PRAVIR VOHRA - *Independent Director*

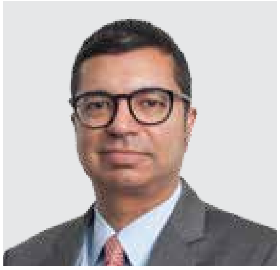
Mr. Pravir Vohra is a postgraduate in Economics from St. Stephen's College, University of Delhi & a Certified Associate of the Indian Institute of Bankers. He began his career in banking with State Bank of India where he worked for over 23 years. He held various senior level positions in business as well as technology within the bank, both in India & abroad. The late 1990s saw Mr. Vohra as Vice President in charge of the Corporate Services group at Times Bank Ltd. In January 2000, he moved to the ICICI Bank group where he headed a number of functions like the Retail Technology Group & Technology Management Group. From 2005 till 2012 he was the President and Group CTO at ICICI Bank.

MR. SANJEEB CHAUDHURI - *Independent Director*

Mr. Sanjeeb Chaudhuri is a Board member and Advisor to global organisations across Europe, the US and Asia. He has most recently been Regional Business Head for India and South Asia for Retail, Commercial and Private Banking and also Global Head of Brand and Chief Marketing Officer at Standard Chartered Bank. Prior to this, he was CEO for Retail and Commercial Banking for Citigroup, Europe, Middle East and Africa. He has an MBA in Marketing and has completed an Advanced Management Program.

MR. SUNIL KAKAR - *Non-Executive Non-Independent Director*
(Representing IDFC Limited)

Mr. Sunil Kakar is the Managing Director & CEO of IDFC Limited. He started his career at Bank of America where he worked in various roles, covering Business Planning & Financial Control, Branch Administration and Operations Market Risk Management, Project Management and Internal Controls. After Bank of America, Mr. Kakar was the CFO at Max New York Life Insurance since 2001. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation.



MR. VISHAL MAHADEVIA - *Non-Executive Non-Independent Director*

Mr. Vishal Mahadevia joined Warburg Pincus in 2006 & is a member of the firm's executive management group. Previously, he was a Principal at Greenbriar Equity Group, a fund focussed on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, a New York-based PE fund, & as a consultant with McKinsey & Company. He received a B.S. in economics with a concentration in finance & B.S. in electrical engineering from the University of Pennsylvania

Management Discussion & Analysis

Macro-economic environment

Economic activity appeared to be on an uptrend as the Indian economy entered into FY19. From a low of 6% GDP growth in April-June of FY18, there was a steady improvement in GDP growth to 8% in April-June FY19.

A pick-up in sales growth, capacity utilisation and acceleration in the fast moving consumer goods space clearly indicated that demand was fast catching up with supply in the economy. On the supply side, manufacturing activity picked up while services sector exhibited resilience. From the demand side, private final consumption expenditure expanded to grow at 9.8% in July-September FY19 and was also amply supported by a steady pick-up in the capital formation. Importantly, there was an increase in the share of Gross Fixed Capital Formation in GDP to 32.3% in FY19 from 31.4% a year ago, indicating a strengthening of investment demand, mostly from the government's drive to boost spending on the road sector and affordable housing.

However, domestic economic activity lost some of the early momentum in the second half of the year. GDP growth dipped to 6.6% in Q3FY19 – with aggregate demand showing some softness with a dip in the consumption expenditures of both the private sector and the government sector.

Full year FY19 growth is estimated by the CSO to be at 7.0%, slightly weaker than the 7.1% growth recorded in FY18. The resilience of the economy is commendable given the global macroeconomic and financial market conditions that have been guided by growing trade protectionism between major economies of the world, Brexit related uncertainties, monetary tightening in the US that also found an expression in bouts of volatility in financial markets of EMs. Further, forward-looking surveys in India have indicated improvement in consumer confidence and business expectations, that is likely to guide for a resurgence in growth in FY2020.

Flow of credit to the commercial sector remained robust with the credit growth of Scheduled Commercial Banks (SCBs) improving to 13.2% by end-March 2019 from 10% in end-March 2018. On the other hand, growth in the deposits of the banking sector improved to 10% by end-March 2019 from around 6% as of end-March 2018.

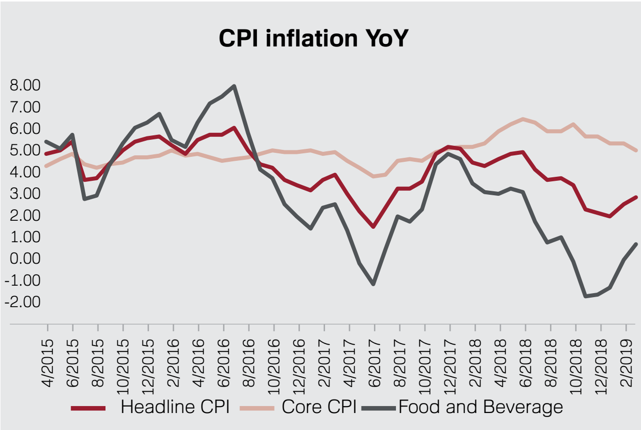
With the growth in credit stronger than the growth in deposit, the credit-deposit ratio rose to 78% by end-March 2019 from 75% in end-March 2018. Importantly, as per the last data reported by RBI, the asset quality of SCBs showed improvement with the Gross NPA ratio moving lower to 10.8% as of September 2018 from 11.5% in March 2018, but with some stress continuing in the mining, food processing and construction sectors. The Net NPA ratio also registered a drop in this period.

Developments on the price front remained largely comfortable, despite some uptick in the fuel and light inflation in the first half of the year. Given the closing of the output gap, core inflation had tended to move higher in the first half of the year.

However, this did not create much problems for the Headline CPI inflation, as food inflation remained on a persistent softening trend, led by a lower-than-seasonal hardening in the prices of vegetables and also a softening in the prices of fruits.

Food inflation dropped from 3.7% in Q4 FY18 to 2.2% in the first half of FY19 and continued to move lower, entering into a deflationary zone in the second half of FY19. Prices of cereals and pulses also witnessed drops in the second half of FY19, despite an increase in the minimum support prices. The second half of FY19 was also blessed with a gradual dip in the core inflation as the economic growth also tended to slacken in pace. Overall, Headline CPI inflation peaked at around 4.9% in June 2018 but fell sharply to touch a low around 2% in January 2019, before rising back to around 2.6% in February 2019.

Core inflation comes down while food inflation remains low



Management Discussion & Analysis Contd...

Monetary policy changed course within the same year, responding to the changing growth-inflation dynamics. RBI increased the policy repo by 25 bps during successive policy meetings in June and August 2018 in a situation of rising inflation and closing output gap.

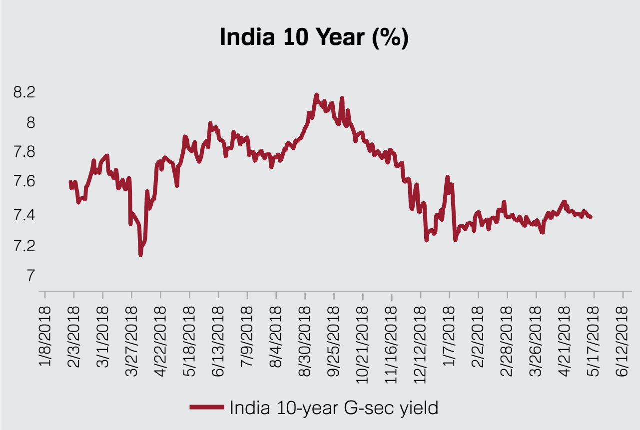
Risks to inflation had also increased due to higher-than-anticipated rise in the crude oil prices, sharp increase in the Minimum Support Prices and also a hardening of the households' inflation expectations. The hawkish bias of the RBI continued to prevail in the October policy meeting as the stance of monetary policy shifted to a "calibrated tightening" from "neutral" but with no change in the policy rate.

The tightening bias of monetary policy was however short-lived as the second half of the FY19 witnessed slackening growth associated with an undershoot of actual inflation compared to the RBI's own projections. This led to the RBI to cut policy rate by 25 bps in February 2019 and it also shifted back the monetary policy stance to "neutral". The repo rate was again brought down in April 2019 by 25 bps, thereby fully reversing the tightening seen in the earlier part of the FY19.

Financial markets – both global and domestic, witnessed large swings in FY19. This was the resultant of ongoing normalisation of monetary policy globally, volatility in crude oil prices, global geopolitical tensions etc. 10-year G-sec yields began FY19 on a positive note, backed by the Central government reducing its gross borrowing amounts from the levels announced during the Budget.

Further, the RBI provided a leeway to banks to spread out MTM losses incurred in Q3 and Q4 of FY18 over four quarters. 10-year G-sec yield dropped to 7.18% by April 6, 2019 from 7.40% close as of end-March 2019. However, this softening trend proved to be transitory and the general direction of benchmark 10-year yield remained skewed to the upside in the first half of FY19. Markets first gave a thumbs-down to the larger-than-expected borrowing calendar of state governments. Further, a rising trend in international crude oil prices, normalisation of Fed monetary policy that led to a hardening of the UST yields, depreciation pressure on the INR and its consequent risks for domestic inflation spooked the market.

10-year Government security yield in a steady band in 2019



Announcement of OMOs by the RBI, increase in the FPI limit for investments in the debt segment and doing away with the 3-year maturity cap from FPI investments temporarily stabilised yields but failed to significantly alter course. 10-year benchmark G-sec yield reached its high of 8.18% on September 11, 2019. In H2 FY19 and till about mid-December 2019, 10-year benchmark yield was on a downward journey, supported by lower inflation prints, decline in crude oil prices and regular conduct of OMO purchases of G-sec by the RBI.

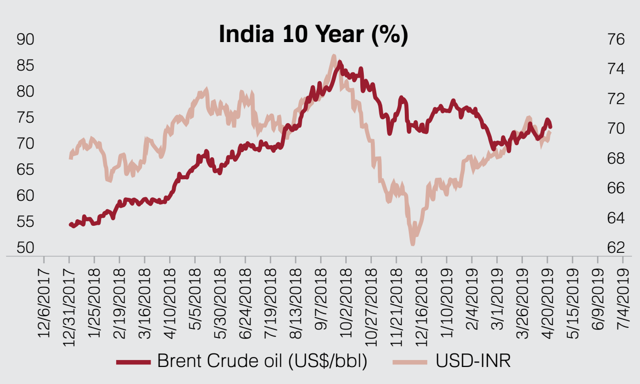
However, this was balanced by concerns over fiscal status with the announcement of farm relief packages and a renewed rise in crude oil prices due to supply cuts by OPEC. With gross borrowings of the Central government announced at ₹ 7.1trn for FY20, yield failed to soften despite a February repo rate cut by the RBI. 10-year yield ended FY19 at 7.35%.

Current Account Deficit is likely to have widened in FY19 compared to FY18. For the first three quarters of the year, CAD was at US$ 35.7bn (1.9% as a proportion of GDP) in FY18 and this increased to US$ 51.9bn (or 2.6% of GDP) in FY19. The principal reason for deterioration in CAD was the trade deficit that deteriorated to US$ 176bn in FY19 from US$ 162bn in FY18. Exports in FY19 were at US$ 331bn, 9.1% higher than in FY18. On the other hand, total imports grew by almost an identical amount of 9%. While oil imports were up by 29%, given the jump in oil prices, non-oil non-gold imports increased by 3.4% - an indication of slowing domestic demand. Capital flows were relatively weaker in FY19. FDI flows were relatively healthy.

However, FPI flows (equity and debt) cumulated at an outflow of US$ 6bn in FY19 compared to an inflow of US$ 22.5bn in FY18. Since the start of the Financial Year, Rupee traded with a depreciation bias. To a large extent this was tied to the policy normalisation in the US, that led to a US$ strength and depreciation pressures in EM currencies. Country specific issues such as first quarterly Current Account Deficit in China after 17 years, the US-China trade frictions and sell-off in Turkish Lira led to risk-aversion and hence a pull-out by the FPI investors from the EMEs.

A sharp increase in the crude oil prices around the August to early-October period also led to a depreciation bias for INR. USD/INR depreciated to its weakest at 74.12 on October 11 against 65.01 at the beginning of FY19. In the second half of the year, INR mostly traded with an appreciation bias, to close the year at 69.15 after having appreciated to 68.53 around mid-March 2019. This was backed by a sharp 20.7% moderation in crude oil prices between October 2018 and March 2019, a dovish policy stance of the US Fed, some waning of US-China trade concerns, benign domestic inflation outlook and a pick-up in the FPI investment flows.

INR moves in tandem with global oil prices



Outlook

The RBI expects growth in FY20 to be at 7.2% compared to 7.0%. This is despite the relatively poorer outlook for global growth, whereby the IMF's latest forecast indicates global growth to be at 3.7% in 2019, 0.2% lower than its previous forecast. India's growth is thus expected to be pushed up via domestic demand, facilitated by some degree of fiscal push.

On the other hand, we see inflation remaining contained within the target levels of the MPC and hence, monetary easing is also likely and is expected to provide a push to the economy. Going forward, with some resolution to "twin balance sheet" problems, one can expect freer flow of funds to the commercial sector. Foreign investment is also expected to remain robust on the back of the fact that India would continue to remain as the fastest growing economy in FY19. Finally, one would expect a continuation of the reforms programme in India to propel the country towards a sustainable high growth path.

IDFC FIRST Bank: New innings. And an integrated franchise.

The fiscal 2019 leaves an indelible mark in the evolution journey of the Bank. IDFC FIRST Bank was founded by the merger of erstwhile IDFC Bank and erstwhile Capital First Limited, a systematically important non-Banking Finance Services Company on December 18, 2018.

In January 2018, IDFC Bank and Capital First announced that they had reached an understanding to merge with each other and shareholders of Capital First were to be issued 139 shares of the merged entity for every 10 shares of Capital First.

The Competition Commission of India approved the transaction in March 2018. The Reserve Bank approved the transaction in June 2018.

Shareholders of IDFC Bank approved the merger with an overwhelming 99.98% votes in favour of the merger. Capital First shareholders too approved the merger with an equally overwhelming approval rate of 99.90% in favour of the merger. Such overwhelming approval rates for a merger were unprecedented for merger of listed companies in India.

This process of merger of an NBFC with a bank was one of the rare scenarios in the Indian banking industry in India and was a busy period for both the companies during the year.

Management Discussion & Analysis Contd...

Employees choosing among range of logos of the newly merged Bank

Thus, IDFC FIRST Bank was founded as a new entity by the merger of IDFC Bank and Capital First on December 18, 2018. This was also the first merger between an NBFC and a commercial bank. Dr. Rajiv B. Lall, the Founder and Managing Director of erstwhile IDFC Bank, was appointed as the Part-Time Non-Executive Chairman of the newly formed entity IDFC FIRST Bank. Mr. V. Vaidyanathan, who was the Founder and Chairman of erstwhile Capital First Limited, was appointed the first Managing Director and CEO of IDFC FIRST Bank.

IDFC FIRST Bank is practically a new entity formed by the merger of Capital First and IDFC Bank. Hence, the results for the Financial Year 2019 are not comparable either with IDFC Bank's or with Capital First's prior to Financial Year results. Further, from April 2018 to December 18, 2018 (the merger date), the financial results reflect the performance of the erstwhile IDFC Bank and from then onwards to March 31, 2019, it reflected the merged financials of both the erstwhile entities as a single entity. Hence, the performance of the financial year ended on March 31, 2019 are not comparable with the previous financial years for the Bank. The key financial parameters for the Financial Year ended March 31, 2019 for IDFC FIRST Bank are as follows:

- The Net Interest Income for the year ended on March 31, 2019 was ₹ 3,199 crore.
- The Total Operating Income (net of Interest Cost) for the year ended on March 31, 2019 was ₹ 4,138 crore.
- The Net Interest Margin for the year ended on March 31, 2019 was at 2.37%.
- The Cost to Income ratio for the year ended on March 31, 2019 was at 79.45%.
- The Profit/(Loss) Before Tax (without considering the exceptional item) for the year ended on March 31, 2019 was ₹ (696) crore.
- The Book Value of the Share (Net worth considering as of March 31, 2019 and total number of shares adjusted for shares issued pursuant to merger on January 5, 2019) was at ₹ 37.98 per share.

The integration that is underway, is transformative for the Bank, in terms of an expanded product range straddling both wholesale and retail banking, more customer segments and new geographies. All of this signifies a forward momentum for business.

Post-merger, IDFC FIRST Bank has evolved as a large contemporary private bank, with a diversified loan book, proven technology and analytics-based lending model and a strong platform for sustained growth in retail liabilities.

The combined entity is now strong and well-capitalised and with relationships that run deep in both the retail as well as the corporate sector. It brings together the banking platform of IDFC Bank and retail capabilities of Capital First. We believe that with direction, time and energy, and consistency of approach, the trajectory can once again be established to make the bank a successful predominantly retail institution over the next five years.

The synergies of the merger have prepared the two institutions for the future, for a marketplace disrupted by emerging technologies, for varying customer preferences and for new risks. The underlying strengths of the new bank give it a strong foundation to meet new business challenges.

The Bank is well positioned to meet the financial needs of all customer segments - individuals, self-employed, entrepreneurs, small businesses, corporates and the government.

We put our customers first, ahead of everything else.

All our initiatives are guided by one thought – that of delighting customers with high quality banking services. We combine unique digital experiences with a personal touch, so that we are there for our customers when they need us.

We use new-age analytics and advanced technology platforms that give us insights on customer preferences, credit behaviour, and emerging matters that are important to them.

The combined strength of the two institutions is also reflected in its distribution network, people and channels. However, what is more important is how these elements work seamlessly together to serve our customers, communities and our country, better.

Both erstwhile entities, i.e. Capital First and IDFC Bank have, in the past, demonstrated an ability to navigate difficult economic and market conditions. In the recent financial period, our deposits and assets have seen healthy growth and we have been able to shed riskier assets even earlier than anticipated.

IDFC FIRST Bank has embarked on a growth journey with a new strategy keeping the business and financial aspirations in mind, the broad strategic plan of the bank for the next 5 years -

Loan Assets

- The Bank plans to grow the retail asset book from to over ₹ 100,000 crore in the next 5-6 years

- The Bank plans to reduce the loans to infrastructure segments as they mature

- For the Non-Infra Corporate Loans, the bank will continue to grow the loan book, based on opportunities available in the marketplace. The Bank will focu s on the tech-led solutions on trade, forex, remittances, transactions and credit selectively for corporates

Diversification of Assets

The loan book of the bank needs to be well diversified across sectors and a large number of consumers. The Bank plans to increase the retail book composition to more than 70% in the next 5-6 years.

Gross Yield Expansion

As a result of the growth of the retail loan assets (at a relatively higher yield compared to the wholesale loans), the gross yield of the Bank's Loan Book is planned to increase to ~ 12% in the next 5-6 years. The Bank will expand Housing loan portfolio as one of its important product lines.

CASA Growth

The key focus of the Bank would be to increase the CASA Ratio on a continuous basis year-on-year and strive to reach 30% CASA ratio within the next 5-6 years, as well as set a trajectory to reach a CASA ratio of 40-50% thereon. Array of digital savings & current accounts are to be offered to the customer base (more than 7 million customers) of erstwhile Capital First.

Diversification of Liabilities

Diversification of Liabilities in favour of the retail deposit (including CASA and Retail Term Deposits) is essential for the bank. As a percentage of the total borrowings, the Retail Term Deposits and CASA is proposed to increase from 10.5% currently to over 50% in the next 5-6 years and set up a trajectory to reach 75% thereafter.

Management Discussion & Analysis Contd...

Branch Expansion

In order to grow Retail Deposits and CASA, the bank plans to set up 600-700 more bank branches in the next 5-6 years from the current branch count of 242. This would be suitably supported by the attractive product propositions and other associated services as well as cross selling opportunities.

Net Interest Margin

As the retail asset contribution moves towards 70% of the total fund assets, it is planned that the gross yield will continuously increase. Coupled with lower cost of funds (from improved CASA ratio), it is planned to expand NIM to about 5.0% in the next 5-6 years.

Financial Summary

The business and financial performance of IDFC FIRST Bank for the FY19 are mentioned below –

Customers

IDFC FIRST Bank has over 7.3 million live customers, of these about 3.9 million are urban customers and the remaining 3.5 million customers are semi-urban and rural. The Bank has 242 liabilities branches as on March 31, 2019.

Pankaj Sanklecha
Chief Financial Officer &
Head - Corporate Centre

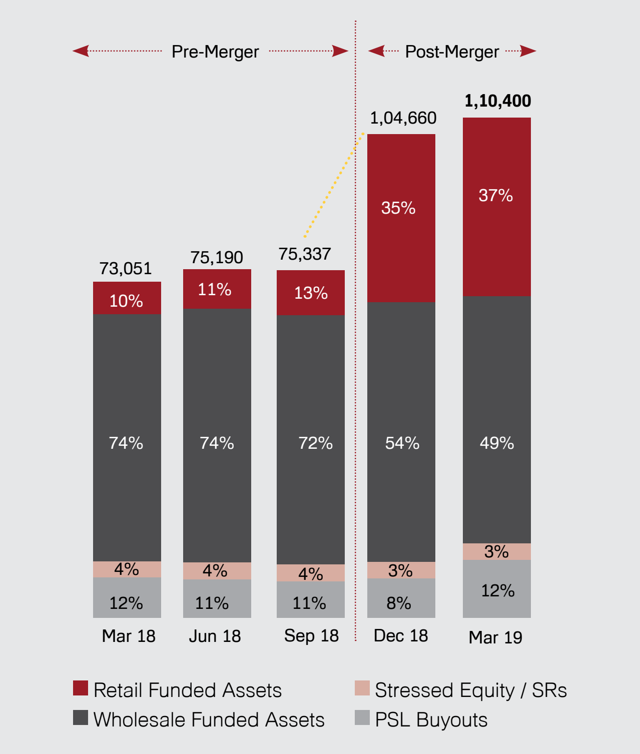
"We aim to enhance corporate value by investing in the right businesses, communicating transparently, and maintaining high corporate governance, all of which will add value to the shareholders."

Funded Assets

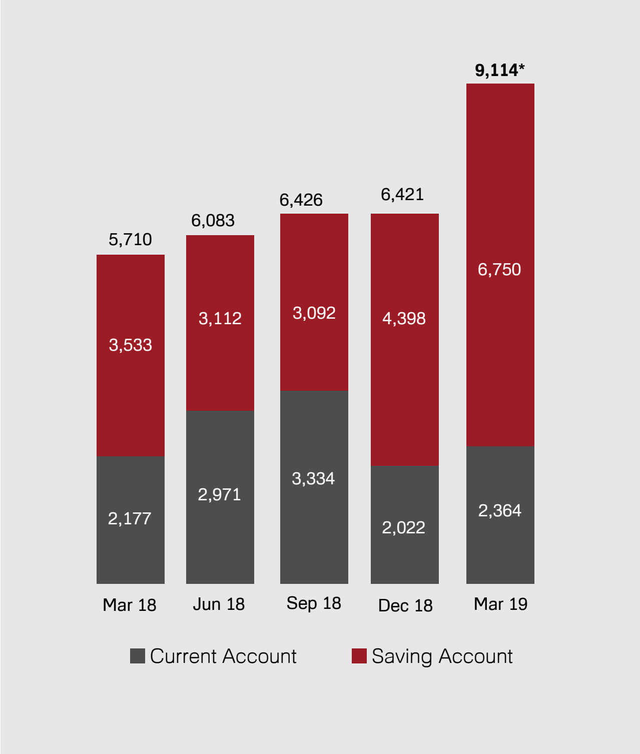
The Bank has gross funded assets of ₹ 110,400 crore as of March 31, 2019. Prior to merger with Capital First Limited, The Gross Funded Assets as of March 31, 2018 was at ₹ 73,051 crore but the numbers are not comparable with prior years. The Retail funded assets contribute 37% of the overall funded assets and are at ₹ 40,812 crore as of March 31, 2019. The Wholesale funded assets stood at ₹ 53,649 crore as of March 31, 2019. The decrease in wholesale book was mainly because of decrease in the book of financing large corporates and infrastructure. The infrastructure book of the Bank decreased by 20% from ₹ 26,832 crore as on March 31, 2018 to ₹ 21,459 crore as on March 31, 2019. To cater to the priority sector lending (PSL) requirements, the Bank had to acquire PSL assets and PSL Buyouts now stands at ₹ 12,924 crore as of March 31, 2019.

During the year ended March 31, 2019, the Bank complied with the RBI guidelines on single borrower and borrower group limit. As per the exposure limits permitted under extant RBI guidelines, the Bank with the approval of the Board of Directors can enhance exposure to single borrower and borrower group by a further 5% of capital funds. In view of the merger of Vodafone India and Idea Cellular, the Bank had taken prior approval of the Board of Directors for exposure to the merged entity viz. Vodafone Idea Limited which was within the prudential exposure limit of 25% of the Bank's capital funds.

Total Funded Assets (₹ in Cr)



CASA (₹ in Cr)



* includes government banking saving balances

CASA

The CASA franchise of the Bank has grown strongly. The Retail CASA Deposit which is primarily led by the branches, has increased by ₹ 2,859 crore from ₹ 1,586 crore as of March 31, 2018 to ₹ 4,445 crore as of March 31, 2019. The wholesale CASA, which is primarily driven by the corporate relationships as well as government banking has increased by ₹ 545 crore from ₹ 4,124 crore as of March 31, 2018 to ₹ 4,669 crore as of March 31 2019. This includes ₹ 2,670 crore of Government Banking business as of March 31, 2019. However, we are aware that these large wholesale deposits are largely rate sensitive and we do not count upon these as sticky funding sources. Under the new strategy, the business model of the Bank is now prepared with a focus on the core deposits which primarily includes the Retail CASA and Retail Term Deposits and the core deposit would continue to grow on a sustainable basis. The CASA to Total Deposits ratio of the Bank is 12.9% and the CASA to Total Deposits and Borrowings is now 6.5%. We recognise this is low and want to improve it.

Core Deposits

The core deposits of the Bank (retail CASA and retail term deposits) increased by 132% from ₹ 5,693 crore as on March 31, 2018 to ₹ 13,214 crore as on March 31, 2019. The core deposits now contribute about 9.41% to the deposits and borrowings of the Bank. The Retail CASA increased from ₹ 1,586 crore as of March 31, 2018 to ₹ 4,445 crore as of March 31, 2019.

Overall Term Deposits have increased by 43% from ₹ 22,826 crore as of March 31, 2018 to ₹ 32,611 crore as of March 31, 2019 which is primarily driven by the increase in Retail Term Deposits by 114% from ₹ 4,107 crore as of March 31, 2018 to ₹ 8,769 crore as of March 31, 2019.

Profit and Loss Statement

During the year, the Bank merged with Capital First Limited and the 'IDFC - CFL Merger' has been accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme. Accordingly, net assets of erstwhile

Management Discussion & Analysis Contd...

Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, intangible assets acquired or arising on amalgamation have been fully amortised through profit and loss account in the year ended March 31, 2019. This accelerated amortisation charge to profit and loss account for the year ended March 31, 2019 of ₹ 2,599.35 crore is exceptional in nature and resulted in loss for the year.

However, as a result of this accounting for amalgamation Deferred Tax Asset of ₹ 908 crore was recognised on accelerated amortisation. The reduction in the Net Profit was a result of the accounting treatment of goodwill. Goodwill was amortised, as a result of the merger, which got charged off to the P&L in the same year.

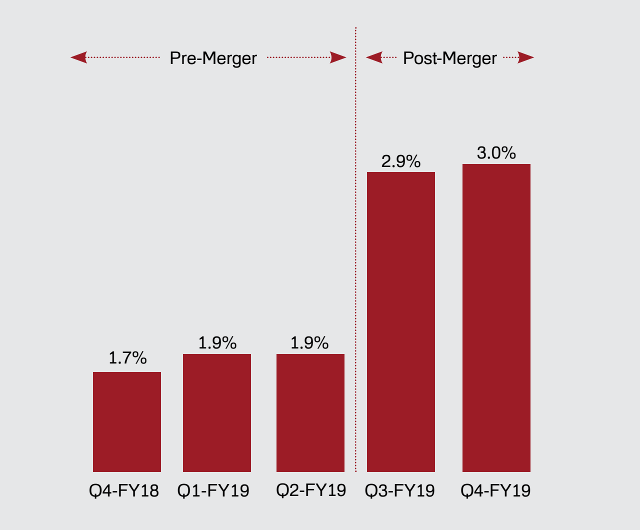
The Book value per share stood at ₹ 37.98 as of March 31, 2019.

Net Interest Income

The Bank reported a Net Interest Income (interest earned less interest expended) of ₹ 3,199 crore and Total Income (Net Interest Income plus other revenues) of ₹ 4,138 crore for the year ended March 31, 2019.

The Net Interest Margin (Net Interest Income as % of Interest Earning Assets) for the year was 2.4%. The expansion of the Net Interest Margin was primarily due to the addition of the higher yielding retail book because of its merger with erstwhile Capital First Limited. The quarterly annualised NIM of the Bank has improved from 1.9% (pre-merger) to 2.9% (post-merger), primarily due to the addition of high yielding retail loan book from the erstwhile Capital First Limited.

Quarterly Annualised Net Interest Margin (%)



Fees and Commission

The Fees and Commission Income for the year ended March 31, 2019 was ₹ 762 crore of which Trade and cash Management Fees contributed 21% amounting to ₹ 159 crore. The underlying non-funded trade outstanding book of the Bank decreased by 3% from ₹ 27,903 crore as on March 31, 2018 to ₹ 27,027 crore as on March 31, 2019.

Operating Expenses

The Operating expenses excluding accelerated amortisation charge of goodwill and other intangible assets for the year ended March 31, 2019 were ₹ 3,287 crore which included ₹ 1,118 crore of HR related expenses. During the year, number of branches rose up from 150 as on March 31, 2018 to 242 as of March 31, 2019 resulting in Cost-to-Income Ratio of 79.45%.

Profitability

The Bank reported a net loss of ₹ 1,944 crore for the year ended March 31, 2019 which includes the impact of Goodwill and other intangibles of ₹ 2,599 crore recognised as an exceptional item and it was one time in nature. During the financial year ended on March 31, 2019, the Bank also had a tax credit of ₹ 1,351 crore pertaining to the previous years which is also one time in nature. But for these two items, the Net Loss of the financial year ended on March 31, 2019 would have been ₹ 696 crore.

Capital Adequacy

The Bank has maintained a healthy Capital Adequacy Ratio over the years, at well above levels as directed by RBI. As of March 31, 2019 the Capital Adequacy Ratio is 15.47% with Tier-I Capital Adequacy Ratio at 15.28%.

NPA

The Gross and Net NPA of the Bank as of March 31, 2019 was at 2.43% and 1.27% respectively. As a good corporate governance practice, during the financial year ended on March 31, 2019, the Bank has proactively identified stressed assets in the Wholesale Financing and Infrastructure Financing loan book and has created credit provisions on these accounts accordingly. The overall provisioning coverage ratio on the NPA and other stressed assets is 55.9% as of March 31, 2019.

Retail Banking: Building a Better, Stronger Bank

Mergers can be complex but the Bank has endeavoured to make it smooth and easy for its customers.

IDFC Bank-Capital First merger has created an extensive banking franchise as IDFC FIRST Bank which combines erstwhile IDFC Bank's retail liability franchisee, branch network and digital banking with Capital First's innovative approach to retail lending, distinctive credit underwriting, and a robust financing model for the under-penetrated, yet high-potential, market segments.

The Bank now has a portfolio that straddles the entire spectrum of retail banking, backed by analytics and technology-enabled platforms. It is thus uniquely positioned to finance the growing aspirations of individuals, entrepreneurs and small businesses. The Bank's simplified digital channels and an innovative product range, bode well for growth in a highly competitive market.

We are building a bank for all. Where the customer is at the heart of everything we do. Every product we design, every service we offer, and every process we create, is inspired by customers' needs. Our new tagline 'Always You First' emphasises on customer centricity.

Guided by a customer-centric culture, the Bank launched new products and services at a rapid pace in FY19, delivered in multiple, convenient ways, for a high-quality banking experience.

Distribution

The Bank significantly expanded its retail footprint in FY19, adding branches and bankers to serve customers better. As of March 31, 2018 the erstwhile Bank had 150 branches out of which 103 branches were in the rural areas and 47 branches were in the urban areas. During the financial year ending March 31, 2019, 92 new branches were opened across the country. As of March 31, 2019, IDFC FIRST Bank has a branch count of 242, out of which 133 branches are in the urban areas and 109 branches are in the rural areas. The branches in the urban areas are primarily focussed on increasing the retail liability base of the Bank. The Bank also increased the number of ATMs from 115 (including white label ATMs) as of March 31, 2018 to 141 as of March 31, 2019. Apart from this network, the Bank also has 102 asset servicing branches primarily in the urban areas which have been acquired through the merger with Capital First Limited. For catering to our rural customers, IDFC FIRST Bank also has 354 business correspondence branches through its wholly-owned subsidiary IDFC FIRST Bharat Limited.

Deposits: Making relationships count

A slew of initiatives in FY19 enabled customers to make most of their Savings Accounts and Fixed Deposits with us. We made savings a lot easier and encouraging by offering an interest rate of 7% p.a. on the Savings Account for balances upwards of ₹ 1 Lakh. For balances below ₹ 1 Lakh, the Bank offers interest rate of 6% p.a. This competitive banking proposition has helped garner significant growth in deposits from an existing customer base as well as new customers.

The Bank remained committed to nurturing relationships and creating an exceptional customer experience, through digital solutions and personalised guidance and advice. Over the next few years, we want to be the first bank customers think of in every step of their financial lives.

Management Discussion & Analysis Contd...

Amit Kumar
Head – Retail Liabilities

"Our endeavour is to differentiate by consistently delivering superior customer experience across all customer touch points, digital and traditional, by leveraging new-age technologies."

The Bank has democratised wealth management offering and has made it therefore makes it available to all segments of customers, including non-customers. It is amongst the first banks to completely digitise the wealth journey in a way that it is available to all, even those with a small investible surplus. Our fully paperless on-boarding and transaction process powered by a dedicated research platform advocates the fast emerging global trend of goal-based investing.

The Bank launched a 3-in-1 integrated trading, demat and savings account facility in partnership with Zerodha, the country's largest brokerage. The first-of-its-kind integrated account, it can be opened online and enables seamless transactions at zero brokerage. The offering brings together state-of-the-art technologies, the best interest rates, and zero brokerage for a superior user experience.

During the year, the NRI account opening process was completely digitised, crunching the process within just a few days, ahead of industry average. This process, coupled with best-in-the-market interest rates on deposits, has led to a strong growth in NRI CASA deposits.

The Bank's contact centre, 'Banker-on-Call', offered relentless round-the-clock service to our customers all through the year. The Bank's service philosophy – "Always You First" - shows we are sensitive to the fact that a customer may need help at any time of the day or night. To address this, a 24x7 dedicated Grievance Redressal desk is open to all our customers offering both call and email services. We are guided by our service credo – PFDARE (Personal, First Time Right, Dignified, Agile, Responsive and Empathetic).

The Banker-on-Call team is trained to conduct all communication with customers in a fair and authentic manner and maintain the highest quality of service at all times. We respect our customers' geographical boundaries and are happy to offer services in 11 regional languages. We are constantly listening to our customers' ideas through all our servicing channels and our top priority is to convert these into real experiences. Our Bank's high NPS and CSAT scores are a key demonstration of our belief that customers appreciate what we do and how we do it.

Retail Loans: Instant and Convenient

Following the merger, the Bank now offers a broader range of retail loans, powered digitally, to make the process of securing a loan, hassle-free, fast and convenient.

Pradeep Natarajan
Head – Retail Assets

"Retail assets is an important part of the organisation journey going forward, and we are committed to deliver the best solutions for our customers in this space."

The Bank's credit risk assessment is based on a mix of physical underwriting and analytics as well as broader sources of information about customers. This has made it possible to speed up credit decisions and disburse loans quickly. We lend to segments ranging from the salaried and self-employed, to first-time borrowers. The Bank, has, thus, enabled many customers to start their first business or buy their first home.

The merged entity expanded its retail lending operations during the year and has cumulatively financed over 7.3 million customers, and has built a retail loan portfolio of ₹ 40,812 crore, as on March 31, 2019.

Under the broad umbrella of retail loans, the Bank offers products and services for the Consumer Segment, MSME Segment and Rural Segment.

The Bank's unique model for risk assessment enables quick decisions for customers choosing to avail loans for two wheelers, consumer durables, used cars, personal loans, home loans and such other common consumer financing needs. These businesses continue to be our mainstay for over eight years. Now, the retail financing loan book for the consumer segment stood at ₹ 19,860 crore as of March 31, 2019.

The Bank offers various fund-based and non-fund based facilities to its Micro, Small and Medium Enterprise (MSME) customers and entrepreneurs. Under the fund-based products, the Bank offers secured long-term loans for MSMEs, usually against the collateral of the property, after a thorough cash flow analysis, credit bureau and reference checks as well as legal and technical valuation of the security. These loans are usually EMI-based long-term funding to fulfil the capital investment requirements of MSME customers. The Bank also caters to working capital & Capex financing requirements of the fast-growing trading, services and manufacturing entities through fund-based facilities of Cash Credit / OD, Working Capital Demand Loans, Term Loans, Export Finance, Bill Discounting. Under the non-Fund based facilities, the Bank offer Forex services, Letter of Credit and Bank Guarantees to these customers. The Bank caters to Retail and Strategic Transporters, Logistic companies, Captive users and School Bus operators primarily for their CV asset purchases.

The retail financing loan book for the MSME segment stood at ₹ 15,767 crore as of March 31, 2019.

IDFC FIRST Bank's Rural Banking division has been the bellwether in providing financial inclusion, particularly on the credit side, with a commitment to serve unbanked locations in remote areas in every nook and corner of the country. With a widespread reach among small hamlets and towns, IDFC FIRST Bank has emerged as one of the forerunners in providing the entire gamut of banking products, across both assets and liabilities.

The Bank's Rural Banking value proposition hinges around the 3Cs - Customer, Community and Capability Building.

Customer

We have designed an array of products customised to specific needs of our customers in rural locations. These include the flagship group loan product, Sakhi Shakti, which aims to financially empower rural women by providing them with credit facility for income generation: Vyapar Vriddhi or Micro Enterprise Loan to support local businesses and enterprises; Suvidha Shakti, which is uniquely crafted to offer assistance to our customers home improvement requirements such as renovation of the house, building of WASH (Water And Sanitation) structures for access to safe water and sanitation facilities; Sowbhagya Shakti or Regular Savings Deposit, an innovative product to inculcate the habit of savings among our rural customers.

In far-flung locations in the hinterland, we also offer last-mile connectivity through our doorstep on-boarding and collection process, to maximise customer satisfaction and convenience. This has helped inculcate in people a savings habit, given them access to organised finance and given them a product range that is specific to their needs.

Community

The Bank is committed to supporting the communities in locations it operates in. Corporate Social Responsibility in such locations included financial literacy initiatives, enabling the enhancement of dairy livelihoods, and offering rural-specific banking solutions. In our effort to innovate in the rural banking space, we have joined hands with diverse organisations.

On one hand, we have tied up with Business Correspondents - IBL, ASA, and Saggraha - to create a reach in new geographies. We have also collaborated with international not-for-profit organisations like Water.org, that works towards raising awareness-raising about the need for improved access to water and sanitation facilities, and thereby assisting in market development.

Management Discussion & Analysis Contd...

Capability

The Bank is constantly upskilling its bankers through training programs, both on the functional as well as the behavioural front. Our hiring ideology is based on identifying candidates with an attitude for service and learning. In doing so, the Bank contributes to job creation and capability building in the states that it is present in.

The Bank also has comprehensive solutions for the Agri-Corporate customers. They have access to multi-solution internet banking platform which simplifies online banking and offers a superior experience. Lending solutions to this segment are swift and hassle-free. The Bank's retail Agri Business solution is geared to meet the needs of individuals and businesses engaged in Agricultural and Agro Allied activities. The seasonal nature of the agricultural business increases scope for unpredictability and hence requires a flexible financial solution. The retail Agri business extends credit to farmers for crop cultivation, purchase of inputs, maintenance of farm implements and other agriculture related activities.

The retail financing loan book for the rural segment stood at ₹ 5,185 crore as of March 31, 2019.

Digitisation: Making banking simpler, intuitive, engaging

Our customers count on our integrated mobile banking, net banking and Banker-on-Call to transact on-the-go. New features in the Bank's integrated mobile app that placed all transactions and information at the fingertips of the account holder, were inspired by what customers would expect when they engage with us.

The Bank's mobile banking app, which supports 90 functionalities, recorded 4.82 lakh downloads during the year.

Over a million financial transactions were done regularly through the Bank's digital channels.

IDFC FIRST Bank has been constantly innovating in the Payments space. It continues to focus on the philosophy of Bank-as-a-Platform, through which it offers banking as a service using APIs (Application Programming Interface).

IDFC FIRST Bank was recognised for innovative digital solutions at the following industry forums:

- Product Innovator of the Year at the Banking Frontiers Finnovitti 2019 for building India's first Digital Credit on BHIM UPI platform

- Payments Innovation of the Year at the 6th edition of Payments and Cards Summit, 2018 – for India's First Digital Credit on BHIM UPI platform in partnership with ePaylater

- Best Co-branded Card of the Year at the 6th edition of Payments and Cards Summit, 2018 – for IDFC FIRST Bank Sodexo RuPay Platinum Prepaid Card

Product Innovator of the Year at India Banking Summit & Awards 2018 for:

- India's First Digital Credit on BHIM UPI in partnership with ePayLater

- Digitising payments for employee tax benefits, corporate incentives & gifting in partnership with Zeta and Sodexo.

Wholesale banking: Leveraging expertise to serve large businesses

During the year, the Wholesale Banking business successfully navigated a challenging business environment, and leveraged expertise and corporate relationships to deliver healthy financials. This has enabled the Bank to further transition from an infrastructure player to a preferred bank in the emerging and mid-sized corporate space.

The Bank is a full service Corporate Bank with coverage across Large Corporates, Emerging Large Corporates, NBFCs, Financial Institutions and SME and offering all products in Lending, Transaction Banking, Financial Markets and Liabilities. The coverage teams are spread in key markets across the country and expanding further into newer trading centres. The Bank will increase its focus on granularising corporate exposures and continuously improving product penetration across its clients with a focus to improve profitability.

Corporate Coverage

The Bank's Corporate Coverage Group has focussed on reducing the Bank's balance sheet risk profile from long-term and big ticket Infrastructure legacy assets to predominantly loans to operating mid-sized and more granular corporate banking assets.

In the year under review, the Corporate Coverage Group successfully managed to bring down funded exposure to Infrastructure Legacy Assets by around ₹ 5,373 crore (21% decrease over last year). During the same period, the Emerging Large Corporate assets grew by 14% growth over last year. Consequently, the composition of Infrastructure Legacy assets in the total funded book has come down from 42% to 34% at the end of FY19.

You will be pleased to know that the credit rating threshold for initiating a relationship with the Bank continues to be in a healthy zone with most of the business being initiated with the Upper Medium Investment grade corporates.

Key focus areas for the Corporate Coverage Group will continue to be (a) ELC segment asset growth, (b) Core CASA liabilities and New-to-Bank customers, (c) Higher earnings from FX & Debt Capital Markets business, and (d) New revenue streams & focus on higher yielding, fee-based earnings (e) Increasing product penetration including corporate salary mandates.

Ajay Mahajan
Head – Wholesale Banking

"We are committed to facilitating the growth of small and medium sized businesses through traditional and digital offerings in cash management, trade, treasury and credit products."

Financial Institutional coverage

The Bank's Financial Institutions Group (FIG) addresses the financial & banking needs of domestic as well as international Financial Institutions.

The Domestic FIG team engages with domestic Commercial Banks, Small Finance Banks, Insurance Companies, Financial Institutions, Capital Market participants such as stock & commodity brokers, Exchanges, Mutual Funds, Foreign Portfolio Investors and AIFs. The Bank continues to enjoy strong relationships with counterparty banks by creating Interbank limits to meet its clients trade and other non-funded requirements, correspondent banking and money market activities. In the non-banking space, the Bank has added a lot of marquee names as its clients, by offering a multitude of products leveraging on the strong technology platform.

The Bank is also focussed on boarding large liability-strong clients like Insurance and Mutual Funds, by offering superior Transaction Banking Services through innovative products and ensuring client centricity for product delivery. This year, the Bank is creating traction with large domestic and international portfolio investors by acting as a conduit for the fund flows across boundaries and to strengthen its product offering, the bank has tied up with one of the largest local custodian to offer custody services to its domestic and FPI clients.

The Bank actively engages with institutions like SIDBI, NABARD, EXIM Bank and NHB to avail refinance, and with overseas branches of domestic banks to avail foreign currency borrowings. Leveraging on its strong relationships with bank and non-bank entities, the bank also acquired PSL assets to meet its regulatory requirements through investing in IBPC issued by these entities and purchased PSL Certificates through the RBI enabled platform.

The Bank's International Financial Institution Group (International FIG) team, responsible for relationship management with international banks, multilaterals agencies and foreign financial institutions, continues to establish international network of banks and financial institutions to deliver efficient treasury and trade finance solutions to the Bank's customers. Furthermore, International FIG offers complete suite of products such as Trade Finance, Financial Markets products and Financial Advisory to the offshore financial institutions, enabling them to provide a seamless India linked service to their clientele.

Management Discussion & Analysis Contd...

As of March 2019, the Bank has been able to develop widespread partner network of correspondent banks spanning over 200 global entities spanning across more than 55 countries. Through strong relationship management team and distinctive services, we have built up close relationships in prominent India linked trade corridors like North America, Hong Kong, Singapore, GCC, Korea, China and Western Europe while we continue to expand our partner banks base in additional geographies like South America, South Asia, South East Asia and Africa.

Government Banking

IDFC FIRST Bank's Government Business Group strongly entrenched deeper into Banking with State and Central Government Ministries / Departments to be a strong Banking partner for managing their receivables and payments. During the year, the Bank's Government Business Liability book size, including Fixed Deposits, reached a new high of ₹ 12,000 crore benchmark.

IDFC FIRST Bank's Government Business group places emphasis on the technical integrations with Government platforms to offer customised solutions as value add. Some key milestones were:

- Direct Bank Transfers (DBT) / Public Financial Management System (PFMS) Related engagements: The Bank supported various state governments like Meghalaya and Karnataka / Mumbai at the Centre through PFMS related activities. The Bank also implemented NPCI directive on DBT payments to be mandatorily routed through NACH platform.

- The Bank commenced and depended business relationship with various leading Railways PSUs for managing their receivables. IDFC FIRST Bank's Net Banking is utilised as a preferred payment option for all travel related bookings on Indian Railway Catering and Tourism Corporation (IRCTC) portal, the official e-ticketing arm of Indian Railways.

- e-Tendering Initiatives: The Bank entered into strategic partnership with various e-tendering service provider and also supported various government agencies in managing EMD related transactions.

- Other digital initiatives: The Bank supported newly launched City Bus Service in Gurugram to make cashless journeys a reality.

- The Bank got the authorisation for online collection of registration money in the Housing Scheme 2019 rolled out by Delhi Development Authority. The Bank has also entered into an association with various development authorities at Noida, Greater Noida, Gurugram Metropolitan Development Authority, besides various Municipal Corporations at Faridabad, Pune & Panchkula, Municipal Corporation and Greater Chennai Corporation.

Medium Enterprises

Bank's approach in servicing Medium Enterprise client is relationship-oriented and the goal is to be a long-term banking partner for our clients.

A dedicated relationship manager is at the heart of our client focussed approach. Relationship Managers are handpicked professionals with multiple skills and are eminently supported by a team of Analysts and Transaction Banking & Treasury Specialists.

The Bank offers a complete suite of working capital, risk management, trade finance, cash management & capex solutions and services. In short, we offer comprehensive banking solutions for our clients. Our award winning online trade and FX portal has been well appreciated and adopted by most of our clients. We continue to build on our highly responsive relationship & service teams so that clients are served on a first time right basis and with a solutioning mindset. The business and teams are well poised to grow multi-fold year-on-year and be one of the most profitable businesses within the bank.

Transaction Banking

Digitisation and adoption of the India stack has been central to the Bank's strategy for developing new solutions as well as customising Transaction Banking products across Corporates, Financial Institutions & Government segments. The universe of Transaction Banking is ever evolving and FY19 has witnessed significant changes in the way the Bank as well as our customers adopt such changes.

The Bank's Integrated Transaction Banking Group caters to Cash Management, Trade & Supply Chain Finance and Capital Market & Escrow Services offerings across all business segments. The year which has gone by has seen the business building upon the existing offerings as well as launch of many new product offerings which has strengthened the Bank's presence in the market.

In a bid to granular & consistent business, the Bank has more than 400+ relationships on Cash Management Services, with a fair mix of digital as well as physical collection & payments customised solutions. The Bank was the first one to onboard one of the largest utility service provider on e-NACH via API based connectivity. In addition, the Bank has launched "Bill-in-a box" facility on BBPS (Bharat Bill Payment System), first in the industry along with NPCI. Also the Bank has been able to provide BBPS solution as a payment solution to multiple corporate customers, where multiple utility bill payments are done via a click of a button.

The Bank has continued to invest in its innovative internet banking portal, the BXP (Business eXperience Platform) as well as Corporate API framework. BXP has been enhanced with multiple enhancements for ease of Bank's customers and the Bank now also has full stack of APIs which includes multiple modes of collections & payments and Account statements APIs. These enhancements and features helped to accelerate the momentum of digitisation as well as process efficiency across customers of various segments.

During the year, Trade & Supply Chain team has added multiple new anchors under dealer / vendor programs. In line with the technology focus for Transaction Banking, our system has been developed to provide seamless solutions for clients for initiating transactions. We have initiated by connecting with ERP systems of large corporates for initiating transactions. In addition, our involvement across all 3 platforms on TReDS (Trade Receivable e discounting System – initiative promoted by Reserve Bank of India) continues to be strong. The outstanding on these platforms is a source of organic PSL for the Bank.

The Bank has envisioned certain differentiator offerings for its customers as part of its Digital Initiative. One such offering is to give Customers a one-stop shop for Remittances with the ability to book FX deals real-time within Trade Platform. This industry first, differentiated offering has given the Bank and edge where customers now do not have to navigate across 2 different systems and can enjoy seamless FX experience during Remittance. Further, this solution reduces the overall TAT to process an Outward Remittance leading to superior customer experience.

The Bank continues its journey on driving government-led digital initiatives including the eToll. IDFC FIRST Bank continue to be leading acquirer at 82 toll plazas, having issued approximately over 1,80,000 tags in FY19. The Bank has further worked with various transporters and Tech providers in the logistics space to provide Digital solutions which are simple and secure to use for the truck operators. The Bank was the first one to integrate UPI payments with eToll, thus enables the customer to top-up tags seamlessly using BHIM or any Bank's UPI APP.

Financial Market Group

The Bank's Financial Market Group consists of Treasury and Foreign Currency and Domestic Capital Market business. Treasury manages Investments and funding from money markets for the bank. This function ensures that the bank meets its regulatory requirements of maintaining CRR, SLR and LCR. This is achieved through a well-defined and monitored asset liability management process carried out under the guidance of the Asset-liability committee (ALCO) of the bank. It also manages the sensitivity to interest rate movements for the bank by utilising various market investments, money markets and permitted derivative products.

The Treasury also carries out Financial Markets business for its clients. To our clients, this group provides solutions to meet (a) their foreign exchange conversion and exchange risk hedging needs, (b) their debt capital markets financing needs, and (c) their interest rates risk hedging needs. Since its start, the Bank has successfully grown its business with clients by offering and transacting in the full suite of product solutions, which cover clients' foreign exchange and interest rate needs.

Providing access to the local debt markets to our corporate customers has been another key area of opportunity, where the bank uses its well-established presence in the bond markets. Our DCM business also extends itself to facilitating syndication of loans for our clients. In doing so, the group maintains strong business relationships with institutional investors and lenders. With increasing import and export activity in the economy and with more clients raising resources from global investors and lenders, we expect an increase in hedging needs from our clients Under the new guidance from the regulators, we expect more corporate clients to seek access to the bond markets for their fund raising needs, we hope to meet our clients' expectations by providing them the right solutions.

Management Discussion & Analysis Contd...

Operations

The Operations function at the Bank has been designed to deliver a superior and differentiated customer experience. The Bank has developed technology-enabled processes that minimise paperwork and ensure seamless processing with minimal manual intervention.

Wholesale Banking Operations provides transaction and accounting execution for all corporate banking products. It ensures market-leading client service and delivery. The client servicing team is structured to provide targeted service to clients through experienced client focussed bankers having expertise across a range of products. Part of the account opening and servicing process is digital and requires minimal manual intervention.

Through the year, the Operations team has delivered against significantly higher volumes across products by leveraging technology-enabled systems, workflows and STP, wherever possible.

The focus on technology and channels has ensured that the Bank can deliver high levels of service in a cost-effective manner, and at scale. This focus on process automation has enabled us to consistently deliver faster turnaround times, across identified key products.

Client feedback through a Voice of the Customer Survey has demonstrated a continuing high degree of satisfaction with our service delivery.

Following the merger, the integration of the Wholesale, Retail Assets and Treasury books and teams within both entities was achieved seamlessly to ensure uninterrupted operations to clients.

Technology

The Bank uses state-of-the-art technology platforms to be able to respond to customer needs with agility and for a superior product and service experience.

Innovative technologies have been deployed for fast, secure and seamless processing of transactions at scale. This has also significantly improved the efficiency of traditional tasks.

The merger has brought together two entities with different businesses. Given the nature of the existing businesses and processes, the entities have a fair set of overlapping applications and capability development areas which makes the system integration process extremely complex. To achieve the desired outcomes, the Bank has looked at prioritising the integration activities basis their criticality and time-to-delivery.

The system integration has taken place in the following phases:

- Day 1 (day of merger) initiatives: These included critical technology integration initiatives to allow some degree of harmonisation across reporting, financial consolidation, user access and customer experience elements across the two entities. These were time-bound.

- Intermediate state initiatives: Follow-up technology initiatives enabled the functioning of an integrated enterprise. These initiatives were rolled out after the announcement of the merger.

- Target state initiatives: The Bank has initiated planning for defining the target-state architecture of the merged entity and has started finalising the product stack that will deliver this. The on-ground implementation for this set is expected to be done over a 12-14-month period.

Internal Control Systems

IDFC FIRST Bank has adequate internal controls systems based on a robust framework of policies, processes and risk management practices. These controls identify and mitigate various risks by ensuring effectiveness and efficiency of operations, adequacy and reliability of financial controls, compliance with applicable laws and regulations. The internal controls system ensures authorisation, recording and reporting of all transactions, assets and liabilities and safeguards them from unauthorised changes. The Bank uses an array of technology systems and processes for its operations including loan origination system, core banking system, treasury system, customer relationship management system, general ledger system and other technologies, which operate under a tight control framework.

The Bank has an Internal Audit department, which independently reports to the Audit Committee of the Board and administratively to the Managing Director. This department provides independent, objective assurance on the effectiveness of internal controls, risk management and information security systems, compliance with regulatory requirements and corporate governance.

The Internal Audit Department reports all significant observations to the Audit Committee and follow up actions are taken accordingly. Further, the Audit Committee reviews adequacy and effectiveness of the Bank's internal control environment, monitors the implementation of audit recommendations and reviews the functioning of the Internal Audit department.

Suketu Kapadia
Head – Internal Audit

"We continue to build a strong third line of defense focussed on providing independent, objective and timely assurance to stakeholders, which is critical as the organisation grows and evolves."

Risk

The Bank promotes a strong risk culture throughout the organisation. A strong risk culture is designed to help reinforce the Bank's resilience by encouraging a holistic approach to management of risk & return and an effective management of risk, capital and reputational profile.

Consequent to the merger of erstwhile IDFC Bank Limited and erstwhile Capital First Limited effective December 2018, Bank has re-aligned its key policies and Risk Framework forming an overall Risk framework of the merged entity. The Bank operates within an effective risk management framework to actively manage all the material risks faced by the Bank, in a manner consistent with the Bank's risk appetite. The Bank aims to establish itself as an industry leader in the management of risks and strive to reach the efficient frontier of risk and return for the Bank and its shareholders. The Board has ultimate responsibility for the Bank's risk management framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. The Board is supported by various management committees as part of the Risk Governance framework to ensure that Bank has sound system of risk management and internal controls including Risk Management Committee of the Board ('RMC'). The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes and controls.

Srishti Sethi
Chief Risk Officer

"A number of changes are happening around us in the economy and we will need to be cautious about our credit approach. We constantly track and monitor the full stack of risk parameters and try and stay ahead of the curve."

Risk Appetite

The risk appetite is an expression of the risks the Bank is willing to take in pursuit of its financial and strategic objectives. The risk appetite thus sets the outer boundaries for risk-taking at the Bank. The risk appetite is a top-down process and consists of specific risk appetite statements, which are approved by the Board and reviewed periodically. Bank has re-visited the limits under Risk Appetite to accommodate the combined position of the merged entity.

Credit Risk

Bank's credit risk is controlled and governed by the Board approved Credit Risk Management Policy. The Credit Risk group has been established to independently evaluate all proposals to estimate the various risks as well as their mitigation.

The Bank has rigorously adhered to the RBI mandated prudential norms on provisioning of stressed assets and has adopted a stringent approach in taking aggressive

Management Discussion & Analysis Contd...

provisioning which is aimed at preserving and protecting shareholder value. During the year, Bank has proactively worked on the resolution of the stressed asset portfolio and has significantly reduced the position. Bank has also de-risked the portfolio by diversifying the credit portfolio across non-infrastructure sectors and focussed on increasing shorter tenure and non-funded exposures. With these measures, we have sought to reduce the concentration risk in the portfolio.

Kamalakar Nayak
Chief Compliance Officer

"IDFC FIRST Bank has put in place appropriate policies, risk controls and measures in order to ensure strong and effective compliance standards."

Market Risk

The Bank's positions in debt, foreign exchange, derivatives, and equity are subject to Market Risk. Such risks faced by the Bank are measured and monitored by the Market Risk Group. Bank has put in robust policy frameworks such as Market Risk Policy, Funds and Investment Policy, Forex and Derivatives Policy to ensure such positions which are subject to market risk are maintained within the approved risk appetite of the Bank. Several models and tools such as MTM, PV01, VaR etc. are used to measure and support the continuous monitoring of such risks. The tools, models and underlying risk factors are reviewed periodically to enhance their effectiveness. The group also supports the Asset-Liability Management ('ALM') function. The purpose of the Asset Liability Management Committee ('ALCO') is to act as a decision-making unit responsible for integrated balance sheet risk management from risk-return perspective including strategic management of interest rate and liquidity risks. ALM function also supports measurement and monitoring of Liquidity Gaps, resilience to liquidity stress using tools like LCR and Interest Rate Risk in Banking Book by assessing impact on NII and Market Value of Equity due to changes in underlying interest rates.

Operational Risk

Deregulation and globalisation of financial services, together with growing sophistication of financial technology and increase in the complexity and volume of financial transactions, are making the risk profiles of Banks more complex. A growing number of operational losses and risk events, recent regulations, industry trends and new types of threats and exposures have highlighted the importance of Operational Risk management. Operational Risk touches every part of the organisation from products, people, processes and technology and hence it is important to identify and manage operational risks proactively.

The Bank has put in place Board approved governance and organisational structure to manage Operational Risks. A committee comprising senior management personnel namely 'Operational Risk & InfoSec Risk Management Committee' is responsible for overseeing implementation of Board approved Operational Risk Management policy and framework. Operational Risk Management Department engages with the First Line of Defence (Business & Operating Units) on a continuous basis to identify and mitigate operational risks to minimise their impact.

Information Technology and Information Security Risk

Given that the Bank's expansion strategy is more digital oriented, Information Security risk is identified as a material risk for the Bank. The Information Security Group ('ISG') is responsible for this function and works continually towards adoption of newer and better security practices. ISG works as an independent group within Risk function and operates under the Information Security Management System framework ('ISMS') which is aligned to ISO 27001 and RBI guidance issued from time to time. The Bank is a ISO 27001: 2013 and PCI DSS 3.2 certified organisation. ISG follows systematic approach through people, process and technological security controls to manage sensitive company information so that it remains secure. The Bank had undertaken an independent assessment of its cyber security maturity this year and its cyber/information security practices were found to be 'adequately controlled'.

The team also conducts Information security awareness (for employees and customers) to address security at the weakest link.

Satish Gaikwad
Company Secretary & Head - Legal

"We are extremely committed to maintaining high standards of ethics, corporate governance and comply with all statutory and regulatory requirements."

Capital Adequacy

The Bank manages its capital position to maintain strong capital ratios well in excess of regulatory and Board approved minimum capital adequacy at all times. The strong Tier I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors and shareholders. In accordance with the RBI guidelines on Basel III, the Bank adopts the standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk. Capital management practices are designed to maintain a risk reward balance, while ensuring that businesses are adequately capitalised to absorb the impact of stress events.

The Internal Capital Adequacy Assessment Process ('ICAAP') forms an integral part of the Supervisory Review Process ('SRP') under Pillar 2 of the Basel III Framework. SRP under the Basel III Framework (pillar 2) envisages the establishment of appropriate risk and capital management processes in banks and their review by the supervisory authority. ICAAP is a structured approach to assess the risk profile of the Bank and determine the level of capital commensurate with the scale and complexity of operations. As part of the Basel II implementation, Bank has developed a comprehensive ICAAP policy and document, in line with regulations prescribed by the RBI.

The document aims to assess the risk profile of the Bank and whether the capital maintained is commensurate with the scale and complexity of operations. The document also contains projections of financials for the Bank, and its capital adequacy projections for next three years under normal and stress conditions. It also contains relevant details of plans and strategies for meeting capital requirements. Stress testing forms an essential part of ICAAP. It requires the Bank to undertake rigorous, forward-looking assessment of risks by identifying severe events or changes in market conditions which could adversely impact the Bank.

The ICAAP ensures that stress-testing reports provide senior management with a thorough understanding of the material risks to which the Bank is exposed. Stress-testing complements other approaches in the assessment of risk. It is the primary indicator of the Bank's ability to withstand tail events and maintain sufficient levels of capital. It is used to evaluate the financial position of the Bank under a severe but plausible scenario to assist in decision-making. It also assists the Bank in improving its risk monitoring processes.

Environment & Social Policy and Appraisal Process

The Bank has a comprehensive environment and social policy and a robust environment and social risk management framework for all its businesses.

The Environmental Risk Group ('ERG') of IDFC FIRST Bank works proactively with clients / internal teams to identify, mitigate and manage E&S risks associated with projects/transactions.

The Bank obtains information on environment-related regulatory and compliance norms so as to ensure that the projects / transactions it finances are in compliance with the applicable national environmental legislations.

IDFC FIRST Bank has developed and adopted an exclusion list comprising sectors in which it will not engage in any financing activity. The Bank continues to hold the distinction of being India's first financial institution to sign up for the Equator Principles (EP) – a credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions.

Management Discussion & Analysis Contd...

For the purpose of financing activities, IDFC FIRST Bank has also identified sensitive sectors which have potentially high impact on the environment and communities, and where the bank may have to deal with critical E&S issues.

The Bank, by virtue of its robust Environmental and Social risk management framework and enabling systems and procedures is the only private sector Bank in India that has been accredited as an "Accredited Entity" by the Green Climate Fund (GCF) on October 20, 2018, for channelising GCF Funds for on-lending and blending to low-emission and climate-resilient (Mitigation and Adaptation) projects in private and public sector. The accreditation is a culmination of the tireless efforts put in by the ERG along with the support and inputs of our various internal teams in the past three years.

*The Green Climate Fund (GCF) is a global fund established within the framework of the UNFCCC to support the efforts of developing countries to respond to the challenge of climate change. GCF helps developing countries limit or reduce their greenhouse gas (GHG) emissions and adapt to climate change (UNFCCC - United Nations Framework Convention on Climate Change)

Human Resources: Diverse Talent. One Team.

People are the Bank's greatest competitive advantage, and we continually invest in them.

The merger has brought together diverse talent that now works as one strong team. We believe we have one of the best teams in place to serve our 7.3 million-strong live customer base.

Following the merger, the Leadership team set the tone for the Bank's new journey by running initiatives that would unify employees with the business philosophy of the organisation.

A top priority for the Leadership team was to instil in employees a culture of customer-centricity, as the way we work and what we do affects our customers' financial lives.

To embed this message among teams nationwide, a number of townhalls and workshops were conducted. These also served as a platform to cascade the organisation's new values, vision and work culture among employees across functions and geographies.

Adrian Andrade
Head - Human Resources

"We are delighted that we pulled off a highly successful merger. The customer and employee experience was absolutely smooth and seamless on the date of the merger, without any inconvenience to them. We are proud of this achievement. Rigorous processes were followed during the integration."

The Bank is focussed on building an attitude of caring for customers, collaborating as one team to achieve business goals, and at an organisational level, giving every employee an opportunity to succeed.

Post-merger, the Bank has streamlined the roles and responsibilities of employees to create one cohesive operating structure.

To reduce the number and complexity of HR processes, the Bank took up digitisation at a significant scale. This has helped improve efficiency and effectiveness of the Bank's core HR operations.

The Bank is investing substantially in Training, Learning and Development, making it a way of life at the workplace. We believe that it not only expands skills sets and helps people grow professionally, but also enables them to be better at handling change and thinking unconventionally. A culture of continuous learning will enable our employees to serve customers better as they navigate a dynamic market characterised by changing customer preferences and new age technologies.

In line with this, the Bank has initiated training programmes aimed at enhancing technical and managerial capabilities. These programmes aim to groom new talent and upskill existing employees. Among the several being rolled out, is the Credit Power Certification programme, an industry first, which aims to bring objectivity to the underwriting process and develop technical skills. The Bank closed the year with more than two lakh learning hours, including offline and online training programs.

Opportunities & Outlook

IDFC FIRST Bank recognises the enormous opportunity the New India is going to produce. Under a stable political environment, the Indian economy is poised for sustainable growth which would be led by technology-driven initiatives, policy intervention, financial inclusion and consumption led business models. After the merger with erstwhile Capital First, which had a successful growth story as a retail-focussed Non-Banking Financing Services, IDFC FIRST Bank now has the robust business model with seasoned businesses, excellent asset quality, distribution framework, effective underwriting and risk management systems, technology-based origination and monitoring, efficient collection framework for catering to this vast opportunity, especially banking and financing requirement of the aspiring consumers and emerging entrepreneurs in India. The Bank also recognises the enormous opportunity for financing the aspiration and growth of rural consumers and entrepreneurs. With the technology and analytics driven approach and increasing distribution network, the Bank, in its renewed form, looks forward to a healthy growth of its retail financing portfolio in the coming years. Although the deposit base growth of the Industry has been low in recent years, it still offers a great opportunity for growth in case of the new-age private banks with offerings of better interest rate for deposits, excellent customer-centricity, convenience of operations and technology-led services in a growing economy where the banking habits of the customers are continuously improving.

The Bank also has the opportunity to provide technology enabled solutions in treasury, forex, payment solutions, transaction banking, cash management services and credit to its corporate customers.

The recent turmoil driven by rising credit default risks from some of the large corporates in India has shattered the corporate credit environment and debt capital market in the country. As of March 31, 2019, the Bank's wholesale credit book stood at close to 50% of the overall funded assets and the Bank would defocus on some of the segments of wholesale credit book including the infrastructure financing. With the volatile external and global environment, the growth of the corporate credit, SME financing and consumption may get hampered. The new growth strategies of the larger banking players and adoption of new technology based products and processes by the new players like fintech companies would offer greater competition for growth in retail financing. As the Bank is starting to grow its retail liabilities and branch network, the right talent acquisition for such growth also poses a threat for the future growth which the Bank has been handling effectively.

The Bank would focus on utilising the retail banking opportunity available and use its core competencies in retail financing and technology based banking to capture larger market share in both retail assets and liabilities. The bank would continue to increase its branch network to garner the growth of its retail liabilities franchise and invest in the technology led process and product innovations to offer best-in-class service for its customers. Whereas the Bank would focus on its Retail Banking growth, it would have an opportunistic growth strategy for select wholesale banking segments and scaling down its infrastructure financing book. The Bank would continue to enhance its sound risk management framework and keep the standard of corporate governance high.

Cautionary Statement

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Bank's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Bank's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Bank does not undertake any obligation to update these statements. The Bank has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.

Directors' Report

Dear Members,

Your Directors are pleased to present the Fifth Annual Report of IDFC FIRST Bank Limited (formerly IDFC Bank Limited) together with the audited financial statements for the financial year ended March 31, 2019.

Financial Highlights

(₹ in crore)

Particulars	FY 2019	FY 2018
Deposits	70,479	48,198
Borrowings	69,983	57,287
Investments	58,475	61,202
Advances	86,302	52,165
Total Assets / Liabilities	167,185	126,520
Total Income	12,887	10,048
Profit before Depreciation and Tax	(483)	1,191
Net Profit	(1,944)	859
Appropriations		
Transfer to Statutory Reserve	-	215
Transfer to Capital Reserve	2	202
Transfer to Special Reserve	-	75
Transfer from Investment Reserve	-	(1)
Dividend paid (includes tax on dividend)*	294	305
Balance in profit and loss account carried forward	(530)	1,710
Capital adequacy ratio (Basel III)	15.47%	18.00%
Gross NPA %	2.43%	3.31%
Net NPA %	1.27%	1.69%
Return on Assets	(1.20%)	0.72%

* The Board of Directors at their meeting held on May 10, 2019 had not proposed any dividend for FY 2018-19.

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, dividend for FY 2017-18 of ₹ 294.02 crore (net of DDT on dividend from Subsidiary) was paid in FY 2018-19 after necessary approvals from shareholders on July 31, 2018.

Amalgamation of erstwhile Capital First Group with IDFC Bank Limited

The Board of Directors of IDFC Bank Limited ('Amalgamated Company' or 'the Bank') and erstwhile Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited ('Amalgamating Companies' / 'Capital First Group') at their respective meetings held on January 13, 2018 had approved a Composite Scheme of Amalgamation ('Scheme') of Amalgamating Companies with Amalgamated Company and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Amalgamation').

Pursuant to the Scheme being approved vide respective Orders passed by the National Company Law Tribunal ('NCLT'), Chennai Bench and Mumbai Bench, the Meetings of the Board of Directors ('the Board') of the Amalgamated Company and Amalgamating Companies were duly convened on December 18, 2018 and the said Board *inter–alia* considered and noted the '**Effective Date**' as December 18, 2018 pursuant to Orders passed by both the NCLTs respectively filed with Registrar of Companies ('ROC') as on that date. The '**Appointed Date**' was October 01, 2018 as approved by both the NCLTs.

The Share Exchange Ratio for the Amalgamation was 139:10 i.e. 139 (One Hundred and Thirty Nine) fully paid-up equity shares of the Bank for every 10 (Ten) fully paid-up equity shares held in erstwhile Capital First Limited.

Further, pursuant to the effectiveness of the Scheme on December 18, 2018, the Allotment, Transfer and Routine Matters Committee of the Board of Directors of the Bank, at its meeting held on January 05, 2019 had *inter-alia* considered and approved the allotment of 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, as per the said Share Exchange Ratio in terms of the Scheme, to the eligible equity shareholders of erstwhile Capital First Limited as on December 31, 2018, being the '**Record Date**'.

State of Affairs of the Bank

Your Bank has successfully diversified its business mix and added new revenue streams after the Merger. Now it has expanded its reach to serve new customer segments both on the retail as well as wholesale side of the business.

As on March 31, 2019, your Bank has built a national footprint through the operation of 242 branches (out of which 133 are Urban Bank Branches and 109 are Rural Bank Branches) across many cities in India, 454 Corporate Business Correspondent ('BC') branches, 141 ATMs, 3 Central Processing Centers and 1 Clearing Hub.

Points of Presence comparison chart:

Particulars	FY 2018-19	FY 2017-18
Urban Bank Branches	133	47
Rural Bank Branches	109	103
ATMs	141	115
Asset Service Branches (Erstwhile Capital First Branches)	102	NA
Rural BC Branches (IDFC FIRST Bharat Limited)	354	312
Other BC Branches	100	75

Your Bank had a customer base of 7.3 million live customers as on March 31, 2019.

Your Bank offers a wide gamut of products to cater to the needs of customers from all segments which can be viewed on our website: www.idfcfirstbank.com.

Change of Name of the Bank

The Board of Directors and Shareholders of the Bank had approved the change of name of the Bank from 'IDFC Bank Limited' to 'IDFC FIRST Bank Limited' and the consequential amendment to the Memorandum and Articles of Association of the Bank.

The name of the Bank has changed from IDFC Bank Limited to 'IDFC FIRST Bank Limited' with effect from January 12, 2019 by virtue of 'Certificate of Incorporation pursuant to change of name' issued by the ROC, Chennai.

Further, License No. 144 dated February 07, 2019 (in lieu of license no. 111 dated July 23, 2015 in the name of IDFC Bank Limited) had been issued by the Reserve Bank of India ('RBI') consequent upon the said change of name.

The RBI vide its gazette letter no. DBR.PSBD. No. 7234/16.01.146/2018-19 dated March 01, 2019, had informed that pursuant to Section 42(6)(c) of the Reserve Bank of India Act, 1934 (2 of 1934), the said alterations in the name of the Bank has been effective from January 12, 2019 in the Second Schedule to the said Act.

Also, the symbol of the Bank on the National Stock Exchange of India Limited has been changed to 'IDFCFIRSTB' and security code on BSE Limited remains '539437'.

Dividend

In accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), your Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its Shareholders and retaining enough capital for the Bank's future growth.

This Policy is available on the Bank's web-link: https://www.idfcfirstbank.com/corporate-goverance.html.

During FY 2018-19, the Bank had incurred losses. Accordingly, the Directors did not recommend dividend on equity shares for the FY 2018-19.

Implementation of Indian Accounting Standards ('Ind-AS')

The RBI vide Circular RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019 has decided to defer the implementation of Ind-AS till further notice.

The Bank has made significant progress on Ind-AS implementation. The main impacted area under Ind-AS are Effective Interest Rate ('EIR'), Expected Credit Loss ('ECL') and Investment classification. Your Bank had appointed a consultant for development of ECL methodology and review and assessment of the accounting policy gaps. Under the RBI guidelines, Banks are not allowed to early adopt Ind-AS and should be guided by the RBI guidelines. Accordingly, the general purpose financial statement of the Bank presented in the Annual Report are not under Ind-AS.

Further, the Bank has also submitted quarterly Standalone Proforma financial in the format as prescribed by the RBI. These submissions were reviewed by the Management and the Audit Committee of the Bank before submission to the RBI. The working group of the Bank has prepared pro-forma Ind-AS financials as requested by the RBI vide its circular DBR.BP.BC.No.106/21.07.001/2015-16 dated June 23, 2016, letter DO. DBR.BP.No.2535/21.07.001/2017-18 dated September 13, 2017 and subsequent communication from time to time.

Capital Adequacy

During FY 2018-19, 492,450 equity shares of ₹ 10 each were issued and allotted to the eligible employees of the Bank on exercise of Options granted under IDFC FIRST Bank Limited Employee Stock Option Scheme 2015 ('IDFC FIRST Bank ESOS-2015').

Further, pursuant to the effectiveness of the Composite Scheme of Amalgamation, the Allotment, Transfer and Routine Matters Committee of the Board of Directors of the Bank, at its meeting held on January 05, 2019, *inter-alia* considered and approved the allotment of 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, as per the Share Exchange Ratio to the eligible equity shareholders of erstwhile Capital First Limited as on the Record Date.

As on March 31, 2019, the issued, subscribed and paid-up Equity Share Capital of your Bank was ₹ 47,816,764,120 comprising 4,781,676,412 equity shares of ₹ 10 each.

Subsequent to the year under review, the Allotment, Transfer and Routine Matters Committee of the Bank through a resolution passed at its meeting held on April 05, 2019 had allotted 371,970 fully paid-up equity shares of ₹ 10 each to the allottees upon exercise of stock options pursuant to IDFC FIRST Bank Employee Stock Option Scheme 2015 (IDFC FIRST Bank ESOS-2015).

Post the aforesaid allotment, the paid-up Equity Share Capital of the Bank stands at 4,782,048,382 equity shares of ₹ 10 each, aggregating to ₹ 47,820,483,820.

Pursuant to the sanction of Scheme by both the NCLTs, and consequent upon the Amalgamation of the Amalgamating Companies with the Amalgamated Company, the Authorised Share Capital of IDFC FIRST Bank Limited ('IDFC FIRST Bank') stood after Amalgamation as follows:

Authorised Share Capital – IDFC FIRST Bank Limited (After Amalgamation)	**(Amount in ₹)**
5,325,000,000 Equity shares of ₹ 10 each	53,250,000,000
3,800,000 Preference Shares of ₹ 100 each	380,000,000
Total	**53,630,000,000**

Your Bank has not issued any equity shares with differential voting rights.

Your Bank is well capitalised and has a Capital Adequacy Ratio ('CAR') under Basel III as at March 31, 2019 of 15.47% (as against a RBI minimum requirement of 10.88%) & with Tier-I Capital Adequacy Ratio being 15.28%.

Ratings of various Debt Instruments

During the year ended March 31, 2019, your Bank has not issued any Senior Unsecured Redeemable Long Term Bonds in the nature of Non-Convertible Debentures.

Credit rating details for 80CCF Long Term Infrastructure Bonds, Private Placement Bonds and other instruments of IDFC FIRST Bank along with rating rationale are available on the Bank's web-link: https://www.idfcfirstbank.com/ifb-credit-ratings.html.

During the year under review, your Bank has not issued any non-equity regulatory capital instrument.

Deposits

Being a Banking Company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013 are not applicable to your Bank.

As per the applicable provisions of the Banking Regulation Act, 1949, details of the Bank's deposits have been included under Schedule 3 - Deposits, in the preparation and presentation of the financial statements of the Bank.

RBI Guidelines

As a Banking Company, your Bank always aims to operate in compliance with applicable RBI guidelines and regulations and employs its best efforts towards achieving the same.

Loans, Guarantees or Acquisition of Securities

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a Banking Company in its ordinary course of business are exempted from disclosure requirements under Section 134(3)(g) of the Companies Act, 2013.

Performance and Contribution of Subsidiary and Associate Companies

IDFC FIRST Bank has one wholly owned Subsidiary Company, namely IDFC FIRST Bharat Limited ('IDFC FIRST Bharat'), which was formerly known as IDFC Bharat Limited.

IDFC FIRST Bharat is acting as a Business Correspondent ('BC') for distribution of the products of IDFC FIRST Bank and has given an added momentum to the financial inclusion plan of the Bank.

The Board of Directors and Shareholders of IDFC Bharat had approved the change of name of the Company from 'IDFC Bharat Limited' to 'IDFC FIRST Bharat Limited' and the consequential amendment to the Memorandum and Articles of Association of the Company.

The name of the Subsidiary has changed from IDFC Bharat Limited to 'IDFC FIRST Bharat Limited' with effect from April 29, 2019 by virtue of 'Certificate of Incorporation pursuant to change of name' issued by the ROC, Chennai.

During FY 2018-19, IDFC FIRST Bharat has disbursed ₹ 4,989 crore, of which ₹ 4,808 crore is in Joint Liability Group ('JLG'), ₹ 31 crore is in Micro Enterprises Loan ('MEL') and ₹ 149 crore is in Micro Housing Loan ('MHL') products, as a BC to IDFC FIRST Bank. The year end portfolio outstanding managed by IDFC FIRST Bharat for the financial year ended March 31, 2019 has increased to ₹ 3,732 crore as compared to ₹ 2,455 crore for the financial year ended on March 31, 2018. IDFC FIRST Bharat, as a BC to IDFC FIRST Bank, has initiated mobilisation of savings from the clients and reached an outstanding balance of ₹ 108 crore at the end of FY 2018-19. The number of clients for JLG loans has increased to 19 lakh during FY 2018-19 as against 13 lakh, at the end of FY 2017-18. The number of saving accounts opened by IDFC FIRST Bharat during the FY 2017-18 was 8 lakh, which has increased to 12 lakh at the end of FY 2018-19.

IDFC FIRST Bank's policy for determining material subsidiaries is available on the Bank's web-link: https://www.idfcfirstbank.com/corporate-goverance.html. The Bank does not have any material subsidiary company as per the Companies Act, 2013 and the Listing Regulations.

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Bank has prepared its consolidated financial statements, which forms part of this Annual Report.

Further, pursuant to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its standalone and consolidated financial statements has been hosted on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section.

In addition thereto, the Annual Report of IDFC FIRST Bharat containing therein its audited financial statements has also been hosted on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section.

The Annual Reports of IDFC FIRST Bank and IDFC FIRST Bharat are also available at the Registered Office of the Bank during business hours i.e. from 9:30 a.m. to 6:00 p.m. on all days (except Saturday, Sunday and Public Holidays).

Any Shareholder who is interested in obtaining a physical copy of the aforesaid Annual Reports may write to the Company Secretary of the Bank by sending an e-mail on bank.info@idfcfirstbank.com.

Pursuant to the RBI Guidelines for 'Licensing of New Banks in the Private Sector' dated February 22, 2013, the Promoter - IDFC Financial Holding Company Limited ('IDFC FHCL') is required to hold a minimum of 40% of the paid-up voting equity capital of the Bank which shall be locked in for a period of five years from the date of commencement of business of the Bank i.e. from October 1, 2015. Further, the shareholding by IDFC FHCL in the Bank in excess of 40% of the total paid-up voting equity capital was required to be brought down to 40% within three years from the date of commencement of business of the Bank. Also, in the event of the Bank raising further voting equity capital during the first five years from the date of commencement of business, IDFC FHCL should continue to hold 40% of the enhanced voting equity capital of the Bank for a period of five years from the date of commencement of business of the Bank. Accordingly, as and when equity shares are allotted by IDFC FIRST Bank pursuant to the ESOP Scheme or by way of any other allotment, IDFC FHCL purchases new shares for maintaining 40% shareholding in the Bank.

The Amalgamation of erstwhile Capital First Group with IDFC Bank led to reduction in shareholding of IDFC FHCL from 56.18% (as on Record Date i.e. December 31, 2018) to 40% (as on the Date of Allotment i.e. January 05, 2019). Accordingly, IDFC FHCL ceased to be Holding Company of IDFC FIRST Bank and thereby your Bank became an Associate Company of IDFC FHCL.

IDFC FIRST Bank has only one Associate Company as on March 31, 2019, namely Millennium City Expressways Private Limited in which it holds 29.98% equity stake.

The highlights on performance of the Subsidiary and Associate Company and their contribution to the overall performance of the Bank can be referred to in Form AOC-1, appended as **Annexure 1**.

Employees

Your Bank has grown with a talent base of 12,257 employees as of March 31, 2019, after the Merger with the erstwhile Capital First Group. The Bank has a well defined process of recruiting employees after rigorous screening of their capabilities as assessed by the organisation for the requirements of the new dynamic ecosystem of the country. Your Bank has a merit oriented culture where performance appraisal is conducted on an annual basis for all employees through a rigorous process. Employees are allocated ratings based on the performance and such performance ratings are linked with employees' rewards and compensation. In general, the work environment in the organisation continued to be vibrant during the year.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 may be obtained by the Members by writing to the Head - Legal and Company Secretary of your Bank.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure 2**.

Employee Stock Option Scheme

The Employee Stock Option Scheme (IDFC FIRST Bank ESOS-2015 / 'ESOS') was framed with an object of encouraging higher participation on the part of employees in the Bank's financial growth and success. An effective stock option scheme enables retention of talent and aligning employee interest to that of the Shareholders.

IDFC FIRST Bank ESOS-2015 was approved by the Members at their meeting held on December 09, 2014. The Members at the Annual General Meeting ('AGM') held on July 27, 2016 approved an Employee Stock Options ('ESOP') pool of 6% of the paid-up share capital of the Bank.

There were 90,711,660 Options outstanding at the beginning of FY 2018-19. During FY 2018-19, 22,006,400 Options were granted to the eligible employees under IDFC FIRST Bank ESOS-2015. Further, in accordance with and pursuant to effectiveness of Scheme of Amalgamation, 167,818,175 stock options were granted to eligible employees of erstwhile Capital First Group on the basis of the Share Exchange Ratio, i.e. for every 10 (Ten) options held by an Eligible Employee which entitle such Eligible Employee to acquire 10 (Ten) equity shares in the erstwhile Capital First Limited, such Eligible Employee was conferred 139 (One Hundred and Thirty Nine) options in the IDFC FIRST Bank which entitles him / her to hold 139 (One Hundred and Thirty Nine) equity shares in IDFC FIRST Bank under IDFC FIRST Bank ESOS-2015.

Further, 23,787,480 Options had lapsed / forfeited and 492,450 Options were exercised during the year ended March 31, 2019. Accordingly, 256,256,305 Options remained outstanding as on March 31, 2019. All Options vests in a graded manner and are required to be exercised within a specific period.

The Bank has used the intrinsic value method to account for the compensation cost of Stock Options to employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price on the Option. IDFC FIRST Bank ESOS-2015 is administered by the Nomination & Remuneration Committee ('NRC') of the Board of the Bank.

There has been no material change in IDFC FIRST Bank ESOS-2015 during FY 2018-19 and the said scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

However, on recommendation of NRC at its meeting held on May 09, 2019, the Board of Directors of the Bank at its meeting held on May 10, 2019, approved the proposal to increase the existing pool from current 6% to 8% of the issued and paid-up share capital of the Bank, from time to time and also modification of exercise period of the Scheme, subject to approval of the Shareholders of the Bank.

The proposal for consequential modification of Scheme subsequent to increase in ESOP pool and modification of exercise period is placed for Shareholders approval in the ensuing Annual General Meeting.

The details and disclosures with respect to ESOS as required under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and circulars issued thereunder, have been uploaded on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section.

Further, disclosure as per the 'Guidance Note on Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India, are appearing in the Notes to the Standalone Financial Statements of IDFC FIRST Bank, forming part of this Annual Report.

Directors and Key Managerial Personnel

Appointment & Cessation

All appointments of Directors are made in accordance with the relevant provisions of the Companies Act, 2013 and the Rules framed thereunder, the Listing Regulations, the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the RBI from time to time.

The NRC conducts due diligence before appointment of Directors and ensures adherence to 'Fit and Proper' criteria, as prescribed by RBI.

During the year under review, the Board of Directors on the recommendation of the NRC, had re-appointed Mr. Abhijit Sen (DIN: 00002593), Ms. Veena Mankar (DIN: 00004168) and Mr. Ajay Sondhi (DIN: 01657614), as Non-Executive Independent Directors of the Bank for a second term of five (5) consecutive years effective from July 27, 2018 to hold office up to July 26, 2023 or for such other period as the RBI may approve and they shall not be liable to retire by rotation. The aforesaid re-appointment of Independent Directors was approved by the Members in the 4th Annual General Meeting of the Bank held on July 31, 2018. The Members also approved the re-appointment of Mr. Rajan Anandan (DIN: 02395272), as Non-Executive Independent Director of the Bank for a second term of five (5) consecutive years effective from December 01, 2018 to hold office up to November 30, 2023 or for such other period as the RBI may approve and he shall not be liable to retire by rotation.

Further, Members at the 4th Annual General Meeting of the Bank held on July 31, 2018 also approved the re-appointment of Dr. Rajiv B. Lall (DIN: 00131782) as the Founder Managing Director and Chief Executive Officer for a period of two (2) years with effect from October 1, 2018 or for such other period as the RBI may approve.

Mr. Pravir Vohra (DIN: 00082545) was appointed as an Additional Director in the category of Independent Director of the Bank for a period of three (3) years with effect from August 01, 2018 subject to approval of Members.

As per the terms of the Scheme of Amalgamation, the Board of the Bank was re-constituted to represent directors of both the merging entities.

Immediately upon the effectiveness of the Scheme of Amalgamation, the Board of IDFC FIRST Bank was re-constituted and the Board of Directors of both, IDFC FIRST Bank and erstwhile Capital First Limited, was equally represented on the re-constituted Board.

The Board, based on the recommendations of NRC, appointed following Directors on the Board of IDFC FIRST Bank for a period of five (5) years with effect from December 18, 2018, as per the provisions of applicable laws and rules made thereunder and subject to approvals of Shareholders of the Bank:

a. Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864) as an Independent Director;

b. Mr. Hemang Raja (DIN: 00040769) as an Independent Director;

c. Mr. Vishal Mahadevia (DIN: 01035771) as a Non-Executive Non-Independent Director;

d. Mr. Aashish Kamat (DIN: 06371682) as an Independent Director; and

e. Mr. Desh Raj Dogra (DIN: 00226775) as an Independent Director

Mr. Ajay Sondhi and Mr. Rajan Anandan had tendered their resignation from the Board of the Bank with effect from December 18, 2018.

Dr. Rajiv B. Lall stepped down as the Founder Managing Director and Chief Executive Officer of the Bank and became Part-Time Non-Executive Chairman of the Bank in place of Ms. Veena Mankar with effect from December 19, 2018. Ms. Veena Mankar continued to be on the Board of the Bank as an Independent Director.

The Board of Directors at its Meeting held on December 18, 2018, based on the recommendations of the NRC, appointed Mr. V. Vaidyanathan (DIN: 00082596) as the

Managing Director & Chief Executive Officer ('MD & CEO') of IDFC FIRST Bank with effect from December 19, 2018 of the new entity, subject to necessary approvals. Further, the RBI vide its letters dated December 14, 2018 and January 17, 2019 approved the appointment of Mr. V. Vaidyanathan as the MD & CEO of the Bank for a period of three (3) years with effect from December 19, 2018.

The RBI vide its letter dated January 31, 2019 has accorded its approval for payment of remuneration of ₹ 46,000,000 p.a. plus Perquisites payable to Mr. V. Vaidyanathan as the MD & CEO of IDFC FIRST Bank Limited effective from December 19, 2018.

Upon recommendation of NRC and receipt of requisite approvals from the RBI relating to term of appointment and payment of remuneration, the Board of Directors of the Bank at its Meeting held on February 05, 2019 considered and approved the said term of appointment and remuneration of ₹ 46,000,000 p.a. plus Perquisites payable to Mr. V. Vaidyanathan as the MD & CEO for a period of three (3) years effective from December 19, 2018 in compliance with the provisions of the Companies Act, 2013 and other applicable regulations. The proposal for appointment and payment of remuneration to Mr. V. Vaidyanathan is subject to approval of the Members at the ensuing Annual General Meeting.

Thereafter, Ms. Veena Mankar and Mr. Abhijit Sen tendered their resignation from the Board of IDFC FIRST Bank effective from March 25, 2019 in order to balance their expanding work commitments.

Subsequent to the year under review, Mr. Desh Raj Dogra tendered his resignation from the Board of IDFC FIRST Bank effective from April 04, 2019 in order to avoid potential conflict of interest with his other Board memberships.

Further, based on the recommendation of the NRC, the Board at its meeting held on May 10, 2019 approved the reappointment of Mr. Anand Sinha (DIN: 00682433) as an Independent Director for second term of four (4) consecutive years with effect from August 01, 2019, subject to approval of the shareholders of the Bank and other applicable statutory / regulatory approvals. Also, the appointment of Mr. Sanjeeb Chaudhuri (DIN: 03594427) as an Independent Director for a period of four (4) consecutive years with effect from May 10, 2019 was approved at the Board Meeting held on May 10, 2019, based on the recommendation of the NRC and subject to approval of the shareholders of the Bank and other applicable statutory / regulatory approvals.

In terms of Section 160 of the Companies Act, 2013, your Bank has received notice in writing from Members proposing candidature of Mr. Pravir Vohra, Mr. Hemang Raja, Dr. (Mrs.) Brinda Jagirdar, Mr. Aashish Kamat, Mr. Vishal Mahadevia, Mr. V. Vaidyanathan, Mr. Anand Sinha and Mr. Sanjeeb Chaudhuri.

The relevant details including brief profiles of Dr. Rajiv B. Lall, Mr. Pravir Vohra, Mr. Hemang Raja, Dr. (Mrs.) Brinda Jagirdar, Mr. Aashish Kamat, Mr. Vishal Mahadevia, Mr. V. Vaidyanathan, Mr. Anand Sinha and Mr. Sanjeeb Chaudhuri are given in the Exhibit to the Notice of the 5th AGM. Further, brief profiles of all the Directors of the Bank are also available on the Bank's web-link: https://www.idfcfirstbank.com/about-us/board-of-directors.html under the 'Board of Directors' section.

None of the Directors of the Bank are disqualified in accordance with Section 164 of the Companies Act, 2013.

The Board recommends to the Shareholders, the appointment of the aforesaid Directors at the ensuing AGM.

Further, the Bank had received a declaration from all the Independent Directors ('IDs'), at the time of appointment and also at the first meeting of the Board of Directors held in FY 2018-19, that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations, for holding the position of ID and that they shall abide by the 'Code for Independent Directors' as per Schedule IV of the Companies Act, 2013.

Further, it is reported by the Bank's Secretarial Auditor that during the financial year under review, the Board of Directors of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 and Listing Regulations.

Further, as per the Listing Regulations, the certificate from the Bank's Secretarial Auditor, being a Company Secretary in Practice, has also been received that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Framework for Appointment of Directors

The Bank has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Bank.

Retirement by Rotation

In accordance with the Articles of Association of the Bank and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Sunil Kakar (DIN: 03055561), Non-Executive Non-Independent Director, would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Key Managerial Personnel

As on the date of this report, the following officials of the Bank are the 'Key Managerial Personnel' pursuant to the provisions of Section 203 of the Companies Act, 2013:

Mr. V. Vaidyanathan
Managing Director and Chief Executive Officer
(appointed with effect from December 19, 2018)

Mr. Pankaj Sanklecha
Chief Financial Officer and Head – Corporate Centre
(appointed with effect from December 19, 2018)

Mr. Satish Gaikwad
Head – Legal and Company Secretary
(appointed with effect from December 19, 2018)

During the year under review, Dr. Rajiv B. Lall stepped down as the Founder MD & CEO of the Bank and became Part-Time Non-Executive Chairman of the Bank with effect from December 19, 2018. Further, Mr. Bipin Gemani resigned as the Chief Financial Officer of the Bank with effect from December 18, 2018 and Mr. Mahendra N. Shah resigned as the Group Company Secretary and Group Compliance Officer of the Bank with effect from December 18, 2018.

Familiarisation Programmes for Board Members

At the time of appointment, all Directors of your Bank are familiarized with their roles, responsibilities, rights and duties along with a brief overview of your Bank's operations in a nutshell.

The Board members are further provided with necessary documents, reports and internal policies to enable them to familiarise with the Bank's procedures and practices.

Periodic presentations are made at the Board and Committee meetings on business and performance of the Bank, global business environment, business strategy and associated risks, responsibilities of the Directors etc.

Detailed presentations on the Bank's business and updates thereon were made at the meetings of the Board and Committees, held during the year.

The details of the said programmes are available on the Bank's web - link: https://www.idfcfirstbank.com/corporate-goverance.html.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and Individual Directors pursuant to the provisions of the Companies Act, 2013 and Listing Regulations. Additionally, the necessary evaluation was carried out by the NRC and IDs at their respective meetings held for the purpose.

The detailed process indicating the manner in which the annual evaluation has been carried out pursuant to Listing Regulations and Companies Act, 2013 is given in the Corporate Governance Report, which forms part of this Annual Report.

Number of Meetings of the Board

The Board met seven (7) times during FY 2018-19 viz., April 24, 2018, July 30, 2018, October 24, 2018, December 18, 2018 (two Board meetings held on December 18, 2018), January 08, 2019 and February 05, 2019; details of which are given in the Corporate Governance Report, which forms part of this Annual Report. The maximum interval between any two consecutive meetings did not exceed 120 days.

Board Committees

In compliance with various regulatory requirements, several Board-level Committees have been constituted to delegate matters that require greater and more focused attention.

Details on the constitution, brief terms of reference, meetings held and attendance of all the Board-level Committees are given in the Corporate Governance Report which forms part of this Annual Report.

A brief overview of some of the Board-level Committees is furnished below:

Audit Committee

The Audit Committee met nine (9) times during FY 2018-19 i.e. on April 23, 2018, July 30, 2018, August 14, 2018, October 23, 2018, November 06, 2018, December 18, 2018, January 07, 2019, February 04, 2019 and February 26, 2019.

All recommendations made by the Audit Committee during the year were accepted by the Board.

Further, the Audit Committee comprises of the following members as on the date of this report :

Mr. Aashish Kamat
Chairman | Independent Director

Dr. (Mrs.) Brinda Jagirdar
Member | Independent Director

Mr. Pravir Vohra
Member | Independent Director

Mr. Sunil Kakar
Member | Non-Executive Non-Independent Director

Corporate Social Responsibility (CSR) Committee

The CSR Committee met two (2) times during FY 2018-19 on April 23, 2018 and February 04, 2019. The CSR Policy of the Bank is available on the Bank's web-link: https://www.idfcfirstbank.com/corporate-goverance.html.

The CSR initiatives of the Bank in FY 2018-19 were implemented through various implementation agencies / partners. In order to achieve impact and scale, the CSR activities undertaken during the year mainly focused on five areas: Education, Livelihoods, Women Empowerment, Health and Financial Inclusion.

The amount spent for CSR contribution by the Bank for FY 2018-19 was ₹ 20.82 crore. Further, during the year under review ₹ 0.34 crore was spent by IDFC FIRST Bank in order to meet, discharge and satisfy all the obligations of the erstwhile Capital First Limited, to the extent they were outstanding on the Effective Date (December 18, 2018) of Scheme of Amalgamation.

Additionally, ₹ 4.48 crore incurred by erstwhile Capital First Group towards CSR spend was also recognised as expense in the Statement of Profit and Loss of the Bank on CSR related activities.

The amount spent for CSR contribution by erstwhile Capital First Limited for the period between April 01, 2018 to December 18, 2018 (i.e. prior Amalgamation) was ₹ 6.51 crore.

Details of the CSR initiatives undertaken by IDFC FIRST Bank through various implementation partners / agencies are given in **Annexure 3**.

Further, the CSR Committee comprises of the following members as on the date of this report:

Mr. V. Vaidyanathan
Chairman | Executive Director

Dr. (Mrs.) Brinda Jagirdar
Member | Independent Director

Mr. Hemang Raja
Member | Independent Director

Nomination and Remuneration Committee (NRC) / Remuneration Policy

The NRC is constituted in compliance with the RBI Guidelines, Section 178 of the Companies Act, 2013 and Listing Regulations.

The NRC met seven (7) times during FY 2018-19 on April 24, 2018, July 30, 2018, October 23, 2018, December 18, 2018, January 08, 2019, January 28, 2019 and February 04, 2019.

Further, the NRC comprised of the following members as on the date of this report:

Mr. Hemang Raja
Chairman | Independent Director

Mr. Aashish Kamat
Member | Independent Director

Dr. (Mrs.) Brinda Jagirdar
Member | Independent Director

Mr. Vishal Mahadevia
Member | Non-Executive Non-Independent Director

In line with the provisions of the Companies Act, 2013 and RBI guidelines issued in this regard, from time to time, your Bank has a stable framework for remuneration of the various categories of persons at IDFC FIRST Bank and accordingly has two separate remuneration policies as given below:

I. Remuneration Policy for the Whole Time / Executive Directors, Non-Executive / Independent Directors, Key Managerial Personnel and Senior Management Personnel.

The various components of remuneration itemized in this policy *inter-alia* are as follows:

For Whole Time / Executive Directors:

a. Fixed Pay benchmarked primarily to the Indian Private Sector Banks;

b. Variable Pay in the form of annual performance bonus will be determined based on the Bank, business units and individual performance and other evaluation criteria and is not an entitlement;

c. Retiral benefits, allowances, perquisites and other benefits;

d. Stock Options;

e. Directors and Officers Liability Insurance Policy;

f. Severance Pay, if mandated by any applicable laws.

g. Malus/Clawback

For Non-Executive / Independent Directors:

a. Commission to Non-Executive / Independent Directors (other than the Part - time Chairperson);

b. Remuneration to Non-Executive Part-time Chairperson;

c. Sitting Fees and Other Expenses; and

d. Directors and Officers Liability Insurance Policy.

For Key Managerial Personnel ('KMP') and Senior Management Personnel ('SMP'):

a. Fixed Pay benchmarked primarily to the Indian Private Sector Banks;

b. Variable Pay in the form of annual performance bonus will be determined based on Bank, business unit and individual performance and other evaluation criteria and is not an entitlement;

c. Retiral benefits, allowances, perquisites and other benefits;

d. Stock Options;

e. Directors and Officers Liability Insurance Policy;

f. Severance Pay, if mandated by any applicable laws.

g. Malus/Clawback

II. Remuneration Policy for Employees (Including Risk-Takers) except for the Whole Time / Executive Directors, Non-Executive / Independent Directors, KMP and SMP.

The various components of remuneration itemized in this policy *inter-alia* are as follows:

a. Fixed Pay benchmarked primarily to the Indian Private Sector Banks;

b. Variable Pay in the form of annual performance bonus will be determined based on Bank, Business unit and individual performance and other evaluation criteria and is not an entitlement.

The organization has a robust policy around performance management which has a direct bearing on Variable Pay. The organization applies the malus model through the performance management framework.

In the event of significant negative contributions of the bank and/ or the relevant line of business in any year, the deferred compensation (if any) would be subjected to clawback arrangement;

c. Statutory Bonus, as may be mandated by any applicable laws;

d. Stock Options;

e. Severance Pay, if mandated by any applicable laws.

The principles for remuneration at IDFC FIRST Bank are guided by the Bank's philosophy for driving employee performance to achieve its medium term and long term objectives, balanced with prudent risk taking and are in compliance with the RBI's Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Risk takers and Control function staff, etc. dated January 13, 2012.

Both the remuneration policies are available on the Bank's web - link: https://www.idfcfirstbank.com/corporate-goverance.html.

Your Bank also has a process in place for identification of independence, qualifications and positive attributes of its Directors. The NRC ensures a transparent nomination process to the Board of Directors with the diversity of gender, thought, experience, knowledge, perspective and in the Board.

The NRC, after taking into consideration the Remuneration Policy for the Whole Time / Executive Directors, Non-Executive / Independent Directors, KMP and SMP, recommends their remuneration to the Board for its approval.

Internal Financial Controls

The Bank has adequate internal controls and processes in place with respect to its financial statements that provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications which also ensure the orderly and efficient conduct of the Bank's business, including adherence to Bank's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The controls and processes are being reviewed periodically. The Bank has a mechanism of testing the controls and processes at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

Information / Cyber Security Framework

IDFC FIRST Bank since its inception has put in place a robust Information / Cyber Security Framework. Our Bank being a green field setup, has Information Security woven into our banking platform and seamlessly merges both culturally and technologically. A dedicated team of security professionals are part of the Information Security Group ('ISG') who govern the Information Security practices in the Bank. Our Bank has put in place state of the art security technologies including several industry 'firsts' technology solutions and adopted 'defense in depth' approach & industry best practices as part of our security framework and architecture. Our Bank is mindful of the need to always be on the guard and monitors its environment 24x7x365. Given the changing threat landscape and evolving technology platforms, the attempt is to progressively move towards adoption of proactive and adaptive platforms for quick detection and recovery.

Internal Ombudsman

In compliance with regulatory guidelines, the Bank has appointed Mr. Dayanand P. Kasabe, a senior retired Central Banker as Internal Ombudsman for a period of 3 years with effect from December 03, 2018, as per the Internal Ombudsman Scheme, 2018 to enhance your Bank's customer grievance redressal mechanism and to improve service delivery.

Statutory Auditors

IDFC FIRST Bank Limited was incorporated on October 21, 2014. The Bank received the final banking license on July 23, 2015 and commenced its banking operations from October 01, 2015.

Deloitte Haskins & Sells LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W) have been the Statutory Auditors of the Bank since incorporation.

In terms of RBI circular DBS.ARS.BC.04/08.91.001/2017-18 dated July 27, 2017 and titled 'Appointment of Statutory Central Auditors (SCAs) – modification of rest period', an audit firm, after completing its four (4) years tenure in a particular private / foreign bank, will not be eligible for appointment as SCA of the same bank for a period of six (6) years. This practice is based on the guidelines on periodical rotation and resting of statutory auditors.

Further, in terms of Section 30(1) of the Banking Regulation Act, 1949, the Statutory Auditors of banks are required to be appointed in the AGM, with the prior approval of RBI. The Audit Committee and the Board of Directors of the Bank, vide circular resolutions dated April 20, 2019 and April 23, 2019 respectively, approved the appointment of Statutory Auditors of the Bank for FY 2019-20 in the order of preference with a panel of 3 auditors for onward submission to the RBI.

In accordance with the aforesaid circular, the appointment of the SCA will be subject to shareholders approval in the ensuing AGM, post receipt of RBI approval.

Auditors' Report

There were no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their report for the financial year ended March 31, 2019.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s. Bhandari & Associates, Company Secretaries to undertake the Secretarial Audit of the Bank for the financial year ended March 31, 2019.

The Bank provided all assistance and facilities to the Secretarial Auditors for conducting their audit.

The Secretarial Audit Report is appended as **Annexure 5** to this report.

There were no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors in their report for the financial year ended March 31, 2019.

Compliance with applicable Secretarial Standards

The Bank has generally complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Concurrent Audit

Your Bank has a regular process of getting concurrent audit done for important functions such as treasury, trade finance operations, retail operations, wholesale operations etc. as required by extant regulatory guidelines. Reputed Chartered Accountant firms carry out the Concurrent Audit. Results of these audits are placed before the Audit Committee of the Board on a quarterly basis.

Requirement for Maintenance of Cost Records

The Bank is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

Awards and Recognitions

During the year under review, your Bank was recognized in various ways and the significant awards presented to your Bank are listed below:

- Banking Frontiers Finnoviti Awards 2019
- NASSCOM DSCI Excellence Award 2018 for Best Security Practices in Banking
- Two Awards won at 6th Payments and Cards Summit 2018
- Intelligent Enterprise Award 2018
- Product Innovator of the Year
- Two Awards won at National Payments Excellence Awards 2017 for two consecutive years
- Won 2 Triple-A awards
- IDEX Legal award 2018
- Award for excellence in video IP Based Surveillance

During the year under review, erstwhile Capital First received several award/ accolades. Select few awards/ rankings are as mentioned below:

- 'CEO of the year 2018' by Business world : "Leaving a well-paying top job as an MD in the ICICI group and acquiring stake in NBFC with the hope of converting to a bank is a novel thought or weird, depending on the prism you use, but certainly unique. But in the end, by merging with a bank, looks like a nice landing for Vaidyanathan and Capital First. Certainly a big match player."

- 'Outstanding Corporate Transformation India 2018' by Capital Finance International : "The CFI.co judges agree that Capital First is a case of extra-ordinary transformation in Corporate in seven years, from small to big, from loss making to highly profitable, concentrated to diversified, and the 2018 award is applauded by the jury".

- 'V. Vaidyanathan: Most Inspirational Management Buyout India 2018' by Capital Finance International : "MBOs are rare but successful leveraged ones with dramatic rise in market caps and squaring leverage through stake sale, make for management textbooks. The CFI.co judging panel applauds Vaidyanathan's successful soft touchdown of the MBO in 2018, by merger with a commercial bank, leading to his 2018 award win for Most Inspirational Management Buyout India."

- 'Game Changers of India' – Economic Times Global Business Summit 2018 : "From creating market linkages for micro enterprises to bridging rural-urban divide these leaders are innovating the way new business is done. These change-makers have recognized the possibilities to build sustainable businesses targeting the bottom of the pyramid and investors that are willing to back them in their efforts."

Instances of Fraud, if any reported by the Auditors or the Management

No offence of fraud was reported by the Auditors of the Bank under Section 143(12) of the Companies Act, 2013. The details of provisioning pertaining to Fraud Accounts during the year under review are provided in Note No. 18.17 to the Standalone Financial Statements as at March 31, 2019. The Members are requested to refer to the said Note for details in this regard.

Risk Management Framework

Your Bank promotes a strong risk culture throughout the organization. A strong risk culture is designed to help reinforce the Bank's resilience by encouraging a holistic approach to management of risk & return and an effective management of risk, capital and reputational profile.

Consequent to the amalgamation of IDFC Bank and erstwhile Capital First Group, effective December 18, 2018, Bank has re-aligned its key policies and Risk Framework forming an overall Risk framework of the merged entity. Your Bank operates within an effective risk management framework to actively manage all the material risks faced by the Bank, in a manner consistent with the Bank's risk appetite. Your Bank aims to establish itself as an industry leader in the management of risks and strive to reach the efficient frontier of risk and return for the Bank and its shareholders. The Board has ultimate responsibility for the Bank's risk management framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. The Board is supported by various management committees as part of the Risk Governance framework to ensure that Bank has sound system of risk management and internal controls including Risk Management Committee of the Board ('RMC'). The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes and controls.

To ensure the Bank has a sound system of risk management and internal controls in place, the Board has established the Risk Management Committee of the Board. The Risk Management Committee of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity and operational risks. The Committee also reviews the Risk Appetite & Enterprise Risk Management framework, Internal Capital Adequacy Assessment Process ('ICAAP') and Stress Testing.

Your Bank has in place a Board approved Risk Management Policy. The Policy aims at establishing a risk culture and governance framework to enable identification, measurement, mitigation and reporting of risks within the Bank in line with the Bank's risk appetite, risk - return trade-off and the escalation & accountability framework.

Vigil Mechanism / Whistle Blower Policy

The Bank has implemented a Whistle Blower Policy in compliance with the provisions of the Listing Regulations, Companies Act, 2013 and RBI notification on Introduction of 'Protected Disclosures Scheme for Private Sector and Foreign banks'. Pursuant to this policy, the Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of IDFC FIRST Bank's Code of Conduct, employee misconduct, fraud, illegal unethical imprudent behaviour, corruption, safety and misappropriation or misuse of Bank funds / assets etc.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of Whistle Blower to those who avail such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases.

The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. None of the Whistle Blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy is available on the Bank's web-link: https://www.idfcfirstbank.com/corporate-goverance.html. The Whistle Blower Policy is communicated to the employees and is also posted on the Bank's intranet.

In addition to the above, the Bank has formulated a Vigilance Policy for effectively managing the risks faced by the Bank on account of corruption, malpractices and frauds.

Mr. Avinash Saraiya is the Chief Vigilance Officer of the Bank.

Prevention of Sexual Harassment of Women at the Workplace

Your Bank has an Internal Committee to investigate and inquire into sexual harassment complaints in line with The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Your Bank has in place a policy on Anti-Sexual Harassment, which reflects the Bank's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. Your Bank has set up an Internal Committee ('IC') to receive and redress complaints of sexual harassment. Your Bank undertakes ongoing trainings to create awareness on this policy. During FY 2018-19, employees were given training on the subject so that they understand the anti-sexual harassment policy, the complete framework adopted by the Bank to report and resolve instances of sexual harassment etc., details of which have been mentioned in the Business Responsibility Report, which is hosted on the Bank's web-link: https://www.idfcfirstbank.com/corporate-goverance.html.

During the year under review, 6 sexual harassment cases were filed, all of which were resolved as on March 31, 2019. During FY 2018-19, employees were given online training and classroom training was imparted to all IC members in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment.

Significant and Material Orders passed by the Regulators / Courts / Tribunals

Pursuant to the Scheme of Amalgamation being approved vide respective Orders passed by the NCLT, Chennai Bench and Mumbai Bench, the Meetings of the Board of Directors ('the Board') of the Amalgamated Company and Amalgamating Companies were duly convened on December 18, 2018 and the said Board *inter–alia* considered and noted the '**Effective Date**' as December 18, 2018 pursuant to Orders passed by both the NCLTs respectively filed with Registrar of Companies ('ROC') as on that date. The '**Appointed Date**' was October 01, 2018 as approved by both the NCLTs.

Accordingly, the Scheme of Amalgamation became effective on December 18, 2018 pursuant to the filing of the Orders of both the benches of the Hon'ble NCLT with the ROC.

Therefore, pursuant to the effectiveness of the Amalgamation and by virtue of operation of law, the Amalgamating Companies stood dissolved without being wound up with effect from December 18, 2018.

Apart from the above, there were no other significant and material orders passed by the regulators or courts or tribunals impacting the going concern status or the operations of the Bank.

Material Changes and Commitments affecting the Financial Position of the Bank

There are no material changes and commitments, affecting the financial position of the Bank between the end of the financial year of the Bank i.e. March 31, 2019 and the date of the Board Meeting in which the Directors' Report was approved i.e. May 10, 2019.

Related Party Transactions

All the related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business of the Bank. IDFC Group including IDFC FIRST Bank have always been committed to good corporate governance practices, including matters relating to related party transactions.

All the related party transactions are placed before the Audit Committee for approval. Prior omnibus approval is obtained from the Audit Committee for foreseen related party transactions. Prior omnibus approval is also obtained for unforeseen related party transactions subject to their value not exceeding ₹ 1 crore per transaction. The required disclosures are made to the Audit Committee on a quarterly basis in terms of the omnibus approval of the Committee.

Pursuant to the provisions of Companies Act, 2013 and Rules made thereunder, Listing Regulations and in the back-drop of the Bank's philosophy on such matters, the Bank has in place a Board approved policy on related party transactions. The said policy is also uploaded on the Bank's web-link: https://www.idfcfirstbank.com/corporate-goverance.html. Since all related party transactions entered into by the Bank were in the ordinary course of business and on arm's length basis, Form AOC-2 as prescribed under Section 134(3)(h) of the Companies Act, 2013 is not applicable to the Bank.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption are given as under:

Detailed initiatives taken for conservation of energy has been mentioned in the Business Responsibility Report, which is hosted on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section.

Also, your Bank has been increasingly using information technology in its operations, for more details, please refer Management Discussion and Analysis Report, which forms part of this Annual Report.

Further, Foreign Exchange earnings and outgo are part of the normal banking business of the Bank.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, as required by Regulation 34(2)(e) of the Listing Regulations, forms part of this Annual Report.

Corporate Governance

Your Directors ensure the Bank's prosperity by collectively directing its affairs, whilst meeting the appropriate interests of its Shareholders and other Stakeholders.

Your Bank is committed to achieve the highest standards of Corporate Governance. A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures, as stipulated under Listing Regulations, Companies Act, 2013 and Rules made thereunder forms part of this Annual Report.

A Certificate from the Statutory Auditors of the Bank, Deloitte Haskins & Sells LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), conforming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations is enclosed at the beginning of the Corporate Governance Report and forms part of this Annual Report.

CEO & CFO Certification

Certificate issued by Mr. V. Vaidyanathan, MD & CEO and Mr. Pankaj Sanklecha, Chief Financial Officer and Head – Corporate Centre of the Bank, in terms of Regulation 17(8) of Listing Regulations, for the year under review was placed before the Board of Directors and forms part of this Annual Report.

Business Responsibility Report

The Business Responsibility Report, in terms of Regulation 34(2)(f) of Listing Regulations, describing the initiatives taken by IDFC FIRST Bank from an environmental, social and governance perspective is hosted on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section and constitutes a part of this Annual Report. Any Member interested in obtaining a physical copy of the same may write to the Head - Legal and Company Secretary of the Bank by sending an e-mail on secretarial@idfcfirstbank.com.

Annual Return

An extract of the Annual Return as of March 31, 2019 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 and forming part of this report is placed on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section as per provisions of Section 134(3)(a) and is also set out in **Annexure 4** to this Annual Report.

The Annual Return of the Bank has been placed on the website of the Bank and can be accessed under the 'Investor Relations' section.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2019 and of the loss of the Bank for that period;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the annual accounts on a going concern basis;

e. the Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgment

Your Directors take this opportunity to express their deep and sincere gratitude to our Customers, Business Partners, Business Correspondents and Vendors for the trust and confidence reposed by them in the Bank. We would like to thank our Shareholders, Bondholders, Investors and Financial Institutions for their co-operation and assistance during the year under review.

Your Directors would like to place on record their appreciation for the support received from IDFC Group, Government of India, State Governments, various Ministries, Reserve Bank of India ('RBI'), Securities and Exchange Board of India ('SEBI'), Stock Exchanges ('National Stock Exchange of India Limited' & 'BSE Limited'), Competition Commission of India ('CCI'), National Housing Bank ('NHB'), National Company Law Tribunal ('NCLT'), Chennai Bench and Mumbai Bench, Depositories, Rating Agencies, Unique Identification Authority of India ('UIDAI'), National Payments Corporation of India ('NPCI'), The Clearing Corporation of India Limited ('CCIL'), Indian Banks' Association ('IBA'), Insurance Regulatory and Development Authority of India ('IRDA'), Fixed Income Money Market and Derivatives Association of India ('FIMMDA') and all other regulatory agencies and associations with which the Bank interacts.

Your Directors sincerely acknowledge the commitment and hard work put in by all employees of the Bank through its transformational journey. Their valuable contribution has enabled the Bank to make significant progress towards achieving its objective of becoming a diversified universal Bank, with a focus on retail banking.

For and on behalf of the Board of Directors of
IDFC FIRST Bank Limited
(formerly IDFC Bank Limited)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date : May 10, 2019
Place: Mumbai

ANNEXURE 1

Form No. AOC-1

Statement Containing Salient Features of the Financial Statement of Subsidiaries / Associate Companies/ Joint Ventures as on the Financial Year ended on March 31, 2019

[Pursuant to first proviso to Section 129(3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014]

A. SUBSIDIARIES

(₹ in crore)

Sr. No.	Name of Subsidiary Company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities (Note 3)	Investments	Turnover	Profit Before Tax	Provision For Tax	Profit After Tax	Proposed Dividend (%)	% of Shareholding
1.	IDFC FIRST Bharat Limited (formerly known as IDFC Bharat Limited)	5.58	124.98	204.95	74.38	-	262.02	57.71	21.44	36.27	-	100%

Notes:

1. Names of Subsidiaries which are yet to commence operations: Not Applicable
2. Names of Subsidiaries which have been liquidated or sold during the year: Not Applicable
3. Total Liabilities is excluding Share Capital, and Reserves and Surplus.

B. ASSOCIATES AND JOINT VENTURES

Sr. No.	Name of Associate Company	Millennium City Expressways Private Limited (Note 3)
1.	Latest audited Balance Sheet Date	March 31, 2019
2.	Shares of Associate Company held by the Bank on the year end	
	Number of Equity Shares	226,383,431
	Amount of Investment in Associate Company (₹ in crore)	226.38
	Extent of Holding (%)	29.98%
3.	Description of how there is significant influence	Extent of equity holding in the Associate Company exceeds 20%
4.	Reason why the Associate Company is not consolidated	Not Applicable
5.	Networth attributable to Bank's Shareholding as per latest audited Balance Sheet (₹ in crore)	Nil
6.	Profit/ (Loss) for the year ended March 31, 2019 (₹ in crore)	
	Considered in Consolidation	(27.86)
	Not Considered in Consolidation	Not Applicable

Notes:

1. Names of Associates or Joint Ventures which are yet to commence operations: Not Applicable
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year: Not Applicable
3. The financials of Millennium City Expressways Private Limited for the year ended March 31, 2019 are unaudited.

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & CEO
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer and
Head - Corporate Centre

Satish Gaikwad
Head - Legal and
Company Secretary

Date : May 10, 2019
Place : Mumbai

ANNEXURE 2

Details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

I. **The ratio of the remuneration of each Director to the median remuneration of the Employees for the financial year**

The ratio of the remuneration of Mr. V. Vaidyanathan (Managing Director & CEO) to the median remuneration of the employees of IDFC FIRST Bank for FY 2018-19 was 128X.

Note: The aforesaid remuneration is computed on annual basis.

II. **The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year**

Since Mr. V. Vaidyanathan (Managing Director & CEO), Mr. Pankaj Sanklecha (CFO) and Mr. Satish Gaikwad (CS) were appointed with effect from December 19, 2018, there is no increase in remuneration in the FY 2018-19.

III. **The percentage increase in the median remuneration of Employees in the financial year**

The median remuneration of the employees of IDFC FIRST Bank Limited increased by 8% in the financial year.

IV. **The number of permanent Employees on the rolls of the Bank**

There were 12,257 permanent employees on the rolls of the Bank as on March 31, 2019.

V. **Average percentile increase already made in the salaries of Employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

Average percentile increase for Managerial Personnel for the financial year – Refer Point no. II of this Annexure.

Average percentile increase for employees other than the Managerial Personnel for the financial year - Refer Point no. III of this Annexure.

The average increase in the remuneration of employees compared to the increase in remuneration of Managerial Personnel is in line with the market bench mark study.

There is no exceptional increase in the Managerial Remuneration.

VI. **Affirmation that the remuneration is as per the remuneration policy of the Bank**

Yes, it is confirmed.

For and on behalf of the Board of Directors of
IDFC FIRST Bank Limited
(formerly IDFC Bank Limited)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date: May 10, 2019
Place: Mumbai

ANNEXURE 3

IDFC FIRST Bank Annual Corporate Social Responsibility Report FY 2018-19

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Bank's business strategy for overall value creation for all stakeholders. IDFC FIRST Bank believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Bank operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India befitting its status as a conscientious corporate citizen.

Section 135 of Companies Act, 2013 ('the Act') read with Companies (Corporate Social Responsibility Policy) Rules 2014 requires IDFC FIRST Bank Limited to mandatorily spend on CSR.

During the year, IDFC FIRST Bank Limited carried out CSR activities through various not-for-profit implementing partners / agencies.

IDFC FIRST Bank undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act for promoting the development of –

(a) Livelihoods

(b) Health and sanitation

(c) Education

(d) Women empowerment

(e) Others

2. The Composition of the CSR Committee:

a) Mr. V. Vaidyanathan – Chairman

b) Mr. Hemang Raja – Member

c) Dr. (Mrs.) Brinda Jagirdar – Member

3. Average net profit of the Bank for last three financial years: ₹ 1,040.92 crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 20.82 crore

5. Details of CSR spent during Financial Year:

a) Total amount to be spent for the financial year: ₹ 20.82 crore

b) Amount spent during the year: The amount spent for CSR contribution by the Bank for FY 2018-19 was ₹ 20.82 crore. Further, during the year under review ₹ 0.34 crore was spent by IDFC FIRST Bank in order to meet, discharge and satisfy all the obligations of the erstwhile Capital First Limited, to the extent they were outstanding on the Effective Date (December 18, 2018) of the Scheme of Amalgamation.

Additionally, ₹ 4.48 crore incurred by erstwhile Capital First Group towards CSR spend was also recognised as expense in the Statement of Profit and Loss of the Bank on CSR related activities.

c) Amount unspent, if any: NIL

d) Manner in which the amount spent during the financial year is detailed in **Annexure – A**

6. In case the Bank has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Bank shall provide the reasons for not spending the amount in its Board report: Not Applicable

7. The CSR Committee of the Bank hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Bank.

For and on behalf of the Board of Directors of
IDFC FIRST Bank Limited
(formerly IDFC Bank Limited)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Chairman – CSR Committee
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

ANNEXURE A

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered (clause no. of Schedule VII to the Companies Act, 2013, amended)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	**Amount outlay (budget)**	**Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Over Heads**	**Cumulative expenditure up to the reporting period**	**Amount spent : Direct or through Implementing Agency***
1	Promoting learning outcomes of under privileged students in night schools in Maharashtra.	Cl.(ii) promoting education.	Mumbai, Maharashtra	0.41	0.25	0.45	IDFC Foundation
2	Vocational, Employability and entrepreneurship training to women residing in slum areas of Delhi.	Cl.(ii) promoting employment enhancing vocation skills, livelihood enhancement projects.	Delhi	0.07	0.07	0.07	ETASHA Society
3	Scholarship support and life-skills training to young adults with Autism.	Cl.(ii) promoting education, including special education.	Bangalore, Karnataka	0.17	0.17	0.17	Bubbles Centre for Autism
	Total			**0.65**	**0.49**	**0.69**	
4	Support for affordable and accessible healthcare services.	Cl.(i) promoting health care including preventive health care.	All India coverage	0.37	0.21	0.24	IDFC Foundation
5	Program on improving access to water and sanitation in Odisha.	Cl.(i) Sanitation & Safe Drinking water.	Odisha	0.25	0.12	0.20	IDFC Foundation
6	Shwetdhara-Cattle Care Program to improve the productivity of milch animals and increase the income of small and marginal dairy farmers.	Cl.(ii) livelihood enhancement projects.	Madhya Pradesh - Hoshangabad, Dhar, Dewas and Indore Rajasthan - Jaipur and Ajmer	13.73	1.56	2.43	IDFC Foundation
7	Improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects.	All India coverage		0.14	0.16	IDFC Foundation
8	Providing house hold items and non-food items (NFIs) to meet the urgent needs to families affected by flood in Kerala.	Cl.(ii) livelihood enhancement projects.	Kochi, Kerala		0.29	-	IDFC Foundation
9	Promoting Financial Inclusion by deploying interoperable Financial Inclusion Devices and organising Financial Literacy Programs.	Cl.(ii) livelihood enhancement projects; Cl. (x) rural development projects.	Rural India coverage		4.73	11.09	IDFC Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered (clause no. of Schedule VII to the Companies Act, 2013, amended)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	**Amount outlay (budget)**	**Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Over Heads**	**Cumulative expenditure up to the reporting period**	**Amount spent : Direct or through Implementing Agency***
10	Training rural school dropouts in Electrical and Welding courses and placing them into entry level jobs.	Cl.(ii) promoting employment enhancing vocation skills, livelihood enhancement projects.	Lonavala, Maharashtra	0.10	0.10	0.10	Social Action for Manpower Creation (SAMPARC)
	Total			**14.45**	**7.15**	**14.22**	
11	Improvement of Master Storm Water Drainage, Gurugram, HR.	Cl.(iv) Environmental sustainability.	Gurugram, Haryana	6.06	0.27	0.27	IDFC Foundation
12	Research & studies on various social and economic issues directly impacting welfare of people.	Various clauses of Schedule VII.	All India coverage		3.45	5.51	IDFC Foundation
	Total			**6.06**	**3.72**	**5.78**	
Total Direct Expense of Project & Programmes (A)				**21.16**	**11.36**	**20.69**	
Overhead Expense (B)				**-**	**-**	**0.13**	IDFC Foundation
Total (A) + (B)				**21.16**	**11.36**	**20.82**	

IDFC FIRST Bank, engages in Corporate Social Responsibility ('CSR') activities as per the CSR policy adopted by the Bank which is in line with the Schedule VII of the Companies Act, 2013. The Bank is primarily focussing on well defined projects or programmes which includes promoting and development of (a) Livelihoods, (b) Health and Sanitation, (c) Education, (d) Women Empowerment in all or any of the activities mentioned in Schedule VII and (e) Others, with the help of various partners.

*** Details of Implementing Agency:**

IDFC Foundation, a wholly owned subsidiary of IDFC Limited, is an implementing agency of IDFC Limited and its group companies (including IDFC FIRST Bank Limited) and is engaged in CSR activities as per the CSR policy adopted by IDFC Limited & its group companies (including IDFC FIRST Bank Limited).

ETASHA Society provides vocational training, placement, employability skills training and career guidance to the youth from disadvantaged sections of the society. ETASHA's community mobilization team works tirelessly to engage with the local community. ETASHA's program-awareness stalls from which information, including leaflets, is disseminated are a common feature in the area and posters and banners are placed in strategic locations.

Bubbles Centre for Autism is a unit of Biswa Gouri Charitable Trust which provides educational programs for children with learning difficulties. The Centre focusses on working with children in the Autism Spectrum and other neuro developmental disorders.

Social Action for Manpower Creation ('SAMPARC') is a NGO which runs an orphanage, community education projects and vocational training. SAMPARC aims to change the life of under privileged youth from below poverty level and from social and economic backwardness to develop the youth for skill development, to help them to gain confidence and to make them employable.

ANNEXURE 4

Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

01. REGISTRATION AND OTHER DETAILS

1	CIN	L65110TN2014PLC097792
2	Registration Date	October 21, 2014
3	Name of the Company	IDFC FIRST Bank Limited (Formerly known as IDFC Bank Limited)
4	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
5	Address of the Registered Office and contact details	KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India. Tel: +91 44 4564 4000 Fax: +91 44 4564 4022 E-mail: secretarial@idfcfirstbank.com Website: www.idfcfirstbank.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited (Unit: IDFC FIRST Bank Limited) Karvy Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India. Contact Person: Mr. M R V Subrahmanyam Tel: +91 40 6716 2222 Fax: +91 40 2342 0814 Toll Free: 1800 345 4001 E-mail: einward.ris@karvy.com Website: www.karvyfintech.com

02. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Bank shall be stated

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE BANK
1.	Banking Services	64191	100

03. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	IDFC FIRST Bharat Limited (Formerly known as IDFC Bharat Limited) No.9, Paripoorna Towers, Manoranjitham Street, Annamalai Nagar, Tiruchirappalli - 620 018, Tamil Nadu, India	U65929TN2003PLC050856	Subsidiary Company	100.00	Section 2(87)
2.	Millennium City Expressways Private Limited IGI Toll Plaza Building, Opp. Radisson Hotel, Mahipalpur, New Delhi - 110 037, India	U45204DL2014PTC266306	Associate Company	29.98	Section 2(6)

Note:

By virtue of reduction in shareholding of IDFC Financial Holding Company Limited ('IDFC FHCL') from 56.18% (as on Record Date of the Scheme of Amalgamation i.e. December 31, 2018) to 40% (as on the Date of Allotment i.e. January 05, 2019), IDFC FHCL ceased to be Holding Company of IDFC FIRST Bank and thereby the Bank became an Associate Company of IDFC FHCL.

04. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL SHARES)

4A. CATEGORY-WISE SHAREHOLDING

	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR (AS ON APRIL 01, 2018)				NO. OF SHARES HELD AT THE END OF THE YEAR (AS ON MARCH 31, 2019)				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	**INDIAN**									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	1,797,512,668	0	1,797,512,668	52.80	1,912,670,691	0	1,912,670,691	40.00	(12.80)
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**1,797,512,668**	**0**	**1,797,512,668**	**52.80**	**1,912,670,691**	**0**	**1,912,670,691**	**40.00**	**(12.80)**
(2)	**FOREIGN**									
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**1,797,512,668**	**0**	**1,797,512,668**	**52.80**	**1,912,670,691**	**0**	**1,912,670,691**	**40.00**	**(12.80)**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	130,178,584	0	130,178,584	3.82	134,121,968	0	134,121,968	2.81	(1.01)
(b)	Financial Institutions /Banks	10,336,715	0	10,336,715	0.30	16,486,051	0	16,486,051	0.35	0.05
(c)	Central Government / State Government(s)	261,400,000	0	261,400,000	7.68	261,400,000	0	261,400,000	5.47	(2.21)
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	47,541,155	0	47,541,155	1.40	44,686,809	0	44,686,809	0.93	(0.47)
(f)	Foreign Institutional Investors	500,303,429	0	500,303,429	14.70	645,293,039	0	645,293,039	13.49	(1.21)
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others - Foreign Corporate Bodies	4,601,271	0	4,601,271	0.14	538,175,265	0	538,175,265	11.25	11.11
	Sub-Total B(1) :	**954,361,154**	**0**	**954,361,154**	**28.04**	**1,640,163,132**	**0**	**1,640,163,132**	**34.30**	**6.26**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	83,659,139	0	83,659,139	2.46	154,165,487	0	154,165,487	3.22	0.76
(b)	Individuals									
	(i) Individuals holding nominal share capital up to ₹1 lakh	297,837,538	61,165	297,898,703	8.75	419,006,239	60,329	419,066,568	8.76	0.01
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	225,229,383	0	225,229,383	6.62	570,354,585	20,850	570,375,435	11.93	5.31

4A. CATEGORY-WISE SHAREHOLDING (Continued)

CATEGORY OF SHAREHOLDER		NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR (AS ON APRIL 01, 2018)				NO. OF SHARES HELD AT THE END OF THE YEAR (AS ON MARCH 31, 2019)				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(c)	Others									
	Clearing Members	7,680,002	0	7,680,002	0.23	11,088,568	0	11,088,568	0.23	ß
	IEPF	0	0	0	0.00	469,194	0	469,194	0.01	0.01
	Non Resident Indians	25,838,593	1,527	25,840,120	0.76	66,560,841	1,527	66,562,368	1.40	0.64
	NBFC registered with RBI	725,278	0	725,278	0.02	1,005,680	0	1,005,680	0.02	ß
	Trusts	11,168,458	0	11,168,458	0.32	6,109,289	0	6,109,289	0.13	(0.19)
	Sub-Total B(2) :	**652,138,391**	**62,692**	**652,201,083**	**19.16**	**1,228,759,883**	**82,706**	**1,228,842,589**	**25.70**	**6.54**
	Total B=B(1)+B(2) :	**1,606,499,545**	**62,692**	**1,606,562,237**	**47.20**	**2,868,923,015**	**82,706**	**2,869,005,721**	**60.00**	**12.80**
	Total (A+B) :	**3,404,012,213**	**62,692**	**3,404,074,905**	**100.00**	**4,781,593,706**	**82,706**	**4,781,676,412**	**100.00**	**0.00**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	**3,404,012,213**	**62,692**	**3,404,074,905**	**100.00**	**4,781,593,706**	**82,706**	**4,781,676,412**	**100.00**	

ß denotes negligible value

4B. SHAREHOLDING OF PROMOTERS

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR (APRIL 01, 2018)			SHAREHOLDING AT THE END OF THE YEAR (MARCH 31, 2019)			% CHANGE IN SHARE-HOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1.	IDFC Financial Holding Company Limited	1,797,512,668	52.80	-	1,912,670,691	40.00	-	(12.80)
	Total	**1,797,512,668**	**52.80**	**-**	**1,912,670,691**	**40.00**	**-**	**(12.80)**

4C. CHANGE IN PROMOTERS' SHAREHOLDING

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2018		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2019	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1.	IDFC Financial Holding Company Limited (IDFC FHCL)	1,797,512,668	52.80	01/04/2018	-	-	1,797,512,668	52.80
				15/06/2018	6,248,109	Transfer (Purchase)	1,803,760,777	52.99
				22/06/2018	15,242,830	Transfer (Purchase)	1,819,003,607	53.44
				29/06/2018	29,509,061	Transfer (Purchase)	1,848,512,668	54.30
				06/07/2018	14,000,000	Transfer (Purchase)	1,862,512,668	54.71
				13/07/2018	10,200,000	Transfer (Purchase)	1,872,712,668	55.01
				20/07/2018	3,400,000	Transfer (Purchase)	1,876,112,668	55.11
				27/07/2018	1,400,000	Transfer (Purchase)	1,877,512,668	55.15
				10/08/2018	12,500,000	Transfer (Purchase)	1,890,012,668	55.52
				17/08/2018	6,800,000	Transfer (Purchase)	1,896,812,668	55.72
				24/08/2018	13,200,000	Transfer (Purchase)	1,910,012,668	56.11
				31/08/2018	1,000,000	Transfer (Purchase)	1,911,012,668	56.14
				07/09/2018	1,000,000	Transfer (Purchase)	1,912,012,668	56.17
				16/11/2018	595,973	Transfer (Purchase)	1,912,608,641	56.18
				28/12/2018	50	Transfer (Purchase)	1,912,608,691	56.18
				01/03/2019	62,000	Transfer (Purchase)	1,912,670,691	40.00*
				31/03/2019	-	-	1,912,670,691	40.00

* Pursuant to the Composite Scheme of Amalgamation, the Allotment, Transfer and Routine Matters Committee of the Board of Directors of the Bank, at its meeting held on January 05, 2019, *inter-alia* allotted 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, as per the Share Exchange Ratio to the eligible equity shareholders of erstwhile Capital First Limited as on December 31, 2018 ('Record Date'). This led to decrease in percentage shareholding of IDFC FHCL from 56.18% to 40.00% of the paid-up share capital of the Bank.

4D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF THE SHAREHOLDER*	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2018**		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2019	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1	Cloverdell Investment Ltd	0	0.00	01/04/2018	-	-	0	0.0
				05/01/2019	471,733,265	Allotment pursuant to Share Exchange Ratio***	471,733,265	9.87
				31/03/2019	-	-	471,733,265	9.87
2	President of India	261,400,000	7.68	01/04/2018	-	-	261,400,000	7.68
				31/03/2019	-	-	261,400,000	5.47
3	Government of Singapore	6,692,072	0.20	01/04/2018	-	-	6,692,072	0.20
				06/04/2018	13,617	Transfer (Purchase)	6,705,689	0.20
				20/04/2018	(476,075)	Transfer (Sale)	6,229,614	0.18
				27/04/2018	(10,598)	Transfer (Sale)	6,219,016	0.18
				04/05/2018	(296,929)	Transfer (Sale)	5,922,087	0.17
				11/05/2018	(284,963)	Transfer (Sale)	5,637,124	0.17
				18/05/2018	(42,866)	Transfer (Sale)	5,594,258	0.16
				25/05/2018	(9,891)	Transfer (Sale)	5,584,367	0.16
				01/06/2018	(5,584,367)	Transfer (Sale)	0	0.00
				05/01/2019	121,875,005	Allotment pursuant to Share Exchange Ratio***	121,875,005	2.55
				31/03/2019	-	-	121,875,005	2.55

4D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (Continued)
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF THE SHAREHOLDER*	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2018**		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2019	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
4	Caladium Investment Pte Ltd	0	0.00	01/04/2018	-	-	0	0.00
				05/01/2019	66,442,000	Allotment pursuant to Share Exchange Ratio***	66,442,000	1.39
				31/03/2019	-	-	66,442,000	1.39
5	Platinum International Fund	49,475,422	1.45	01/04/2018	-	-	49,475,422	1.45
				31/03/2019	-	-	49,475,422	1.03
6	Aditya Birla Sun Life Trustee Private Limited A/C - Aditya Birla Sun Life Tax Relief 96	0	0.00	01/04/2018	-	-	0	0.00
				09/11/2018	2,583,000	Transfer (Purchase)	2,583,000	0.08
				16/11/2018	3,807,900	Transfer (Purchase)	6,390,900	0.19
				23/11/2018	1,298,650	Transfer (Purchase)	7,689,550	0.23
				30/11/2018	1,825,200	Transfer (Purchase)	9,514,750	0.28
				07/12/2018	280,800	Transfer (Purchase)	9,795,550	0.29
				14/12/2018	375,162	Transfer (Purchase)	10,170,712	0.30
				21/12/2018	569,700	Transfer (Purchase)	10,740,412	0.32
				31/12/2018	162,000	Transfer (Purchase)	10,902,412	0.32
				04/01/2019	423,000	Transfer (Purchase)	11,325,412	0.33
				11/01/2019	87,520	Transfer (Purchase)	11,412,932	0.34
				05/01/2019	28,599,569	Allotment pursuant to Share Exchange Ratio***	40,012,501	0.84
				25/01/2019	738,000	Transfer (Purchase)	40,750,501	0.85
				01/02/2019	1,089,000	Transfer (Purchase)	41,839,501	0.88
				08/02/2019	2,497,000	Transfer (Purchase)	44,336,501	0.93
				15/02/2019	225,000	Transfer (Purchase)	44,561,501	0.93
				22/02/2019	1,109,002	Transfer (Purchase)	45,670,503	0.96
				01/03/2019	522,000	Transfer (Purchase)	46,192,503	0.97
				08/03/2019	135,000	Transfer (Purchase)	46,327,503	0.97
				15/03/2019	972,000	Transfer (Purchase)	47,299,503	0.99
				22/03/2019	162,000	Transfer (Purchase)	47,461,503	0.99
				29/03/2019	163,787	Transfer (Purchase)	47,625,290	1.00
				31/03/2019	-	-	47,625,290	1.00
7	Aditya Birla Sun Life Trustee Private Limited A/C - Aditya Birla Sun Life MNC Fund	0	0.00	01/04/2018	-	-	0	0.00
				05/01/2019	37,330,284	Allotment pursuant to Share Exchange Ratio***	37,330,284	0.78
				31/03/2019	-	-	37,330,284	0.78

4D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (Continued)
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF THE SHAREHOLDER*	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2018**		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2019	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
8	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	23,452,344	0.69	01/04/2018	-	-	23,452,344	0.69
				04/05/2018	(51,900)	Transfer (Sale)	23,400,444	0.69
				11/05/2018	(49,305)	Transfer (Sale)	23,351,139	0.69
				01/06/2018	(38,925)	Transfer (Sale)	23,312,214	0.68
				15/06/2018	(38,925)	Transfer (Sale)	23,273,289	0.68
				22/06/2018	(116,276)	Transfer (Sale)	23,157,013	0.68
				29/06/2018	(187,176)	Transfer (Sale)	22,969,837	0.67
				06/07/2018	(76,572)	Transfer (Sale)	22,893,265	0.67
				13/07/2018	(121,948)	Transfer (Sale)	22,771,317	0.67
				16/11/2018	44,460	Transfer (Purchase)	22,815,777	0.67
				23/11/2018	115,596	Transfer (Purchase)	22,931,373	0.67
				07/12/2018	56,316	Transfer (Purchase)	22,987,689	0.68
				21/12/2018	160,056	Transfer (Purchase)	23,147,745	0.68
				05/01/2019	6,526,439	Transfer (Purchase)	29,674,184	0.62
				01/02/2019	144,942	Transfer (Purchase)	29,819,126	0.62
				08/02/2019	462,315	Transfer (Purchase)	30,281,441	0.63
				22/03/2019	4,622,456	Transfer (Purchase)	34,903,897	0.73
				29/03/2019	57,477	Transfer (Purchase)	34,961,374	0.73
				31/03/2019	-	-	34,961,374	0.73
9	Platinum Asia Fund	22,474,613	0.66	01/04/2018	-	-	22,474,613	0.66
				15/02/2019	5,776,694	Transfer (Purchase)	28,251,307	0.59
				22/02/2019	(3,114,429)	Transfer (Sale)	25,136,878	0.53
				31/03/2019	-	-	25,136,878	0.53
10	Wellington Trust Company, National Association Multiple Common Trust Funds Trust, Emerging Markets Opportunities Portfolio	20,029,244	0.59	01/04/2018	-	-	20,029,244	0.59
				27/07/2018	(976,000)	Transfer (Sale)	19,053,244	0.56
				07/09/2018	(1,490,283)	Transfer (Sale)	17,562,961	0.52
				22/02/2019	1,030,923	Transfer (Purchase)	18,593,884	0.39
				08/03/2019	2,305,315	Transfer (Purchase)	20,899,199	0.44
				15/03/2019	9,935,014	Transfer (Purchase)	30,834,213	0.64
				22/03/2019	3,582,518	Transfer (Purchase)	34,416,731	0.72
				31/03/2019	-	-	34,416,731	0.72

* Top Ten Shareholders of the Bank as on March 31, 2019 have been considered on the basis of Folio No./ DP ID/ Client ID for the above disclosure.

** Shareholding at the beginning of the year is given on the basis of shareholding pattern as on March 31, 2018.

*** Shares allotted pursuant to the Scheme of Amalgamation of erstwhile Capital First Group with IDFC Bank Limited.

4E. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2018		CHANGES IN THE SHAREHOLDING DURING THE YEAR			SHAREHOLDING AT THE END OF THE YEAR AS ON MARCH 31, 2019	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1	Dr. Rajiv B. Lall (Part-Time Non-Executive Chairman)*	2,624,686	0.08	01/04/2018	-	-	2,624,686	0.08
				25/01/2019	(2,624,686)	Transfer (Sale)	0	0.00
				31/03/2019			0	0.00
2	Mr. V. Vaidyanathan (Managing Director & CEO)^	0	0.00	01/04/2018	-	-	0	0.00
				05/01/2019	56,961,866	Allotment pursuant to Share Exchange Ratio***	56,961,866	1.19
				17/01/2019	(19,000)	Transfer (Sale)$	56,942,866	1.19
				28/02/2019	(55,550)	Transfer (Sale)$	56,887,316	1.19
				07/03/2019	(50,000)	Gift of equity shares to elder brother without consideration	56,837,316	1.19
				27/03/2019 to 29/03/2019	(60,500)	Transfer (Sale)$	56,776,816	1.19
				31/03/2019	-	-	56,776,816#	1.19
3	Mr. Pravir Vohra (Non-Executive Independent Director)	0	0.00	01/04/2018	-	-	0	0.00
				09/11/2018	50,000	Transfer (Purchase)	50,000	ß
				05/01/2019	139,000	Transfer (Purchase)	189,000	ß
				08/03/2019	61,000	Transfer (Purchase)	250,000	0.01
				31/03/2019	-	-	250,000	0.01
4	Mr. Sunil Kakar (Non-Executive Non-Independent Director)	20,000	ß	01/04/2018	-	-	20,000	ß
				31/03/2019	-	-	20,000	ß
5	Mr. Pankaj Sanklecha (Chief Financial Officer and Head – Corporate Centre)	0	0.00	01/04/2018	-	-	0	0.00
				05/01/2019	4,993,644	Allotment pursuant to Share Exchange Ratio***	4,993,644	0.10
				31/03/2019	-	-	4,993,644	0.10
6	Mr. Satish Gaikwad (Head – Legal and Company Secretary)	601	ß	01/04/2018	-	-	601	ß
				05/01/2019	270,911	Allotment pursuant to Share Exchange Ratio***	271,512	0.01
				31/03/2019	-	-	271,512	0.01
7	Mr. Bipin Gemani (Former Chief Financial Officer)**	94,514	ß	01/04/2018	-	-	94,514	ß
				31/03/2019	-	-	94,514	ß
8	Mr. Mahendra N. Shah (Former Group Company Secretary and Group Compliance Officer)**	100	ß	01/04/2018	-	-	100	ß
				31/03/2019	-	-	100	ß

ß denotes negligible value

* Dr. Rajiv B. Lall was the Founder Managing Director & CEO of the Bank until December 18, 2018. Post Amalgamation, Dr. Lall was appointed as Part-Time Non-Executive Chairman of the Bank with effect from December 19, 2018.

** Mr. Bipin Gemani resigned as the Chief Financial Officer of the Bank with effect from December 18, 2018 and Mr. Mahendra N. Shah resigned as Group Company Secretary and Group Compliance Officer of the Bank with effect from December 18, 2018.

*** Shares allotted pursuant to the Scheme of Amalgamation of erstwhile Capital First Group with IDFC Bank Limited.

Includes 6,716,260 fully paid up equity shares of IDFC FIRST Bank held by Rukmani Social Welfare Trust. It is hereby disclosed that prior to Amalgamation, Mr. V. Vaidyanathan donated 500,000 shares of Capital First Limited to Rukmani Social Welfare Trust, which pursuant to Amalgamation and Share Exchange Ratio got converted into aforesaid shares of IDFC FIRST Bank net of sale of stock by the trust. Rukmani Social Welfare Trust is a trust set up and managed by Mr. V. Vaidyanathan where he is Trustee. It is disclosed that the trust undertakes only social activities for defined causes relating to education, medical assistance to minors, renovation of child home, contribution to educational institutions and such activities. Mr. V. Vaidyanathan is the Trustee of the Trust and hence disclosed as part of this report.

As on March 31, 2019, Mr. V. Vaidyanathan holds 124,405,000 stock options, and upon exercise of said options, his shareholding would be 3.69% of the equity share capital of the Bank.

$ Shares sold by Rukmani Social Welfare Trust, for social activities.

^ Shareholding pattern of Mr. V. Vaidyanathan during his tenure as Chairman & Managing Director of the erstwhile Capital First Limited from April 01, 2018 to December 18, 2018 (Effective date of Amalgamation):

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING IN ERSTWHILE CAPITAL FIRST LIMITED AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2018		CHANGES IN THE SHAREHOLDING DURING THE PERIOD FROM APRIL 01, 2018 UP TO DECEMBER 18, 2018			SHAREHOLDING IN ERSTWHILE CAPITAL FIRST LIMITED AS ON DECEMBER 18, 2018	
		NO. OF SHARES	**% OF TOTAL SHARES OF THE ERSTWHILE CAPITAL FIRST LIMITED**	**DATE**	**INCREASE / DECREASE IN SHAREHOLDING**	**REASON**	**NO. OF SHARES**	**% OF TOTAL SHARES OF THE ERSTWHILE CAPITAL FIRST LIMITED**
1	Mr. V. Vaidyanathan (Chairman & Managing Director of erstwhile Capital First Limited)	4,539,076	4.59	08/06/2018	(1,600)	Transfer (Sale)$	4,537,476	4.58
				27/06/2018	(1,700)	Transfer (Sale)$	4,535,776	4.58
				31/08/2018	(500)	Transfer (Sale)$	4,535,276	4.58
					(286,000)	Gift of equity shares to professional colleagues.^	4,249,276	4.29
				29/10/2018 to 31/10/2018	(110,500)	Gift of equity shares to close family members (none of the recipients are his heirs or successors).#	4,138,776	4.18
					(32,500)	Gift of equity shares to domestic support staff.@	4,106,276	4.15
				30/11/2019	(1,800)	Transfer (Sale)$	4,104,476	4.14
				14/12/2018	(6500)	Gift of equity shares to family member (the recipient is neither his heir or successor)*	4,097,976	4.14
				18/12/2018	-	-	4,097,976	4.14

$ Shares sold by Rukmani Social Welfare Trust, for philantrophic activities relating to education of slum children, medical assistance to minors, renovation of orphanage and such activities.

^ Includes contribution to long standing employees responsible for creation of Capital First Group, as disclosed by erstwhile Capital First Limited to Stock Exchange(s) on November 01, 2018.

Includes contribution to relatives, as disclosed by erstwhile Capital First Limited to Stock Exchange(s) on November 01, 2018.

@ Includes contribution to household support staff, as disclosed by erstwhile Capital First Limited to Stock Exchange(s) on November 01, 2018.

* Includes contribution to relatives, as disclosed by erstwhile Capital First Limited to Stock Exchange(s) on December 15, 2018.

05. INDEBTEDNESS

(Indebtedness of the Bank including interest outstanding / accrued but not due for payment)

(₹ in crore)

	SECURED LOANS EXCLUDING DEPOSITS*	UNSECURED LOANS	DEPOSITS**	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,533.57	36,753.50	-	57,287.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28.47	2,951.75	-	2,980.22
Total (i+ii+iii)	**20,562.04**	**39,705.25**	**-**	**60,267.29**
Change in Indebtedness during the financial year				
Addition***	1,780,240.58	284,750.53	-	2,064,991.11
Reduction	1,786,564.29	265,774.31	-	2,052,338.60
Net Change	(6,323.71)	18,976.22	-	12,652.51
Indebtedness at the end of the financial year				
i) Principal Amount	14,215.56	55,767.83	-	69,983.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	22.77	2,913.63	-	2,936.40
Total (i+ii+iii)	**14,238.33**	**58,681.46**	**-**	**72,919.79**

* Includes Borrowings under Collateralised Borrowing and Lending Obligations, Market Repurchase Transactions with banks and financial institutions, transactions under Liquidity Adjustment Facility and Marginal Standing Facility secured against Government Securities.

** Deposits accepted by the Bank are in normal course of banking business and an operating activity of the Bank and hence not included in the Indebtedness Disclosure.

*** Additions also include the effect of exchange rate fluctuation and net change in interest accrued but not due between the beginning of financial year and the end of financial year. It also includes borrowing portfolio of erstwhile Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited, post amalgamation with IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited).

06. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

6A Remuneration to Managing Director & CEO

(in ₹)

SR. NO.	PARTICULARS OF REMUNERATION	MD / WTD / MANAGER		TOTAL AMOUNT
		DR. RAJIV B. LALL Founder Managing Director & CEO (From April 1, 2018 to December 18, 2018)	**V. VAIDYANATHAN Managing Director & CEO (From December 19, 2018 to March 31, 2019)**	
1.	Gross salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (excluding Bonus)	25,086,144	15,159,140	40,245,284
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4,799,400	-	4,799,400
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option (No. of Shares)	-	124,405,000 (Note 4)	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
(a)	as % of profit	-	-	-
(b)	others, specify	-	-	-
5.	Others - Contribution to Provident and Other Funds	11,394,405	1,718,688	13,113,093
	Total (A)	**41,279,949**	**16,877,828**	**58,157,777**
	Ceiling as per the Act			Refer Notes

Notes:

1. Dr. Rajiv B. Lall was the Founder Managing Director & CEO of the Bank until December 18, 2018. Post Amalgamation, Dr. Lall was appointed as Part-Time Non-Executive Chairman of the Bank with effect from December 19, 2018. During FY 2018-19, an amount of ₹ 16,500,000 was paid to Dr. Lall towards Performance Bonus for FY 2017-18, as per the approval of RBI. Also, during FY 2018-19, an amount of ₹ 1,333,333 was paid to Dr. Lall towards deferred payment of Performance Bonus for FY 2015-16, as per the approval of RBI.
2. Mr. V. Vaidyanathan was appointed as the Managing Director & CEO of the Bank with effect from December 19, 2018. Prior to Amalgamation, Mr. V. Vaidyanathan was the Chairman & Managing Director of erstwhile Capital First Limited until December 18, 2018 wherein he was paid a remuneration of ₹ 68,423,845 from erstwhile Capital First Limited, which includes Fixed Pay of ₹ 39,327,957 (April 01, 2018 to December 18, 2018), Leave Encashment ₹ 1,095,888 and Performance Bonus of ₹ 28,000,000 for FY 2017-18 that was paid in FY 2018-19.
3. The remuneration paid to Dr. Rajiv B. Lall and Mr. V. Vaidyanathan from the Bank is within the limits prescribed in the applicable laws and has also been approved by RBI.
4. As per the Scheme of Amalgamation, outstanding stock options granted by erstwhile Capital First Limited to Mr. V. Vaidyanathan were converted to IDFC FIRST Bank stock options and such options were issued from the combined entity IDFC FIRST Bank in lieu of cancellation of options of erstwhile Capital First Limited on Amalgamation.

6B Remuneration to Other Directors

(in ₹)

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF THE DIRECTORS											TOTAL AMOUNT
1.	**Independent Directors**	DR. RAJIV B. LALL	ANAND SINHA	PRAVIR VOHRA	BRINDA JAGIRDAR	HEMANG RAJA	AASHISH KAMAT	DESH RAJ DOGRA	VEENA MANKAR	ABHIJIT SEN	RAJAN ANANDAN	AJAY SONDHI	
	Fee for attending board & committee meetings	-	1,750,000	650,000	600,000	950,000	350,000	650,000	1,400,000	2,350,000	350,000	1,800,000	10,850,000
	Commission / Remuneration (Note 6)	-	1,000,000	-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
	Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-
	Total (1)	**-**	**2,750,000**	**650,000**	**600,000**	**950,000**	**350,000**	**650,000**	**2,400,000**	**3,350,000**	**1,350,000**	**2,800,000**	**15,850,000**
2.	**Other Non-Executive Directors**												
	Fee for attending board committee meetings	200,000	-	-	-	-	-	-	-	-	-	-	200,000
	Commission	-	-	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-
	Total (2)	**200,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200,000**
	Total (B) = (1 + 2)	**200,000**	**2,750,000**	**650,000**	**600,000**	**950,000**	**350,000**	**650,000**	**2,400,000**	**3,350,000**	**1,350,000**	**2,800,000**	**16,050,000**
	Total Managerial Remuneration												**92,041,110**
	Overall Ceiling as per the Act												Refer Notes

Notes:

1. Dr. Rajiv B. Lall was the Founder Managing Director & CEO of the Bank until December 18, 2018. Post Amalgamation, Dr. Lall was appointed as Part-Time Non-Executive Chairman of the Bank with effect from December 19, 2018. Dr. Lall was paid sitting fees of ₹ 200,000 for attending Board Meetings as Non-Executive Director during FY 2018-19.
2. Mr. Ajay Sondhi, Mr. Rajan Anandan, Mr. Abhijit Sen, Ms. Veena Mankar and Mr. Desh Raj Dogra resigned as Non-Executive Independent Directors from the Board of the Bank with effect from December 18, 2018, December 18, 2018, March 25, 2019, March 25, 2019 and April 04, 2019 respectively.
3. Mr. Pravir Kumar Vohra has been appointed as Independent Director with effect from August 01, 2018.
4. Mr. Aashish Kamat, Dr. (Mrs.) Brinda Jagirdar, Mr. Desh Raj Dogra, Mr. Hemang Raja were appointed as Non-Executive Independent Directors of the Bank and Mr. Vishal Mahadevia was appointed as Non-Executive Non-Independent Director of the Bank with effect from December 18, 2018.
5. Mr. Sunil Kakar, Ms. Anindita Sinharay and Mr. Vishal Mahadevia who are the Non-Executive Non-Independent Directors of the Bank, have not been paid any remuneration from IDFC FIRST Bank during FY 2018-19.
6. Commission / Remuneration is for the year FY 2017-18 which has been paid in FY 2018-19. Commission is paid as per the limits approved by the Shareholders of the Bank at the 2nd AGM held on July 27, 2016 at a rate not exceeding 1% of the net profits of the Bank in accordance with the Companies Act, 2013 or maximum limit of ₹ 10 lakh as prescribed by RBI to each of such Directors, whichever is lower. The remuneration paid to all the Directors is well within the said limits.

6C Remuneration to Key Managerial Personnel other than MD

(in ₹)

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			
		MR. PANKAJ SANKLECHA Chief Financial Officer and Head-Corporate Centre (From December 19, 2018 to March 31, 2019)	**MR. SATISH GAIKWAD Head – Legal and Company Secretary (From December 19, 2018 to March 31, 2019)**	**MR. BIPIN GEMANI Chief Financial Officer (From April 01, 2018 to December 18, 2018)**	**MR. MAHENDRA N. SHAH Group Company Secretary & Group Compliance Officer (From April 01, 2018 to December 18, 2018)**
1.	Gross salary				
a.	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,668,791	1,750,481	8,489,566	8,721,554
b.	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	11,175	11,175	23,168	23,168
c.	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
a.	as % of profit	-	-	-	-
b.	Others, specify	-	-	-	-
5.	Others, Contribution to Provident and Other Funds	244,149	95,042	1,359,923	1,514,131
	Total	**4,924,115**	**1,856,698**	**9,872,657**	**10,258,853**

Notes:

1. Mr. Pankaj Sanklecha was appointed as Chief Financial Officer and Head – Corporate Centre of the Bank with effect from December 19, 2018. Prior to Amalgamation, Mr. Pankaj Sanklecha was the Chief Financial Officer and Head – Corporate Centre of erstwhile Capital First Limited until December 18, 2018, wherein he was paid a remuneration of ₹ 23,544,787 from erstwhile Capital First Limited, which includes Performance Bonus of ₹ 11,700,000 for FY 2017-18 that was paid in FY 2018-19.

2. Mr. Satish Gaikwad was appointed as Head – Legal and Company Secretary of the Bank with effect from December 19, 2018. Prior to Amalgamation, Mr. Satish Gaikwad was the Head – Legal, Compliance and Company Secretary of erstwhile Capital First Limited until December 18, 2018 wherein he was paid a remuneration of ₹ 7,944,129 from erstwhile Capital First Limited, which includes Performance Bonus of ₹ 3,500,000 for FY 2017-18 that was paid in FY 2018-19.

3. Pursuant to the Scheme of Amalgamation, Mr. Pankaj Sanklecha and Mr. Satish Gaikwad were granted 1,077,250 and 576,850 stock options respectively under IDFC FIRST Bank ESOS – 2015 for the stock options held by them in erstwhile Capital First Limited.

4. Mr. Gemani was deputed to the Bank from IDFC Limited. Mr. Bipin Gemani was the Chief Financial Officer of the Bank until December 18, 2018. During FY 2018-19, Mr. Gemani was paid remuneration from IDFC Limited. During FY 2018-19, Mr. Gemani was paid Performance Bonus of ₹ 10,000,000 for FY 2017-18 from IDFC Limited. During FY 2018-19, Mr. Gemani was granted 12,00,000 stock options of IDFC Limited.

5. Mr. Mahendra N. Shah was the Group Company Secretary and Group Compliance Officer of the Bank until December 18, 2018. During FY 2018-19, Mr. Shah was paid Performance Bonus of ₹ 17,500,000 for FY 2017-18. During FY 2018-19, Mr. Shah was granted 500,000 stock options under IDFC FIRST Bank ESOS - 2015.

07. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY [RD / NCLT / COURT]	APPEAL MADE, IF ANY (GIVE DETAILS)
A. BANK					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
IDFC FIRST Bank Limited
(formerly IDFC Bank Limited)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date : May 10, 2019
Place : Mumbai

ANNEXURE 5

SECRETARIAL AUDIT REPORT

For The Financial Year Ended March 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)
CIN: L65110TN2014PLC097792

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC FIRST Bank Limited** (hereinafter called 'the Bank'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on **March 31, 2019** complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2019 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Bank did not have any Overseas Direct Investment and External Commercial Borrowings during the financial year.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#;

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

   i. The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

   j. The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;

   k. The Securities and Exchange Board of India (Stock Brokers & Sub-Brokers) Regulations, 1992.

 # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:

vi. The Banking Regulation Act, 1949.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by the Institute of Company Secretaries of India.;

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'].

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

We further report that -

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has undertaken following events / actions –:

i. Member's approval has been obtained at the 4th Annual General Meeting held on July 31, 2018 for borrowing/raising funds, from time to time, in Indian currency/ Foreign currency, by issue of debt securities including but not limited to Non-Convertible Debentures and Bonds on private placement basis upto an amount not exceeding ₹ 5,000 crores, outstanding at any point of time, within the overall borrowing limits of ₹ 1,50,000 crores.

ii. Composite Scheme of Amalgamation between the Bank and Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited ('Scheme of Amalgamation') has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT) with appointed date as October 1, 2018 and effective date as December 18, 2018.

iii. The name of IDFC Bank Limited has changed to 'IDFC FIRST Bank Limited' w.e.f January 12, 2019 by virtue of 'Certificate of Incorporation pursuant to change of name' issued by the Registrar of Companies, Chennai.

iv. The Allotment, Transfer and Routine Matters Committee of the Bank at its meeting held on January 5, 2019 has approved the allotment of 137,71,09,057 equity shares of face value of ₹ 10/- each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date as December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the Scheme of Amalgamation.

v. During the year under review, the Bank has bought back Private Placement Bonds aggregating to ₹ 26,334,000,000/-

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366

Place: Mumbai
Date: May 4, 2019

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

ANNEXURE A

To
The Members,
IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)
CIN: L65110TN2014PLC097792

Our Secretarial Audit Report for the Financial Year ended on March 31, 2019 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366

Place: Mumbai
Date: May 4, 2019

Independent Auditors' Certificate on Corporate Governance

TO THE MEMBERS OF IDFC FIRST BANK LIMITED

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. PG/6443 dated 03 August 2018.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of **IDFC FIRST BANK LIMITED** (formerly, IDFC Bank Limited) (the "Bank"), have examined the compliance of conditions of Corporate Governance by the Bank, for the year ended 31 March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

5. We have examined the books of account and other relevant records and documents maintained by the Bank for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Bank.

6. We have carried out an examination of the relevant records of the Bank in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2019.

9. We state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Regn. No. 117365W

Pallavi A. Gorakshakar
Partner
Membership No. 105035

Place: Mumbai
Date: June 25, 2019

Corporate Governance Report

IDFC FIRST BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

IDFC FIRST Bank Limited ('IDFC FIRST Bank' or the 'Bank'), since its inception is committed to adopting the highest standards of Corporate Governance through its commitment to values and ethical business conduct. The Bank strongly believes that sound Corporate Governance is an essential ingredient for corporate success and sustainable economic growth. The Bank, through its stringent adherence to compliances, aims to enhance and retain investor trust and social acceptability.

The Bank endeavors to conduct its operations with transparency and honesty towards all its stakeholders including customers, shareholders, regulators, employees and the general public at large. The Bank's business focuses on maximizing return on assets while managing inherent risks, thus ensuring that the Bank's performance goals are met with integrity. The Bank's systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment. Governance practices not only deal with the growing size of business, but also deal with the increase in complexities of the organisational structure that supports such growth.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India ('SEBI') through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As a Bank, which believes in implementing Corporate Governance practices that go beyond just meeting the letter of law, IDFC FIRST Bank not only complies with the requirements of Companies Act, 2013, Banking Regulation Act, 1949 and mandated elements of Listing Regulations, but also incorporates most of the non-mandatory recommendations.

This Chapter, read with the chapters on Management Discussion & Analysis, and Directors' Report confirms IDFC FIRST Bank's compliance with the Listing Regulations.

BOARD OF DIRECTORS

The Board of Directors ('the Board') of the Bank brings with them, a wide range of significant professional expertise, skills and rich experience across a wide spectrum of functional areas such as Management, Administration, Economics, Banking, Finance, Accounting, Auditing, Information Technology, Business Management, Agricultural Economics, Co-operation and Small Scale Industry, etc.

The Bank encourages board diversity and balance of skills at the same time, to ensure effective decision making.

The Board has been constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Regulations and in accordance with the best practices in Corporate Governance across the Industry.

Changes in the Board

During the year under review, Mr. Pravir Vohra (DIN: 00082545) was appointed as Non-Executive Independent Director of the Bank for a period of three (3) years with effect from August 01, 2018, subject to the approval of the Shareholders of the Bank.

The Board of Directors of IDFC Bank Limited ('Amalgamated Company') and erstwhile Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited ('Amalgamating Companies' / 'Capital First Group') at their respective meetings held on January 13, 2018 had approved a Composite Scheme of Amalgamation ('Scheme') of Amalgamating Companies with Amalgamated Company and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Amalgamation').

Pursuant to the Scheme being approved vide respective Orders passed by the National Company Law Tribunal ('NCLT'), Chennai Bench and Mumbai Bench, the meetings of the Board of Directors ('the Board') of the Amalgamated Company and Amalgamating Companies were duly convened on December 18, 2018 and the said Board *inter–alia* considered and noted the "**Effective Date**" as December 18, 2018 pursuant to Orders passed by both the NCLT respectively filed with Registrar of Companies as on that date. The "**Appointed Date**" was October 01, 2018 as approved by both the NCLT.

Accordingly from the said Effective Date, erstwhile Capital First Group have been dissolved without winding up.

Pursuant to the Scheme becoming effective on December 18, 2018, the Board of Directors approved the following changes in the composition of the Board of Bank:

1. Appointment of Dr. Rajiv B. Lall (DIN: 00131782) as Part-Time Non-Executive Chairman for a period of two (2) years with effect from December 19, 2018.

2. Appointment of Mr. V. Vaidyanathan (DIN: 00082596) as the Managing Director & Chief Executive Officer ('MD & CEO') for a period of three (3) years with effect from December 19, 2018, subject to approval of the Shareholders of the Bank.

3. Appointment of Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864) as an Independent Director for a period of five (5) years with effect from December 18, 2018, subject to approval of the Shareholders of the Bank.

4. Appointment of Mr. Hemang Raja (DIN: 00040769) as an Independent Director for a period of five (5) years with effect from December 18, 2018, subject to approval of the Shareholders of the Bank.

5. Appointment of Mr. Aashish Kamat (DIN: 06371682) as an Independent Director for a period of five (5) years with effect from December 18, 2018, subject to approval of the Shareholders of the Bank.

6. Appointment of Mr. Desh Raj Dogra (DIN: 00226775) as an Independent Director for a period of five (5) years with effect from December 18, 2018, subject to approval of the Shareholders of the Bank.

7. Appointment of Mr. Vishal Mahadevia (DIN: 01035771) as a Non-Executive Non-Independent Director for a period of five (5) years with effect from December 18, 2018, subject to approval of the Shareholders of the Bank.

8. Resignation of Mr. Ajay Sondhi (DIN: 01657614) as an Independent Director with effect from December 18, 2018.

9. Resignation of Mr. Rajan Anandan (DIN: 02395272) as an Independent Director with effect from December 18, 2018.

Mr. V. Vaidyanathan, Dr. (Mrs.) Brinda Jagirdar, Mr. Hemang Raja and Mr. Vishal Mahadevia were the Directors of erstwhile Capital First Limited.

Mr. Abhijit Sen (DIN: 00002593) and Ms. Veena Mankar (DIN: 00004168) have resigned with effect from March 25, 2019 as Independent Directors ('IDs') of the Bank before the expiry of their tenure in order to balance their expanding work commitments.

Accordingly, as on March 31, 2019, the Board of the Bank consisted of eleven (11) Directors, out of which six (6) were IDs, one (1) Part-Time Non-Executive Chairman, three (3) Non-Executive Non-Independent Directors and one (1) Executive Director. Dr. Rajiv B. Lall as the Part-Time Non-Executive Chairman of the Bank. Mr. V. Vaidyanathan as the MD & CEO of the Bank. Mr. Aashish Kamat, Mr. Anand Sinha (DIN: 00682433), Dr. (Mrs.) Brinda Jagirdar, Mr. Desh Raj Dogra, Mr. Hemang Raja and Mr. Pravir Vohra were IDs of the Bank. Mr. Vishal Mahadevia, Mr. Sunil Kakar (DIN: 03055561) and Ms. Anindita Sinharay (DIN: 07724555) were Non-Executive Non-Independent Directors of the Bank. Mr. Sunil Kakar and Ms. Anindita Sinharay are representing IDFC Limited and the Government of India ('GOI'), respectively. As on March 31, 2019, IDFC Financial Holding Company Limited and Government of India held 40.00% and 5.47% equity shares respectively in the Bank.

Subsequent to the year under review, Mr. Desh Raj Dogra resigned from the Bank with effect from April 04, 2019 before the expiry of his term in order to avoid potential conflict of interest with his other Board memberships. Also, Mr. Dogra has confirmed that there is no other material reason for his resignation other than the aforesaid.

Further, Mr. Sanjeeb Chaudhuri (DIN: 03594427) was appointed as Non-Executive Independent Director of the Bank for a period of four (4) years with effect from May 10, 2019, subject to approval of the Shareholders of the Bank.

The Board at its meeting held on May 10, 2019, approved the re-appointment of Mr. Anand Sinha for second term of four (4) consecutive years with effect from August 01, 2019. The aforesaid appointment is subject to approval of the Shareholders of the Bank.

On attaining the age of 70 years by Mr. Anand Sinha, Dr. (Mrs.) Brinda Jagirdar and Mr. Sanjeeb Chaudhuri, permission may be sought from Reserve Bank of India ('RBI'), if required, for their continuation as Directors of the Bank.

Brief Profile of all the Directors is available on the Bank's website: www.idfcfirstbank.com.

The Board has complete access to all the information about the Bank. The Board is frequently provided with necessary documents, reports and internal policies to enable them to get familiarised with the Bank's procedures and practices. The details of familiarisation programmes imparted to Directors are disclosed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

Skills/ Expertise/ Competence of Board of Directors

Your Bank, being a Banking Company, is regulated by the provisions of Banking Regulation Act, 1949, Listing Regulations and the Companies Act, 2013. In terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, not less than fifty-one per cent, of the total number of members of the Board shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely;

(i) accountancy

(ii) agriculture and rural economy

(iii) banking

(iv) co-operation

(v) economics

(vi) finance

(vii) law

(viii) small-scale industry

(ix) Information Technology

(x) Payment & Settlement Systems

(xi) Human Resources

(xii) Risk Management

(xiii) Business Management

(xiv) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the RBI, be useful to the Banking Company.

Further, not less than two Directors shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry.

The Board of Directors of the Bank is guided by the above provisions and the business requirements during appointment of any new Director on the Board.

As on date of this Report, the Board of your Bank is formed in compliance with the requirements of all applicable laws.

CODE OF CONDUCT

The Bank has in place a Code of Conduct ('Code') for Board of Directors and designated Senior Management Personnel ('SMP') of the Bank. The Code is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

All Directors and designated SMP have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD & CEO is enclosed at the end of this Report.

Further, all the IDs have confirmed that they meet the criteria mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013. Also, they have given a declaration of independence pursuant to Section 149(7) of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014 along with their affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013. The Board confirms that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

Further, the Bank has received certificate from M/s. Bhandari & Associates, Company Secretaries that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority (Certificate annexed to this Report as **Annexure A**).

The terms and conditions of appointment of IDs are also disclosed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results along with other agenda items and additional meetings are conducted from time to time to consider significant matters, whenever required. The dates of Board meetings for the next financial year are decided well in advance and are informed to the Directors so as to enable them to manage their schedule effectively and prepare for the meetings well in advance.

Also, the Bank makes available video conferencing facility or other audio visual means, to enable larger participation of Directors in the meetings, whenever required.

In consultation with the Chairman, and the MD & CEO, the Company Secretary prepares the agenda along with the detailed notes thereon. Directors and invitees are free to recommend inclusion of any matter in the agenda for discussion.

SMP are also invited to attend the Board meetings, make presentations and provide additional inputs to the agenda items under discussion, whenever required.

The responsibilities of the Board *inter-alia* include formulating and monitoring plans, business strategies, budgets, information security methods, reviewing financial results, appointment/ cessation and remuneration of SMP and Key Managerial Personnel ('KMP'), perusing of policies and procedures, etc. The Board reviews on a quarterly basis the compliance reports of all laws applicable to the Bank, including the Corporate Governance reports submitted to the Stock Exchanges.

The RBI prescribes seven comprehensive critical themes in board deliberation, to be placed before the Board of Directors, vide its circular on 'Calendar of Reviews'. These themes include Business Strategy, Risk, Financial Reports and their integrity, Compliance, Customer Protection, Financial Inclusion and Human Resources. Agenda items within the scope of these themes are primarily presented to the relevant Committees of the Board, report of which is then placed at the Board meetings.

During FY 2018-19, seven (7) Board meetings were held on the following dates:

- April 24, 2018
- July 30, 2018
- October 24, 2018
- December 18, 2018 (two Board meetings held on December 18, 2018)
- January 08, 2019
- February 05, 2019

The maximum gap between any two consecutive meetings was less than 120 days. The necessary quorum was present for all the meetings.

Periodic presentations are made at the Board/ Committee meetings on business strategy, performance updates, financial statements etc. Minimum Information to be placed before the Board of Directors as mentioned in Schedule II Part A of the Listing Regulations is placed before the Board for its consideration, as and when applicable.

The name and age of the Directors along with their attendance at the Board meetings held during FY 2018-19 and the last AGM, directorships, name of other listed companies in which the Director holds directorship and memberships/ chairmanships in Committees of other companies are given in **Table No. 1**.

Table No. 1 : Composition of Board of Directors for FY 2018-19

Name of the Director	DIN	Age	Position on the Board	**No. of Board Meetings Held in FY 2018-19 (Meetings held during tenure of Director)**	**No. of Board Meetings Attended in FY 2018-19**	**Percentage of Attendance**
Dr. Rajiv B. Lall	00131782	61	Part-Time Non-Executive Chairman	7 (7)	5	71.43%
Mr. V. Vaidyanathan	00082596	51	Managing Director & Chief Executive Officer	7 (2)	2	100%
Mr. Aashish Kamat	06371682	53	Non-Executive Independent Director	7 (3)	2	66.67%
Mr. Anand Sinha	00682433	68	Non-Executive Independent Director	7 (7)	7	100%
Ms. Anindita Sinharay	07724555	43	Non-Executive Non-Independent Director (Representing Ministry of Finance, GOI-equity investor)	7 (7)	2	28.57%
Dr. (Mrs.) Brinda Jagirdar	06979864	66	Non-Executive Independent Director	7 (3)	3	100%
Mr. Hemang Raja	00040769	60	Non-Executive Independent Director	7 (3)	3	100%
Mr. Pravir Vohra	00082545	64	Non-Executive Independent Director	7 (5)	5	100%
Mr. Vishal Mahadevia	01035771	46	Non-Executive Non-Independent Director	7 (3)	3	100%
Mr. Sunil Kakar	03055561	61	Non-Executive Non-Independent Director (Representing IDFC Limited-equity investor)	7 (7)	7	100%
Mr. Desh Raj Dogra	00226775	64	Non-Executive Independent Director	7 (3)	3	100%
Mr. Ajay Sondhi	01657614	58	Non-Executive Independent Director	7 (4)	4	100%
Mr. Rajan Anandan	02395272	50	Non-Executive Independent Director	7 (4)	2	50%
Mr. Abhijit Sen	00002593	68	Non-Executive Independent Director	7 (7)	7	100%
Ms. Veena Mankar	00004168	66	Non-Executive Independent Director	7 (7)	6	85.71%

Notes:

1 Mr. Pravir Vohra has been appointed as Non-Executive Independent Director with effect from August 01, 2018. Mr. Aashish Kamat, Dr. (Mrs.) Brinda Jagirdar, Mr. Desh Raj Dogra and Mr. Hemang Raja have been appointed as Non-Executive Independent Directors of the Bank, and Mr. Vishal Mahadevia has been appointed as Non-Executive Non-Independent Director of the Bank with effect from December 18, 2018.

2 Mr. Ajay Sondhi, Mr. Rajan Anandan, Mr. Abhijit Sen, Ms. Veena Mankar and Mr. Desh Raj Dogra have resigned as Non-Executive Independent Directors of the Bank with effect from December 18, 2018, December 18, 2018, March 25, 2019, March 25, 2019 and April 04, 2019 respectively.

3 Dr. Rajiv B. Lall was the Founder MD & CEO of the Bank till December 18, 2018. From December 19, 2018, Mr. V. Vaidyanathan has been appointed as the MD & CEO of the Bank. Ms. Veena Mankar was Chairperson of the Board till December 18, 2018. From December 19, 2018, Dr. Rajiv B. Lall has been appointment as the Part-Time Non-Executive Chairman of the Bank.

4 None of the Directors of the Bank was Member of more than 10 committees or acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors in terms of Regulation 26 of the Listing Regulations.

5 None of the Directors held directorship in more than 10 Public Limited Companies.

Whether attended Fourth AGM held on July 31, 2018*	Number of Directorships of Indian Public Limited Companies (including IDFC FIRST Bank)	of other Companies**	Directorship in other Listed Companies excluding IDFC FIRST Bank (Category of Directorship)	No. of Committee Membership (Chairmanship) of Companies (including IDFC FIRST Bank)***
Yes	3	3	None	0 (0)
NA	1	0	None	1 (0)
NA	1	0	None	1 (1)
Yes	2	2	None	0 (0)
No	1	0	None	0 (0)
NA	3	0	Rane Engine Valve Limited (Non-Executive - Independent Director)	3 (1)
NA	4	0	Multi Commodity Exchange of India Limited (Non-Executive – Non-Independent Director) [Shareholder Nominee Director]	3 (1)
NA	4	0	Thomas Cook (India) Limited (Non-Executive - Independent Director) Quess Corp Limited (Non-Executive - Independent Director)	6 (2)
NA	4	3	ICICI Lombard General Insurance Company Limited (Non-Executive - Independent Director) PVR Limited (Non-Executive - Non Independent Director)	1 (0)
Yes	8	3	IDFC Limited (Executive Director, MD & CEO)	5 (0)
NA	7	1	S Chand and Company Limited (Non-Executive - Independent Director, Chairperson) Welspun Corp Limited (Non-Executive - Independent Director) Sintex Plastics Technology Limited (Non-Executive - Independent Director)	7 (3)
Yes			NA : Not Applicable, as they have ceased to be Directors of the Bank as on March 31, 2019.	
No				
Yes				
Yes				

6 None of the Directors were related to each other.

7 None of the Directors of the Bank served as Independent Director in more than 7 listed companies.

8 Mr. V. Vaidyanathan, MD & CEO, was not an Independent Director of any other listed company.

* Chairpersons of the Audit Committee, the Nomination and Remuneration Committee, and the Stakeholders' Relationship and Customer Service Committee were present at the 4th AGM held on July 31, 2018. Ms. Anindita Sinharay and Mr. Rajan Anandan, could not attend the 4th AGM held on July 31, 2018 due to other official commitments.

** Excludes directorship held in Foreign Companies but includes Private Limited Companies and Section 8 Companies in India.

*** Includes memberships of Audit Committee and Stakeholders' Relationship Committee of all Indian Public Limited Companies including IDFC FIRST Bank Limited; figures in brackets indicate number of Committee Chairmanships as per Regulation 26 of the Listing Regulations. Section 8 Companies have been excluded for the purpose of Committee Memberships/ Chairmanships.

MEETING OF INDEPENDENT DIRECTORS

As per Schedule IV of the Companies Act, 2013 and the rules made thereunder, the IDs of a Company shall hold at least one (1) meeting in a year, without the attendance of Non-Independent Directors and members of the Management. This meeting is expected to review the performance of Non-Independent Directors and the Board as a whole; review the performance of the Chairperson of the Board and assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. Accordingly, a separate meeting of IDs of the Bank was held on April 24, 2018 without the presence of MD & CEO, Non-Independent Directors and SMP. The meeting was attended by all the five (5) IDs.

BOARD COMMITTEES

The Board has constituted various Board-level Committees to delegate particular matters that require greater and more focused attention. These Committees take informed decisions in the best interest of the Bank. Also, these Committees monitor the activities falling within their terms of reference and recommend their views to the Board.

Also, the Bank has put in place, a Management Committee framework to ensure that various submissions to the Board and its Committees are first reviewed, approved and recommended by the Management Committees. This enhances governance and helps to strengthen the compliances within the Bank.

As on March 31, 2019, the Bank had the following Board-level Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship & Customer Service Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Credit Committee
- Allotment, Transfer and Routine Matters Committee
- IT Strategy Committee
- Fraud Monitoring Committee
- Wilful Defaulter or Non-Cooperative Borrower Review Committee

As on March 31, 2019, Bank had the following Management Committees:

- Credit and Market Risk Committee
- Operational and Information Security Risk Committee
- Asset Liability Management Committee
- Product and Process Approval Committee
- Internal Audit and Controls Committee
- Information Technology Steering Committee
- Premises and Outsourcing Committee
- Executive Committee
- Human Resources, Ex Culture, Brand, Reputation and Public Relations Committee
- Investment Committee
- Customer Service Committee

Majority of the members of most of the Board - level Committees are IDs and most of these Committees are chaired by IDs.

Mr. Satish Gaikwad, Head – Legal & Company Secretary acts as the Secretary for all the Board - level Committees and ensures adherence to all laws and regulations for conducting Committee meetings. Till December 18, 2018, Mr. Mahendra N. Shah, Group Company Secretary & Group Compliance Officer was the Secretary for all the Board-level Committees and ensured adherence to all laws and regulations for conducting Committee meetings.

Details on composition of the Board-level Committees, brief terms of reference and number of meetings held during FY 2018-19, are given hereinafter:

1. Audit Committee

As on March 31, 2019, the Audit Committee comprised four (4) members, three (3) of whom were IDs and one (1) Non-Executive Non-Independent Director viz. Mr. Aashish Kamat – Chairman, Dr. (Mrs.) Brinda Jagirdar, Mr. Pravir Vohra and Mr. Sunil Kakar.

Mr. Vishal Mahadevia is the Permanent Invitee to the Committee.

Also, the Chief Financial Officer & Head-Corporate Centre, Statutory Auditors and the Internal Auditors are invitees to the meetings of the Audit Committee.

All members of the Audit Committee were/ are financially literate and had/ have accounting and related financial management expertise.

The Committee met nine (9) times during FY 2018-19, on April 23, 2018, July 30, 2018, August 14, 2018, October 23, 2018, November 06, 2018, December 18, 2018, January 07, 2019, February 04, 2019 and February 26, 2019. The time gap between two consecutive meetings was less than 120 days. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Audit Committee meetings held during FY 2018-19 are given in **Table No. 2**.

Table No. 2 : Attendance Details of Audit Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	**No. of Meetings held (Meetings held during tenure of Director)**	**No. of Meetings Attended**	**% of Attendance**
Mr. Aashish Kamat	Non-Executive Independent Director	Chairman	9 (3)	2	66.67%
Dr. (Mrs.) Brinda Jagirdar	Non-Executive Independent Director	Member	-	-	-
Mr. Pravir Vohra	Non-Executive Independent Director	Member	-	-	-
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	9 (9)	9	100%
Mr. Ajay Sondhi	Non-Executive Independent Director	Member	9 (1)	1	100%
Ms. Veena Mankar	Non-Executive Independent Director	Member	9 (1)	1	100%
Mr. Anand Sinha	Non-Executive Independent Director	Member	9 (6)	6	100%
Mr. Abhijit Sen	Non-Executive Independent Director	Chairman	9 (9)	9	100%
Mr. Hemang Raja	Non-Executive Independent Director	Member	9 (3)	3	100%

Notes:

1. Mr. Aashish Kamat, Dr. (Mrs.) Brinda Jagirdar and Mr. Pravir Vohra were appointed as the members of Audit Committee with effect from December 18, 2018, March 25, 2019 and March 25, 2019 respectively.
2. Mr. Ajay Sondhi, Ms. Veena Mankar, Mr. Anand Sinha and Mr. Abhijit Sen ceased to be members of the Audit Committee with effect from April 24, 2018, April 24, 2018, December 18, 2018 and March 25, 2019 respectively.
3. Mr. Hemang Raja held the position of member of Audit Committee from December 18, 2018 to March 25, 2019.
4. Pursuant to resignation of Mr. Abhijit Sen from the Board of Bank with effect from March 25, 2019, he ceased to be Chairman of the Audit Committee with effect from the said date. Mr. Aashish Kamat was appointed as Chairman of the Audit Committee with effect from March 25, 2019.

The Terms of Reference of the Audit Committee of the Board *inter-alia* includes the following:

- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements.
- Recommending to the Board, the appointment, re-appointment, remuneration, terms of appointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- Evaluation of internal financial controls and risk management systems.
- Review compliance report on directives issued by ACB/ Board/ RBI.
- Review the functioning of the Whistle Blower/ Vigil Mechanism.
- Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- Any other terms of reference as may be included from time to time in the Companies Act, 2013, Listing Regulations, and/ or applicable RBI Guidelines/ Regulations, or any re-enactment, amendment or modification thereto from time to time.

2. Nomination and Remuneration Committee

As on March 31, 2019, the Nomination and Remuneration Committee ('NRC') comprised four (4) members, three (3) of whom were IDs and one (1) Non-Executive Non-Independent Director viz. Mr. Hemang Raja – Chairman, Dr. (Mrs.) Brinda Jagirdar, Mr. Vishal Mahadevia and Mr. Aashish Kamat.

The Committee met seven (7) times during FY 2018-19, on April 24, 2018, July 30, 2018, October 23, 2018, December 18, 2018, January 08, 2019, January 28, 2019 and February 04, 2019. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the NRC meetings held during FY 2018-19 are given in **Table No. 3**.

Table No. 3 : Attendance Details of Nomination and Remuneration Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended	% of Attendance
Mr. Hemang Raja	Non-Executive Independent Director	Chairman	7 (3)	3	100%
Dr. (Mrs.) Brinda Jagirdar	Non-Executive Independent Director	Member	7 (3)	3	100%
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	7 (3)	2	66.67%
Mr. Aashish Kamat	Non-Executive Independent Director	Member	-	-	-
Mr. Ajay Sondhi	Non-Executive Independent Director	Chairman	7 (4)	4	100%
Mr. Anand Sinha	Non-Executive Independent Director	Member	7 (4)	4	100%
Ms. Veena Mankar	Non-Executive Independent Director	Member	7 (7)	6	85.71%

Notes:

1. Mr. Hemang Raja, Dr. (Mrs.) Brinda Jagirdar, Mr. Vishal Mahadevia and Mr. Aashish Kamat were appointed as members of NRC with effect from December 18, 2018, December 18, 2018, December 18, 2018 and March 25, 2019 respectively.
2. Mr. Ajay Sondhi, Mr. Anand Sinha and Ms. Veena Mankar ceased to be members of the NRC with effect from December 18, 2018, December 18, 2018 and March 25, 2019 respectively.
3. Pursuant to resignation of Mr. Ajay Sondhi from the Board of Bank with effect from December 18, 2018, he ceased to be Chairman of the NRC with effect from the said date. Mr. Hemang Raja was appointed as Chairman of the NRC with effect from December 18, 2018.

The Terms of Reference of the Nomination and Remuneration Committee of the Board *inter-alia* includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, key managerial personnel and other employees.
- Devising a policy on diversity of Board of Directors.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Determine the Bank's policy on specific remuneration packages for Whole-time Directors/ Executive Directors including pension rights and any compensation payment.
- The NRC shall review and recommend to the Board the payment of profit related commission to the Non-Executive Directors of the Bank within the overall limits as may be approved by the shareholders of the Bank, in terms of the Companies Act, 2013 and RBI Guidelines.
- The Committee shall plan for CEO/ Senior Management succession including plans for interim succession in the event of an unexpected occurrence and submit a report to the Board to nominate potential successors to CEO/ Senior Management personnel.
- Oversee the Director's succession planning process for ensuring the right mix of Directors on the Board.
- Approve and monitor grant of employee stock options as a part of compensation of Whole-time Directors, Senior Management Personnel, Key Managerial Personnel and other employees.
- Provide a framework for the remuneration of all employees (including risk-takers).
- Abide by any other requirement in accordance with the applicable provisions of the Listing Regulations, Companies Act, 2013 and/ or applicable RBI Guidelines/ Regulations, or any re-enactment, amendment or modification thereto from time to time.

PERFORMANCE EVALUATION CRITERIA

The Companies Act, 2013 and Listing Regulations contain broad provisions on Board evaluation i.e. evaluation of the performance of (a) Board as a Whole, (b) Individual Directors (including Independent Directors and Chairperson) and (c) Various Committees of the Board.

SEBI vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017 issued a guidance note on Board evaluation in order to guide listed entities by elaborating various aspects of board evaluation that may help them to improve the evaluation process, derive the best possible benefit and achieve the objective of the entire process.

Accordingly, on April 24, 2018, all-inclusive three (3) questionnaires for the above categories were circulated to all the Directors of the Bank for Evaluation Process of FY 2017-18.

Duly filled in questionnaires pertaining to the evaluation of the Board as a Whole and Various Committees of the Board were received from all the Directors. Evaluation process for "Individual Directors (including Independent Directors and Chairperson of the Board)" was carried out on a software named 'Diligent' wherein the Software kept all submissions 'Anonymous'.

Questionnaire for evaluation of Chairperson of the Board was sent to all the Directors of the Bank (except the Chairperson herself) and the results thereon were sent directly to Mr. Ajay Sondhi, former Chairperson of the NRC. Further, Questionnaire for evaluation of other individual Directors (i.e. excluding the Chairperson of the Board) was sent to all the Directors and the results thereon were sent directly to Ms. Veena Mankar, former Chairperson of the Board.

Mr. Sondhi and Ms. Mankar informed Mr. Mahendra Shah, former Group Company Secretary and Group Compliance Officer, that the performance evaluation results for evaluation of "individual directors (including Independent Directors and Chairperson of the Board)" were communicated to each individual Director and accordingly, the entire evaluation process for FY 2017-18 had been completed satisfactorily.

The IDs at their meeting held on May 09, 2019 commenced the evaluation process for FY 2018-19 in the same manner.

REMUNERATION OF DIRECTORS

Pursuant to effectiveness of the Amalgamation of erstwhile Capital First Group with the Bank and based on the recommendation of the NRC, the Board at its meeting held on January 08, 2019, approved the following revised remuneration policies:

I. Remuneration policy for Whole Time/ Executive Directors, Non-Executive/ Independent Directors, Key Managerial Personnel and Senior Management Personnel

II. Remuneration policy for Employees (including Risk-Takers) (except for the Whole Time/ Executive Directors, Non-Executive/ Independent Directors, Key Managerial Personnel and Senior Management Personnel)

These policies are in line with the provisions of the Banking Regulation Act, 1949 and RBI guidelines issued in this regard, from time to time.

Salient features of both the remuneration policies are produced in the Directors' Report, which forms part of this Annual Report.

Both the policies are available on the Bank's website at www.idfcfirstbank.com under 'Investor Relations' section.

The NRC, after taking into consideration the Remuneration Policy for the Whole time/ Executive Directors, Non-Executive/ Independent Directors, Key Managerial Personnel and Senior Management Personnel, recommends their remuneration to the Board for its approval.

IDFC FIRST Bank pays remuneration to the Executive Directors by way of salary, allowance, perquisites including retirement benefits (fixed component), stock options and a variable component based on the recommendation of the NRC and approvals of the RBI, Board of Directors and Members of the Bank.

The detailed break-up of the remuneration paid to Dr. Rajiv B. Lall and Mr. V. Vaidyanathan for FY 2018-19 have been disclosed in the Directors' Report, which forms part of this Annual Report.

The IDs are paid by way of commission/ remuneration and sitting fees. Based on the recommendation of the NRC, the Board approved sitting fees to be paid to Non-Executive Directors ('NEDs') at ₹ 100,000 per Board meeting and ₹ 50,000 per Committee meeting.

Further, the members at their meeting held on July 27, 2016 approved payment of remuneration by way of commission to the NEDs of the Bank (i.e. Directors other than Managing Director and Whole-time Directors), not exceeding in aggregate, 1% of the net profits of the Bank as computed in the manner laid down in Section 198 of the Companies Act, 2013 or maximum of ₹ 10 Lakh per annum to each of such Directors as per RBI guidelines, whichever is lower.

The criteria for making payments to NEDs has been disseminated on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

The Bank had incurred losses during FY 2018-19, therefore the Bank did not pay any commission to its IDs.

During FY 2018-19, the Bank had not granted any stock options to NEDs of the Bank. The Bank did not advance loans to any of its Directors during FY 2018-19. None of the Directors are entitled to severance fee. The notice period for Executive Directors is three months. None of the employees of the Bank are related to any of the Directors. There is no *inter-se* relationship between the members of the Board. None of the Directors of the Bank are related to each other.

Except Mr. Sunil Kakar and Mr. Pravir Vohra who held 20,000 equity shares and 250,000 equity shares of the Bank as on March 31, 2019 respectively, no other NEDs held any shares or convertible instruments of IDFC FIRST Bank as on March 31, 2019.

There were no pecuniary relationships or transactions of NEDs *vis-à-vis* the Bank which has potential conflict with the interests of the Bank at large.

The remuneration paid to the Directors is well within the limits prescribed under the Banking Regulation Act, 1949 and is in line with the guidelines issued by RBI, from time to time.

Details of remuneration paid to the Directors during FY 2018-19 are given in **Table No. 4**.

Table No. 4 : Details of the Remuneration paid to the Directors

(in ₹)

Name of the Director	Stock Options granted during the year (No.)	Sitting Fees	Salary and Perquisites	Contribution to Provident and Other Funds	Commission/ Remuneration for FY 2017-18 (Paid during FY 2018-19)	Total (Paid during FY 2018-19)
Dr. Rajiv B. Lall	-	200,000	29,885,544	11,394,405	-	41,479,949
Mr. V. Vaidyanathan	124,405,000	-	15,159,140	1,718,688	-	16,877,828
Mr. Anand Sinha	-	1,750,000	-	-	1,000,000	2,750,000
Mr. Aashish Kamat	-	350,000	-	-	-	350,000
Dr. (Mrs.) Brinda Jagirdar	-	600,000	-	-	-	600,000
Mr. Hemang Raja	-	950,000	-	-	-	950,000
Mr. Pravir Vohra	-	650,000	-	-	-	650,000
Mr. Vishal Mahadevia	-	-	-	-	-	-
Ms. Anindita Sinharay	-	-	-	-	-	-
Mr. Sunil Kakar	-	-	-	-	-	-
Mr. Desh Raj Dogra	-	650,000	-	-	-	650,000
Ms. Veena Mankar	-	1,400,000	-	-	1,000,000	2,400,000
Mr. Abhijit Sen	-	2,350,000	-	-	1,000,000	3,350,000
Mr. Ajay Sondhi	-	1,800,000	-	-	1,000,000	2,800,000
Mr. Rajan Anandan	-	350,000	-	-	1,000,000	1,350,000

Notes:

1. Mr. Pravir Vohra has been appointed as Non-Executive Independent Director with effect from August 01, 2018. Mr. Aashish Kamat, Dr. (Mrs.) Brinda Jagirdar, Mr. Desh Raj Dogra and Mr. Hemang Raja have been appointed as Non-Executive Independent Directors of the Bank and Mr. Vishal Mahadevia has been appointed as Non-Executive Non-Independent Director of the Bank with effect from December 18, 2018.
2. Dr. Rajiv B. Lall was the Founder MD & CEO of the Bank till December 18, 2018. From December 19, 2018, Mr. V. Vaidyanathan has been appointed as the MD & CEO of the Bank. Ms. Veena Mankar was Chairperson of the Bank till December 18, 2018. From December 19, 2018, Dr. Rajiv B. Lall has been appointed as Part-Time Non-Executive Chairman of the Bank.
3. Mr. Ajay Sondhi, Mr. Rajan Anandan, Mr. Abhijit Sen, Ms. Veena Mankar and Mr. Desh Raj Dogra have resigned as Non-Executive Independent Directors of the Bank with effect from December 18, 2018, December 18, 2018, March 25, 2019, March 25, 2019 and April 04, 2019 respectively.
4. As per the Scheme of Amalgamation, outstanding stock options granted by erstwhile Capital First Limited to Mr. V. Vaidyanathan were converted to IDFC FIRST Bank stock options and such options were issued from the combined entity IDFC FIRST Bank in lieu of cancellation of options of erstwhile Capital First Limited on Amalgamation. The exercise period for options would be as per the original grant.

3. Stakeholders' Relationship and Customer Service Committee

As on March 31, 2019, the Stakeholders' Relationship and Customer Service ('SRCS') Committee comprised four (4) members, two (2) of whom were IDs, one (1) Non-Executive Non-Independent Director and one (1) Executive Director viz. Dr. (Mrs.) Brinda Jagirdar – Chairperson, Mr. Pravir Vohra, Mr. V. Vaidyanathan and Mr. Sunil Kakar.

Mr. Satish Gaikwad, Head – Legal and Company Secretary is the designated person responsible for handling Investor/ Shareholder Grievances and is the Compliance Officer of the Bank under Listing Regulations. He is also the Nodal Officer of the Bank for handling Investor Grievances with respect to Investor Education and Protection Fund ('IEPF').

The Bank has a dedicated team of professionals to respond to queries and grievances received from the investors, customers, shareholders and bond holders. The designated e-mail address for lodging equity and bond complaints is ig@idfcfirstbank.com.

The Committee met four (4) times during FY 2018-19, on April 23, 2018, July 30, 2018, October 23, 2018 and February 04, 2019. All the meetings were held during the year with requisite quorum. The Committee looks into various aspects of interests of the Bank's Shareholders and Debenture holders.

The composition, names of members and chairperson, and their attendance at the SRCS Committee meetings held during FY 2018-19 are given in **Table No. 5**.

Table No. 5 : Attendance Details of Stakeholders' Relationship and Customer Service Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended	% of Attendance
Dr. (Mrs.) Brinda Jagirdar	Non-Executive Independent Director	Chairperson	-	-	-
Mr. Pravir Vohra	Non-Executive Independent Director	Member	4 (1)	1	100%
Mr. V. Vaidyanathan	MD & CEO	Member	4 (1)	1	100%
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	4 (4)	4	100%
Mr. Anand Sinha	Non-Executive Independent Director	Member	4 (3)	3	100%
Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	Member	4 (3)	3	100%
Ms. Veena Mankar	Non-Executive Independent Director	Chairperson	4 (4)	4	100%
Mr. Abhijit Sen	Non-Executive Independent Director	Member	4 (1)	1	100%

Notes:

1. Mr. Pravir Vohra and Dr. (Mrs.) Brinda Jagirdar were appointed as the members of SRCS Committee with effect from December 18, 2018 and March 25, 2019 respectively. Mr. V. Vaidyanathan was appointed as the member of SRCS Committee with effect from December 19, 2018.
2. Mr. Anand Sinha, Dr. Rajiv B. Lall, Ms. Veena Mankar ceased to be members of the SRCS Committee with effect from December 18, 2018, December 18, 2018 and March 25, 2019 respectively.
3. Mr. Abhijit Sen held the position of member of SRCS Committee from December 18, 2018 to March 25, 2019.
4. Pursuant to resignation of Ms. Veena Mankar from the Board of Bank with effect from March 25, 2019, she ceased to be Chairperson of the SRCS Committee with effect from the said date. Dr. (Mrs.) Brinda Jagirdar was appointed as Chairperson of the SRCS Committee with effect from March 25, 2019.

Details of Complaints received and attended by the Bank during FY 2018-19 for Equity Shares and 80CCF Infrastructure Bonds are given in **Table Nos. 6A and 6B** respectively.

Table No. 6A : Nature of Complaints received and attended during FY 2018-19 for Equity Shares

Nature of Complaint	Pending as on April 01, 2018	Received during the year	Resolved during the year	Pending as on March 31, 2019
Non-receipt of Refund	NIL	NIL	NIL	NIL
Non-receipt of Electronic Credit	NIL	NIL	NIL	NIL
Non-receipt of Annual Report	NIL	210	210	NIL
Non-receipt of Securities	NIL	2	2	NIL
Non-receipt of Dividend Warrants	NIL	755	746	9*
SEBI	NIL	7	7	NIL
Stock Exchange	NIL	7	7	NIL
TOTAL	**NIL**	**981**	**972**	**9**

* These 9 Complaints were resolved post March 31, 2019 within the prescribed time.

Table No. 6B : Nature of Complaints received and attended during FY 2018-19 for Infrastructure Bonds issued under Section 80CCF of Income Tax Act, 1961

Nature of Complaint	Pending as on April 01, 2018	Received during the year	Resolved during the year	Pending as on March 31, 2019
Non-receipt of Bond Certificates	NIL	1,071	1,071	NIL
Non-receipt of Securities after Transfer	NIL	43	43	NIL
Non-receipt of Electronic Credit	NIL	9	9	NIL
Non-receipt of Refund	NIL	10	10	NIL
Non-receipt of Interest Warrant	NIL	3,816	3,816	NIL
SEBI	NIL	22	22	NIL
Stock Exchange/ Depositories	NIL	3	3	NIL
ROC	NIL	NIL	NIL	NIL
TOTAL	**NIL**	**4,974**	**4,974**	**NIL**

During FY 2018-19, no Complaints were received in respect of the bonds/ Non-Convertible Debentures issued by the Bank on private placement basis.

During FY 2018-19, total 3,131 complaints were received from the customers of the Bank. As on March 31, 2019, 96% of the cases were resolved and 4% of the cases were pending. Post March 31, 2019, all complaints were resolved within prescribed time.

The Terms of Reference of the Stakeholders' Relationship and Customer Service Committee of the Board *inter-alia* includes the following:

For Security and Other Stakeholders

- To consider and resolve the grievances of security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of balance sheet, non-receipt of annual report, non-receipt of declared dividend, issue of new/ duplicate certificates, general meetings etc.
- Propose to the Board of Directors, the appointment/ re-appointment of the Registrar and Share Transfer Agent, including the terms and conditions, remuneration, service Charge/ fees.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review the existing "Stakeholder Redressal System" and suggest measures for improvement.
- Take measures to enhance operational transparency to Stakeholders and suggest measures for improvement in Stakeholder relations.
- Develop mechanism to provide access to Stakeholders to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process.
- Any other requirement in accordance with the applicable provisions of the Companies Act, Listing Regulations and RBI Guidelines.

For Customers:

- To oversee the functioning of the Bank's internal committee set-up for customer service.
- To review the level of customer service in the Bank including customer complaints and the nature of their resolution.
- To ensure customers are treated fairly all the times and complaints raised by them is dealt with courtesy and in time.
- To formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- To monitor implementation of awards under the Banking Ombudsman Scheme.
- To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- Any other requirement in accordance with the applicable provisions of RBI Guidelines.

4. Corporate Social Responsibility Committee

The Board of Directors has constituted the Corporate Social Responsibility ('CSR') Committee pursuant to Section 135 of the Companies Act, 2013 and corresponding rules thereunder.

As on March 31, 2019, the CSR Committee comprised three (3) members, two (2) of whom were IDs and one (1) Executive Director viz. Mr. V. Vaidyanathan – Chairman, Dr. (Mrs.) Brinda Jagirdar and Mr. Hemang Raja.

The Committee met two (2) times during FY 2018-19, on April 23, 2018 and February 04, 2019. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the CSR Committee meetings held during FY 2018-19 are given in **Table No. 7**.

Table No. 7: Attendance Details of the Corporate Social Responsibility Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended	% of Attendance
Mr. V. Vaidyanathan	MD & CEO	Chairman	2 (1)	1	100%
Dr. (Mrs.) Brinda Jagirdar	Non-Executive Independent Director	Member	2 (1)	1	100%
Mr. Hemang Raja	Non-Executive Independent Director	Member	-	-	-
Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	Chairman	2 (1)	1	100%
Mr. Abhijit Sen	Non-Executive Independent Director	Member	2 (1)	1	100%
Ms. Veena Mankar	Non-Executive Independent Director	Member	2 (2)	2	100%

Notes:

1. Dr. (Mrs.) Brinda Jagirdar and Mr. Hemang Raja were appointed as the members of CSR Committee with effect from December 18, 2018 and March 25, 2019 respectively. Mr. V. Vaidyanathan was appointed as the member of CSR Committee with effect from December 19, 2018.
2. Dr. Rajiv B. Lall, Mr. Abhijit Sen and Ms. Veena Mankar ceased to be members of the CSR Committee with effect from December 18, 2018, December 18, 2018 and March 25, 2019 respectively.
3. Dr. Rajiv B. Lall was Chairman of the CSR Committee till December 18, 2018. Pursuant to re-constitution of Board as per the Scheme of Amalgamation, Mr. V. Vaidyanathan was appointed as Chairman of the CSR Committee with effect from December 19, 2018.

Details of CSR initiatives undertaken by IDFC FIRST Bank can be referred in the Directors' Report, which forms part of this Annual Report.

The Board approved CSR Policy is placed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

The Terms of Reference of the Corporate Social Responsibility Committee *inter-alia* includes the following:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013 and applicable rules as amended from time to time.

- Recommend the amount of expenditure to be incurred on the activities referred to in Point above.
- Monitor the CSR Policy of the Bank from time to time.
- Review and monitor the CSR activities of the Bank on behalf of the Board to ensure that the Bank is in compliance with appropriate laws and legislations.
- Formulate a transparent monitoring mechanism for implementation of CSR Projects or programs or activities undertaken by the Bank.
- Regularly report to the Board on the CSR initiatives and status and also provide reasons to the Board if the amount earmarked for CSR initiatives has not been spent and action steps for the same.
- Review management's position on key stakeholder expectations involving CSR and provide perspectives for Board's consideration.
- Review on a continuous basis the Bank's communication strategies relating to CSR.
- Review the Bank's annual CSR report prior to its issuance.
- Review and assess the remit and reports of any audit process to gain assurance over the CSR activities.
- Review management-identified opportunities to optimize the use of technology for the use of CSR activities.

5. Risk Management Committee

IDFC FIRST Bank has in place a robust mechanism to inform the Board about its risk assessment and minimisation procedures with periodic reviews to ensure that the Management controls risk through a Board-approved well defined framework. The Board is responsible for framing, implementing and monitoring the Risk Management Plan for the Bank. This is done through its Board-level Risk Management Committee ('RMC') and it monitors and reviews risks of the Bank on a regular basis. The RMC reviews and monitors mainly four types of risks across the organisation viz. credit risk, market risk, liquidity risk and operational risk. This is done under the overall framework of the Enterprise Risk Management System.

As on March 31, 2019, the RMC comprised five (5) members, four (4) of whom were IDs and one (1) Executive Director viz. Mr. Anand Sinha – Chairman, Mr. Hemang Raja, Mr. Pravir Vohra, Mr. V. Vaidyanathan and Mr. Desh Raj Dogra.

The Committee met five (5) times during FY 2018-19, on April 24, 2018, July 30, 2018, October 24, 2018, January 07, 2019 and February 05, 2019. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the RMC meetings held during FY 2018-19 are given in **Table No. 8**.

Table No. 8 : Attendance Details of the Risk Management Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	**No. of Meetings held (Meetings held during tenure of Director)**	**No. of Meetings attended**	**% of Attendance**
Mr. Anand Sinha	Non-Executive Independent Director	Chairman	5 (5)	5	100%
Mr. Hemang Raja	Non-Executive Independent Director	Member	-	-	-
Mr. Pravir Vohra	Non-Executive Independent Director	Member	-	-	-
Mr. V. Vaidyanathan	MD & CEO	Member	5 (2)	2	100%
Mr. Desh Raj Dogra	Non-Executive Independent Director	Member	5 (2)	2	100%
Mr. Aashish Kamat	Non-Executive Independent Director	Member	5 (2)	1	50%
Dr. (Mrs.) Brinda Jagirdar	Non-Executive Independent Director	Member	5 (2)	2	100%
Mr. Abhijit Sen	Non-Executive Independent Director	Member	5 (3)	3	100%
Mr. Ajay Sondhi	Non-Executive Independent Director	Member	5 (3)	3	100%
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	5 (3)	3	100%
Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	Member	5 (3)	3	100%

Notes:

1. Mr. V. Vaidyanathan was appointed as the member of RMC with effect from December 19, 2018. Mr. Hemang Raja and Mr. Pravir Vohra were appointed as the members of RMC with effect from March 25, 2019.
2. Mr. Aashish Kamat and Dr. (Mrs.) Brinda Jagirdar held the position of members of RMC from December 18, 2018 to March 25, 2019. Mr. Desh Raj Dogra held the position of member of RMC from December 18, 2018 to April 04, 2019.
3. Mr. Abhijit Sen, Mr. Ajay Sondhi, Mr. Sunil Kakar and Dr. Rajiv B. Lall ceased to be members of the RMC with effect from December 18, 2018.

The Terms of Reference of the Risk Management Committee *inter-alia* includes the following:

- To identify, monitor and measure the risk profile of the Bank (including market risk, liquidity risk, operational risk, reputational risk, fraud management and credit risk).
- To monitor and review the cyber security processes of the Bank.
- To oversee the risk management policy.
- To monitor and review the risk management plan of the Bank.
- To oversee the Bank's integrated risk measurement system.
- To review and evaluate the overall risk faced by the bank including market risk and liquidity risk.
- To review management's formulation of procedures, action plans and strategies to mitigate risks on short term as well as long term basis.
- To review and recommend to the Board the Bank's ICAAP proposal.
- Design stress scenarios to measure the impact of unusual market conditions and monitor variance between actual volatility of portfolio value and that predicted by risk measures.
- To ensure that the Bank's credit exposure to any one group or industry does not exceed the internally set limits and that the risk is prudently diversified.
- To carry out any other function as referred by the Board from time to time or enforced by any statutory authority, as may be applicable.

6. Credit Committee

As on March 31, 2019, the Credit Committee comprised four (4) members, two (2) of whom were IDs, one (1) Non-Executive Non-Independent Director and one (1) Executive Director viz. Mr. Hemang Raja – Chairman, Mr. Vishal Mahadevia, Mr. V. Vaidyanathan and Mr. Desh Raj Dogra.

The Committee met twenty two (22) times during FY 2018-19, on April 03, 2018, April 18, 2018, May 09, 2018, May 24, 2018, June 08, 2018, June 21, 2018, July 05, 2018, July 19, 2018, August 09, 2018, August 23, 2018, September 06, 2018, September 21, 2018, October 04, 2018, November 06, 2018, November 21, 2018, December 14, 2018, January 08, 2019, January 22, 2019, February 04, 2019, February 21, 2019, March 05, 2019 and March 19, 2019. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Credit Committee meetings held during FY 2018-19 are given in **Table No. 9**.

Table No. 9 : Attendance Details of the Credit Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended	% of Attendance
Mr. Hemang Raja	Non-Executive Independent Director	Chairman	22 (6)	6	100%
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	22 (6)	4	66.67%
Mr. V. Vaidyanathan	MD & CEO	Chairman	22 (6)	6	100%
Mr. Desh Raj Dogra	Non-Executive Independent Director	Member	22 (6)	3	50%
Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	Chairman	22 (16)	6	37.50%
Mr. Abhijit Sen	Non-Executive Independent Director	Member	22 (16)	16	100%
Mr. Ajay Sondhi	Non-Executive Independent Director	Member	22 (16)	16	100%
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	22 (16)	15	93.75%

Notes:

1. Mr. Hemang Raja and Mr. Vishal Mahadevia were appointed as the members of Credit Committee with effect from December 18, 2018. Mr. V. Vaidyanathan was appointed as the member of Credit Committee with effect from December 19, 2018.
2. Dr. Rajiv B. Lall, Mr. Abhijit Sen, Mr. Ajay Sondhi and Mr. Sunil Kakar ceased to be members of the Credit Committee with effect from December 18, 2018.
3. Mr. Desh Raj Dogra held the position of member of Credit Committee from December 18, 2018 to April 04, 2019.
4. Dr. Rajiv B. Lall was Chairman of the Credit Committee till December 18, 2018. Pursuant to re-constitution of Board as per the Scheme of Amalgamation, Mr. V. Vaidyanathan was appointed as Chairman of the Credit Committee with effect from December 19, 2018. Further, Mr. Hemang Raja was designated as Chairman of the Credit Committee in place of Mr. V. Vaidyanathan with effect from March 25, 2019.

The Terms of Reference of the Credit Committee *inter-alia* includes the following:

- To formulate clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks, delegation of credit approving powers, prudential limits on large credit exposures, asset concentrations, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, norms for write-off and compromise/ settlement proposals, recovery procedures, sale of NPAs, regulatory/ legal compliance, etc.

- To approve credit exposures which are beyond the powers delegated to executives of the Bank as per the Delegation of Authority.

- To control the risk through effective loan review mechanism and portfolio management.

7. Allotment, Transfer and Routine Matters Committee

The Allotment and Share Transfer Committee was combined with the Finance and Operations Committee and a new Committee known as "Allotment, Transfer and Routine Matters Committee" was formed with effect from April 01, 2018.

As on March 31, 2019, the Allotment, Transfer and Routine Matters Committee comprised four (4) members, two (2) of whom were Directors viz. Mr. V. Vaidyanathan and Mr. Sunil Kakar and two (2) were officers of the Bank viz. Mr. Pankaj Sanklecha and Mr. Adrian Andrade.

The Committee met fifteen (15) times during FY 2018-19, on April 02, 2018, April 04, 2018, April 16, 2018, July 02, 2018, July 13, 2018, July 23, 2018, August 14, 2018, August 24, 2018, September 25, 2018, October 09, 2018, November 22, 2018, December 19, 2018, January 05, 2019, January 17, 2019 and February 26, 2019. All the meetings were held during the year with requisite quorum.

These meetings were held mainly for dematerialisation/ rematerialisation of Infrastructure Bonds issued under Section 80CCF of the Income Tax Act, 1961, delegation powers for opening and closing of Bank accounts, directions to the banks for operating of accounts, for transfer and allotment of securities and other routine operational matters.

The Terms of Reference of the Allotment, Transfer and Routine Matters Committee *inter-alia* includes the following:

- To address, approve and monitor all matters related with the allotment, transfer, transmission, transposition, name deletion, consolidation, rematerialization, dematerialization and splitting of share and debenture certificates of the Bank.
- To open, operate and close different types of bank accounts/ Demat accounts of the Bank as may be necessary, from time to time and update the operating instructions of existing bank accounts of the Bank.
- To apply for memberships to various exchanges, central counterparties and other quasi regulatory bodies.
- To grant authorization for labour and HR operations matter including signing of leave and license agreement(s).
- To appoint/ empanel such intermediaries and consultants or service providers, as may be required from time to time.
- To open/ operate/ close dividend account/ G Sec account.
- To give authority for signing documents for treasury transactions.
- To do such other things as may be delegated by the Board/ any other Committee of the Bank.

In line with the RBI guidelines and as a step towards a stronger Governance Framework, the Board at its meeting held on April 24, 2018 *inter-alia* approved certain modifications to the Bank's Board and Management Committee structure, as follows:

Addition of three (3) new Board-level Committees namely:

- IT Strategy Committee
- Fraud Monitoring Committee
- Wilful Defaulter or Non-Cooperative Borrower Review Committee

8. IT Strategy Committee

The IT Strategy Committee was constituted with effect from April 24, 2018, in compliance with the applicable RBI Guidelines.

As on March 31, 2019, the IT Strategy Committee comprised four (4) members, three (3) of whom were IDs and one (1) Executive Director viz. Mr. Pravir Vohra – Chairman, Mr. Anand Sinha, Mr. V. Vaidyanathan and Mr. Desh Raj Dogra.

The Committee met three (3) times during FY 2018-19, on July 24, 2018, November 06, 2018 and January 07, 2019. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the IT Strategy Committee meetings held during FY 2018-19 are given in **Table No. 10**.

Table No. 10 : Attendance Details of the IT Strategy Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended	% of Attendance
Mr. Pravir Vohra	Non-Executive Independent Director	Chairman	3 (1)	1	100%
Mr. Anand Sinha	Non-Executive Independent Director	Member	3 (1)	1	100%
Mr. V. Vaidyanathan	MD & CEO	Member	3 (1)	1	100%
Mr. Desh Raj Dogra	Non-Executive Independent Director	Member	-	-	-
Mr. Rajan Anandan	Non-Executive Independent Director	Chairman	3 (2)	2	100%
Mr. Ajay Sondhi	Non-Executive Independent Director	Member	3 (2)	2	100%
Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	Member	3 (2)	1	50%

Notes:

1. Mr. Pravir Vohra and Mr. Anand Sinha were appointed as the members of IT Strategy Committee with effect from December 18, 2018. Mr. V. Vaidyanathan was appointed as the member of IT Strategy Committee with effect from December 19, 2018.
2. Mr. Rajan Anandan, Mr. Ajay Sondhi and Dr. Rajiv B. Lall ceased to be members of the IT Strategy Committee with effect from December 18, 2018.
3. Mr. Desh Raj Dogra held the position of member of IT Strategy Committee from March 25, 2019 to April 04, 2019.
4. Mr. Rajan Anandan was Chairman of the IT Strategy Committee till December 18, 2018. Pursuant to re-constitution of Board as per the Scheme of Amalgamation, Mr. Pravir Vohra was appointed as Chairman of the IT Strategy Committee.

The Terms of Reference of the IT Strategy Committee *inter-alia* includes the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- Ensuring proper balance of IT investments for sustaining Bank's growth and becoming aware about exposure towards IT risks and controls.
- Such other roles and functions as may be prescribed by Reserve Bank of India or as may be delegated by the Board of Directors from time to time.

9. Fraud Monitoring Committee

The Fraud Monitoring Committee was constituted with effect from April 24, 2018, in compliance with the applicable RBI Guidelines.

As on March 31, 2019, the Fraud Monitoring Committee comprised five (5) members, three (3) of whom were IDs, one (1) Non-Executive Non-Independent Director and one (1) Executive Director viz. Mr. Anand Sinha – Chairman, Mr. Aashish Kamat, Mr. Sunil Kakar, Mr. V. Vaidyanathan and Mr. Desh Raj Dogra.

The Committee met two (2) times during FY 2018-19, on November 06, 2018 and March 20, 2019. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Fraud Monitoring Committee meetings held during FY 2018-19 are given in **Table No. 11**.

Table No. 11 : Attendance Details of the Fraud Monitoring Committee Meetings held during FY 2018-19

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended	% of Attendance
Mr. Anand Sinha	Non-Executive Independent Director	Chairman	2 (1)	1	100%
Mr. Aashish Kamat	Non-Executive Independent Director	Member	-	-	-
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	-	-	-
Mr. V. Vaidyanathan	MD & CEO	Member	2 (1)	1	100%
Mr. Desh Raj Dogra	Non-Executive Independent Director	Chairman	2 (1)	1	100%
Mr. Pravir Vohra	Non-Executive Independent Director	Member	2 (1)	1	100%
Mr. Ajay Sondhi	Non-Executive Independent Director	Member	2 (1)	1	100%
Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	Member	2 (1)	1	100%
Ms. Veena Mankar	Non-Executive Independent Director	Member	2 (1)	1	100%
Mr. Hemang Raja	Non-Executive Independent Director	Member	2 (1)	1	100%
Mr. Abhijit Sen	Non-Executive Independent Director	Chairman	2 (2)	2	100%

Notes:

1. Mr. V. Vaidyanathan was appointed as the member of Fraud Monitoring Committee with effect from December 19, 2018. Mr. Anand Sinha, Mr. Aashish Kamat and Mr. Sunil Kakar were appointed as the members of Fraud Monitoring Committee with effect from March 25, 2019.
2. Mr. Ajay Sondhi, Dr. Rajiv B. Lall, Ms. Veena Mankar and Mr. Anand Sinha ceased to be members of the Fraud Monitoring Committee with effect from December 18, 2018.
3. Mr. Desh Raj Dogra held the position of member of the Fraud Monitoring Committee from December 18, 2018 to April 04, 2019. Mr. Pravir Vohra held the position of member of the Fraud Monitoring Committee from December 18, 2018 to March 25, 2019. Mr. Pravir Vohra was again appointed as member of Fraud Monitoring Committee with effect from April 05, 2019. Mr. Hemang Raja held the position of member of the Fraud Monitoring Committee from December 18, 2018 to March 25, 2019. Mr. Abhijit Sen held the position of member of the Fraud Monitoring Committee till March 25, 2019
4. Mr. Abhijit Sen was Chairman of the Fraud Monitoring Committee till December 18, 2018. Pursuant to re-constitution of Board as per the Scheme of Amalgamation, Mr. Desh Raj Dogra was appointed as Chairman of the Fraud Monitoring Committee who held position of Chairman till March 25, 2019. Mr. Anand Sinha was appointed as Chairman of the Fraud Monitoring Committee with effect from March 25, 2019.

The Terms of Reference of the Fraud Monitoring Committee *inter-alia* includes the following:

The major functions of the Fraud Monitoring Committee would be to monitor and review all the frauds of ₹ 10 million and above so as to:

- Identify the systemic lacunae, if any, that facilitated perpetration of the fraud, and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI.
- Monitor progress of CBI/ Police Investigation, and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
- To initiate process of fixing staff accountability for cases involving very senior executive of the Bank.
- To monitor and review the progress of the mitigating steps taken by the Bank in case of electronic frauds and efficacy of the same in containing fraud numbers and values.
- To review a report providing *inter-alia,* a synopsis of the remedial action taken together with their current status of the Red Flagged Accounts.

10. Wilful Defaulter or Non-Cooperative Borrower Review Committee

The Wilful Defaulter or Non-Cooperative Borrower Review Committee was constituted with effect from April 24, 2018, in compliance with the applicable RBI Guidelines.

As on March 31, 2019, the Wilful Defaulter or Non-Cooperative Borrower Review Committee comprised three (3) members, two (2) of whom were IDs and one (1) Executive Director viz. Mr. V. Vaidyanathan – Chairman, Mr. Anand Sinha and Mr. Aashish Kamat.

No Meeting of Wilful Defaulter or Non-Cooperative Borrower Review Committee has been held during FY 2018-19.

The Terms of Reference of the Wilful Defaulter or Non-Cooperative Borrower Review Committee *inter-alia* includes the following:

- To review the order passed by the Identification Committee which concludes that an event of wilful default or non-cooperation has occurred and issues a Show Cause Notice to the concerned borrower (and the promoter/ whole time director) and calls for their submissions and after considering their submissions, issues an order, recording the fact of wilful default or non-cooperation and the reasons for the same.

- To review as on half yearly basis the status of non–cooperative borrowers for deciding whether their names can be declassified as evidenced by its return to credit discipline and cooperative dealings.

- To review the status of and matters relating to Non-Cooperative Borrowers or Wilful Defaulters.

- Any other requirement in accordance with the applicable provisions of RBI Guidelines.

- Any other matters which the Committee may deem fit in this connection and as may be required by any regulatory authority, from time to time.

Composition of all the Board-level Committees is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

RELATED PARTY TRANSACTIONS

During FY 2018-19, all transactions entered into with related parties as defined under the Companies Act, 2013 and the Listing Regulations, were in the ordinary course of business and on arm's length basis and did not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Bank. Suitable disclosures as required by the Accounting Standards (AS18) have been made in the notes to the Financial Statements. The details of the transactions with related parties are placed before the Audit Committee, from time to time. The Board has approved a policy for related party transactions in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations which is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

MD & CEO AND CFO CERTIFICATION

In compliance with Regulation 17 of the Listing Regulations, the MD & CEO and Chief Financial Officer certification on the financial statements and internal controls relating to financial reporting for FY 2018-19 is enclosed at the end of this Report.

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

In accordance with the provisions of Listing Regulations, every listed entity shall formulate a policy for determining its 'material' subsidiaries. IDFC FIRST Bank has one subsidiary company viz. IDFC FIRST Bharat Limited (formerly known as IDFC Bharat Limited) and it does not fall under the definition of material subsidiary as per Regulation 16(1)(c) of the Listing Regulations. The policy for determining 'material' subsidiaries is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

The Bank has adopted a Code of Conduct for Prohibition of Insider Trading (the 'Code') in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, with a view to regulate trading in securities by the Board of Directors and Employees of IDFC FIRST Bank, their immediate relatives and other insiders as defined in the Code. When the trading window is open, 'Designated Persons' as defined in the Code are required to obtain pre-clearance from the Compliance Officer before trading (buy/ sell) in securities of IDFC FIRST Bank. Also, during the period of closure of the trading window, no Employee/ Designated Person is permitted to trade with or without pre-clearance in securities of restricted companies as informed by the Secretarial Department, from time to time. Timely disclosures are made to the Stock Exchanges by the Bank where transactions over any calendar quarter, aggregates to a traded value (buy/ sell) in excess of ₹ 10 lakh.

No Employee/ Designated Person is permitted to communicate, provide, or allow access to any Unpublished Price Sensitive Information relating to IDFC FIRST Bank, its securities or any other company (listed or proposed to be listed), to any person except where such communication is in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.

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

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177(9) of the Companies Act, 2013 and Listing Regulations and other applicable laws, the Bank has established a Vigil Mechanism, as part of the Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of Conduct or ethics policy. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. No employee has been denied access to the Audit Committee. The Audit Committee oversees the Vigil Mechanism of the Bank. All employees of the Bank are informed about the Whistle Blower Policy which is posted on the Bank's intranet. The Whistle Blower Policy has also been posted on the Bank's website at: www.idfcfirstbank.com under 'Investor Relations' section.

In addition to the above, IDFC FIRST Bank has formulated a Vigilance Policy for effectively managing the risks faced by the Bank on account of corruption, malpractices and frauds. Mr. Avinash Saraiya is the Chief Vigilance Officer of the Bank.

PENALTIES AND STRICTURES

During FY 2018-19, there were no instances of non-compliance by the Bank or any penalties and/ or strictures imposed on the Bank by the RBI or stock exchange(s) or SEBI or any other statutory authority, on any matter relating to capital markets.

ANNUAL GENERAL MEETINGS

Details of the Annual General Meetings held in the last three (3) years have been given in **Table No.12**.

Table No.12 : Annual General Meetings held in last three years

Financial Year	Location of the Meeting	Date	Time	Special Resolutions passed with requisite majority
FY 2015-16	The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India	July 27, 2016	10:00 a.m.	1 Offer and Issue of Debt Securities on Private Placement Basis. 2 Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS-2015' or the 'Scheme'). 3 Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS- 2015' or the 'Scheme') and grant of Options to the Eligible Employees/ Directors of the Subsidiary Company(ies) of the Bank under the Scheme.
FY 2016-17	The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India	July 28, 2017	10:30 a.m.	1 Offer and Issue of Debt Securities on Private Placement basis.
FY 2017-18	Sir Mutha Venkatasubba Rao Concert Hall (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 031, Tamil Nadu, India	July 31, 2018	10:30 a.m.	1 Offer and Issue of Debt Securities on Private Placement basis. 2 Re-appointment of Mr. Abhijit Sen as an Independent Director of the Bank. 3 Re-appointment of Ms. Veena Mankar as an Independent Director of the Bank. 4 Re-appointment of Mr. Ajay Sondhi as an Independent Director of the Bank. 5 Re-appointment of Mr. Rajan Anandan as an Independent Director of the Bank. 6 Alteration of Articles of Association.

NCLT CONVENED MEETINGS

The meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of IDFC FIRST Bank was held on September 03, 2018 at Chennai for approval of the Composite Scheme of Amalgamation of erstwhile Capital First Group with the Bank.

The Voting Results of the aforesaid meetings were as follows:

1. Equity Shareholders

SN	Date of declaration of NCLT results	*Requisite Majority Resolution	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	**% to total votes**	**No. of votes**	**% to total votes**
1.	September 04, 2018	Approval of Composite Scheme of Amalgamation of Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.	1,608,289,733	99.98	287,173	0.02

* majority of persons representing three-fourths in value.

Invalid votes cast were 1,002,903,930 shares.

2. Unsecured Creditors

SN	Date of declaration of NCLT results	*Requisite Majority Resolution	Votes in favour of the resolution		Votes against the resolution	
			Amount due covered by the votes cast (₹)	**% of total Amount due covered by the votes cast**	**Amount due covered by the votes cast (₹)**	**% of total Amount due covered by the votes cast**
1.	September 04, 2018	Approval of Composite Scheme of Amalgamation of Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.	365,777,635,258.45	100	-	-

* majority of persons representing three-fourths in value.

Invalid votes cast were for ₹ 22,270,625,000 amount due.

3. Secured Creditors

The Clearing Corporation of India Limited ('CCIL') and the Reserve Bank of India ('RBI') were the only Secured Creditors of the Bank. In view of the submission given by CCIL and since NOC had already been obtained from RBI for the Amalgamation, it was implied that a tacit consent had been given to the Amalgamation by CCIL and RBI. Therefore, the resolution for Amalgamation was deemed to have been passed with requisite majority by Secured Creditors of the Bank.

Mr. B Narasimhan of M/s. BN & Associates, Company Secretaries, was the Scrutinizer for carrying out the voting process of aforesaid NCLT Meetings, through Postal Ballot, Remote e-voting and / or Ballot Paper at the Meeting as applicable, in a fair and transparent manner.

POSTAL BALLOT

During FY 2018-19, the Bank has passed the following resolution by Postal Ballot:

SN	Date of declaration of Postal Ballot results	Special Resolution	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% to total votes	No. of votes	% to total votes
1.	January 03, 2019	Change of Name of the Bank from "IDFC Bank Limited" to "IDFC FIRST Bank Limited" and consequential alteration to the Memorandum and Articles of Association of the Bank.	1,482,449,344	99.99	179,251	0.01

[#]Invalid votes cast were 1,034,464,295 shares.

Mr. B Narasimhan of M/s. BN & Associates, Company Secretaries, was the Scrutinizer for carrying out the aforesaid Postal Ballot process (includes e-voting) in a fair and transparent manner.

The Postal Ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013 read with the rules framed thereunder.

Resolution(s), if any, to be passed through Postal Ballot during FY 2019-20 will be taken up as and when necessary.

MEANS OF COMMUNICATION

As per Regulation 46 of Listing Regulations, IDFC FIRST Bank maintains a website viz. www.idfcfirstbank.com containing information about the Bank, such as details of its business, financial results, shareholding pattern, compliance with the corporate governance requirements and contact details of the designated officials who are responsible for assisting and handling investor grievances.

The Bank also displays all official press releases and presentations to institutional investors or analysts made by the Bank.

This information is regularly updated on the Bank's website www.idfcfirstbank.com.

The National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') have introduced their respective electronic platforms namely NSE Electronic Application Processing System ('NEAPS') and BSE Listing Centre Online Portal for submission of various filings by listed companies. IDFC FIRST Bank ensures that the requisite compliances are filed through these platforms on time.

The financial and other information filed by the Bank from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE.

The quarterly, half-yearly and annual results of IDFC FIRST Bank's performance and other news articles are published in leading newspapers like the Hindu Business Line (All India), Financial Express (All India) & Makkal Kural in Chennai and are also displayed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

IDFC FIRST Bank has duly complied with all the mandatory Corporate Governance requirements as given under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations, to the extent applicable.

The Bank has also adopted and complied with the non-mandatory requirements as follows:

Separate Posts of Chairperson and CEO

The Bank has complied with the requirement of having separate persons to the post of Chairperson, and MD & CEO. Dr. Rajiv B. Lall is the Part-Time Non-Executive Chairman and Mr. V. Vaidyanathan is the MD & CEO of the Bank.

Till December 18, 2018, Ms. Veena Mankar was the Independent Non-Executive Chairperson and Dr. Rajiv B. Lall was the Founder MD & CEO of the Bank.

Audit Qualification

For the year under review, there were no audit qualifications with repect to Bank's financial statements. IDFC FIRST Bank strives to adopt the best practices to ensure a regime of financial statements with unmodified audit opinion.

Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

Shareholder Rights

Quarterly, half-yearly and annual financial results along with Investor Presentations thereon are uploaded on the Bank's website: www.idfcfirstbank.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V of Listing Regulations, the Auditors' Certificate on Corporate Governance is provided at the beginning of this Report.

GENERAL SHAREHOLDER INFORMATION

5th Annual General Meeting:

DAY and DATE: Thursday, July 25, 2019

TIME: 11:00 a.m.

VENUE: The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India

Financial Calendar

Financial year: The financial year of the Bank is from April 01 to March 31 of the following year.

For the year ended March 31, 2019, results were announced on:

- July 30, 2018 for first quarter
- October 24, 2018 for second quarter and half year
- February 05, 2019 for third quarter and nine months
- May 10, 2019 for fourth quarter and annual

For the year ending March 31, 2020, results will be announced latest by:

- Second week of August 2019 for first quarter
- Second week of November 2019 for second quarter and half year
- Second week of February 2020 for third quarter and nine months
- Last week of May 2020 for fourth quarter and annual

Dividend Payment Date

During FY 2018-19, the Bank had incurred losses. Accordingly, the Directors did not recommend any dividend on equity shares for the FY 2018-19.

Stock Exchanges where securities of IDFC FIRST Bank are listed

EQUITY SHARES

The Equity Shares of IDFC FIRST Bank are listed on BSE and NSE.

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited

Exchange Plaza, C/ 1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

The Stock Exchange Codes and ISIN for equity shares of the Bank are as follows:

BSE: 539437

NSE: IDFCFIRSTB

ISIN: INE092T01019

The annual listing fees for equity shares for FY 2019-20 has been paid.

BONDS & DEBENTURES

80CCF Infrastructure Bonds

Infrastructure Bonds issued by IDFC Limited under Section 80CCF of the Income Tax Act, 1961 and the Bonds issued by IDFC Limited on private placement basis were transferred to IDFC FIRST Bank on October 01, 2015 pursuant to the Demerger Scheme. The 80CCF Infrastructure Bonds of IDFC FIRST Bank are listed and traded on NSE and BSE. The trading details for the 80CCF Infrastructure Bonds are mentioned in **Table No. 13**.

Table No. 13 : Trading details of 80CCF Infrastructure Bonds

SN	Folio Code	Tranche	Series	ISIN	BSE		NSE	
					Scrip code	**Scrip ID**	**Symbol**	**Series**
1.	IDA	TRANCHE 1/FY11	SERIES 1 - ANNUAL	INE092T08CC6	961694	IDFCFBLD1A	IDFCFIRSTB	N1
2.	IDA	TRANCHE 1/FY11	SERIES 2 - CUMULATIVE	INE092T08CD4	961695	IDFCFBLD1B	IDFCFIRSTB	N2
3.	IDA	TRANCHE 1/FY11	SERIES 3 - ANNUAL	INE092T08CE2	961696	IDFCFBLD1C	IDFCFIRSTB	N3
4.	IDA	TRANCHE 1/FY11	SERIES 4 - CUMULATIVE	INE092T08CF9	961697	IDFCFBLD1D	IDFCFIRSTB	N4
5.	IDB	TRANCHE 2/FY11	SERIES 1 - ANNUAL	INE092T08CG7	961699	IDFCFBLD1E	IDFCFIRSTB	N5
6.	IDB	TRANCHE 2/FY11	SERIES 2 - CUMULATIVE	INE092T08CH5	961700	IDFCFBLD1F	IDFCFIRSTB	N6
7.	IDC	TRANCHE 3/FY11	SERIES 1 - ANNUAL	INE092T08CI3	961709	IDFCFBLD1G	IDFCFIRSTB	N7
8.	IDC	TRANCHE 3/FY11	SERIES 2 - CUMULATIVE	INE092T08CJ1	961710	IDFCFBLD1H	IDFCFIRSTB	N8
9.	IDD	TRANCHE 1/FY12	SERIES 1 - ANNUAL	INE092T08CK9	961719	IDFCFBLD1I	IDFCFIRSTB	N9
10.	IDD	TRANCHE 1/FY12	SERIES 2 - CUMULATIVE	INE092T08CL7	961720	IDFCFBLD1J	IDFCFIRSTB	NA
11.	IDE	TRANCHE 2/FY12	SERIES 1 - ANNUAL	INE092T08CM5	961735	87IDFCBFBL	IDFCFIRSTB	NB
12.	IDE	TRANCHE 2/FY12	SERIES 2 - CUMULATIVE	INE092T08CN3	961736	870IDFCFBL	IDFCFIRSTB	NC
13.	IDF	TRANCHE 3/FY12	SERIES 1 - ANNUAL	INE092T08CO1	961745	843IDFCFBLL	IDFCFIRSTB	ND
14.	IDF	TRANCHE 3/FY12	SERIES 2 - CUMULATIVE	INE092T08CP8	961746	843IDFCFBL	IDFCFIRSTB	NE

Private Placement Bonds

Private Placement bonds of IDFC FIRST Bank are listed and traded on NSE and BSE. The trading details for Private Placement bonds can be obtained by sending an e-mail at tbo@idfcfirstbank.com.

The annual listing fees for FY 2019-20 for both the aforesaid bonds have been paid.

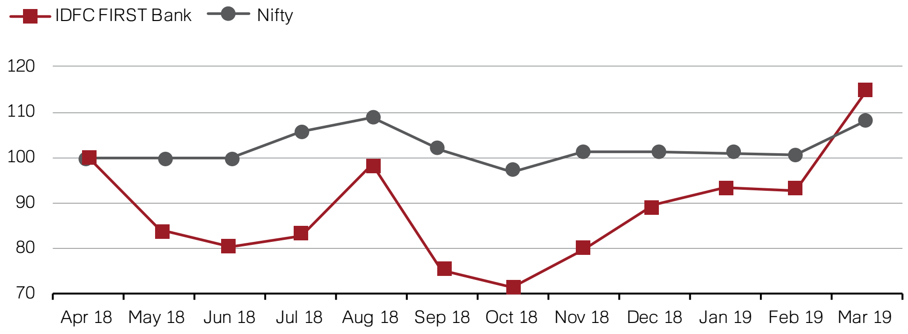
MARKET PRICE DATA

Table No. 14 gives details of the stock market prices of IDFC FIRST Bank's equity shares. A comparison of the share price of the Bank at NSE and BSE with their respective indices are given in Charts A and B.

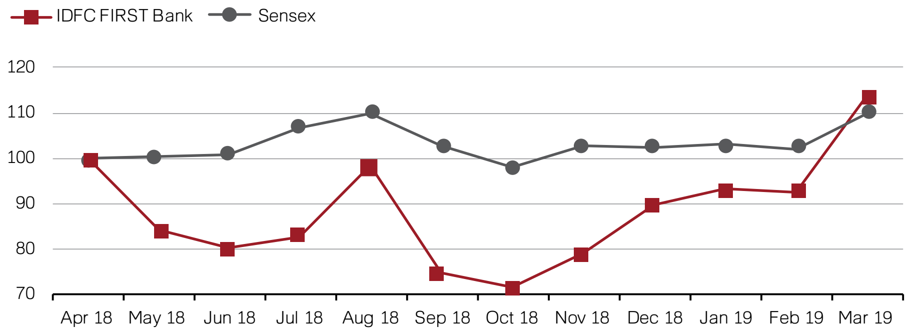
Table No. 14 : Monthly High & Low Prices of IDFC FIRST Bank's Equity Shares during FY 2018-19 along with Traded Volumes

Month	BSE			NSE		
	HIGH	**Low**	**Volume**	**High**	**Low**	**Volume**
April 2018	51.05	47.00	9,553,914	51.05	47.00	122,493,392
May 2018	48.60	39.40	15,016,131	48.60	39.40	367,302,121
June 2018	44.55	37.65	17,354,743	44.60	37.60	389,945,002
July 2018	41.90	35.85	14,412,334	41.95	35.80	218,406,479
August 2018	49.55	38.80	17,851,314	49.55	38.80	250,076,413
September 2018	48.85	35.80	17,177,673	48.85	35.80	198,538,302
October 2018	38.55	32.70	23,225,015	38.65	32.70	223,900,228
November 2018	40.40	34.50	16,188,005	40.40	34.45	221,917,937
December 2018	44.55	35.20	27,009,459	44.55	35.35	273,820,457
January 2019	49.50	42.25	36,707,516	49.50	42.20	353,130,699
February 2019	46.20	40.25	31,113,989	46.25	40.25	266,715,170
March 2019	55.60	45.10	38,329,609	55.70	45.15	444,631,130

A. IDFC FIRST Bank Vs. Nifty :



B. IDFC FIRST Bank Vs. Sensex :



Unclaimed Shares lying in the Escrow Account

Pursuant to SEBI's Circular No. CIR/ CFD/ DIL/ 10/ 2010 dated December 16, 2010, IDFC Limited had credited the unclaimed shares lying in the Escrow Account, allotted in the Initial Public Offer of the company during July – August 2005, into a Demat Suspense Account opened specifically for this purpose. Pursuant to the Demerger Scheme, the shareholders of IDFC Limited as on the record date i.e. October 05, 2015 were allotted one equity share of IDFC FIRST Bank for every one equity share held by them in IDFC Limited. Therefore, 100 Members who were holders of 28,453 shares lying in the Demat Suspense Account of IDFC Limited were eligible and allotted equity shares of IDFC FIRST Bank.

As on April 01, 2018, the Demat Suspense Account of IDFC FIRST Bank held 28,253 equity shares of ₹ 10 each belonging to 99 shareholders. During FY 2018-19, no shareholder had approached the Registrar and Share Transfer Agent for transfer of shares from the Demat Suspense Account. As on March 31, 2019, the Demat Suspense Account of IDFC FIRST Bank held 28,253 equity shares of ₹ 10 each belonging to 99 shareholders.

The voting rights on the shares outstanding shall remain frozen till the rightful owner claims their shares. The details of the Shareholders whose equity shares are lying in the Demat Suspense Account are available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

Unclaimed/ Unpaid Interest/ Dividend and Shares

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), any dividend/ refund which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend/ refund account is required to be transferred to the IEPF established by the Central Government. After such a transfer, no claim shall lie against the Bank. However, the investor can claim the unpaid dividend from the IEPF Authority.

As on March 31, 2019, the amounts lying in the unclaimed/ unpaid dividend account with respect to the final dividend that were declared by the Bank and erstwhile Capital First Limited and last date for claiming dividend before they become due to be credited to the IEPF are as below:

SN	Financial Year	IDFC FIRST Bank (₹)	Last Tentative Date for claiming Dividend	erstwhile Capital First Limited (₹)	Last Tentative Date for claiming Dividend
1.	2011-2012	NA	NA	356,536.50	October 25, 2019
2.	2012-2013	NA	NA	366,028.20	September 21, 2020
3.	2013-2014	NA	NA	362,358.00	July 18, 2021
4.	2014-2015	NA	NA	434,564.00	August 19, 2022
5.	2015-2016	1,077,088.00	August 26, 2023	431,465.20	August 04, 2023
6.	2016-2017	3,494,501.25	August 27, 2024	522,449.80	August 04, 2024
7.	2017-2018	4,375,486.50	August 30, 2025	629,235.60	August 03, 2025

Members who either have not received or have not encashed their dividend warrant(s) as specified above, are requested to write to Karvy Fintech Private Limited [earlier Karvy Computershare Private Limited] ('Karvy'), mentioning the relevant Folio number(s)/ DP ID and Client ID, for issuance of duplicate/ revalidated dividend warrant(s).

All shares in respect of which dividend has not been claimed or paid for a period of seven consecutive years or more from the date they became due for payment are required to be transferred to the demat account of IEPF in the manner prescribed under the IEPF Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 as may be amended from time to time. Upon transfer of such shares, all benefits (e.g. bonus, spilt etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

In this connection, erstwhile Capital First Limited had sent intimation letters to members in respect of the shares on which dividend had remained unpaid or unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF Authority. Simultaneously, an advertisement to this effect was published in leading English and vernacular newspapers.

Erstwhile Capital First Limited had transferred to the IEPF, the following unclaimed dividends and corresponding shares thereto:

Particulars	Amount of Dividend (₹)	No. of shares
Final Dividend for the FY 2009-10 and Shares (including 2,856 equity shares of Unclaimed Suspense Account) transferred during FY 2017-18	266,001	29,572
Final Dividend for the FY 2010-11 and Shares transferred during FY 2018-19	374,235	4,230

During the Financial Year 2019-20, the Bank would be transferring unclaimed final dividend amount for the financial year ended March 31, 2012 on or before November 29, 2019 to IEPF.

The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Bank's website at www.idfcfirstbank.com under 'Investor Relations' section and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link www.iepf.gov.in.

Further, pursuant to Amalgamation of erstwhile Capital First Group with the Bank with effect from December 18, 2018, shareholders of erstwhile Capital First Limited as on December 31, 2018 ('Record Date') were allotted equity shares of IDFC FIRST Bank, in accordance with the Share Exchange Ratio as per the Scheme. Further, fractional shares were sold in the market and their proceeds thereof were paid to shareholders respectively in proportion of their fractional entitlements.

Accordingly, 33,802 equity shares of erstwhile Capital First Limited held by IEPF were allotted shares of IDFC FIRST Bank at Share Exchange Ratio of 139:10 and 653.80 fractional shares thereof were sold in the market and proceeds from same were transferred to IEPF. As on March 31, 2019, 469,194 equity shares are lying with IEPF.

Pursuant to the Demerger Scheme, the Financing Undertaking of IDFC Limited was transferred to IDFC FIRST Bank with effect from October 01, 2015 (Effective Date of Demerger Scheme). Accordingly, Infra Bonds issued by IDFC Limited under Section 80CCF of the Income Tax Act, 1961 and the Bonds issued by IDFC Limited on private placement basis were transferred to IDFC FIRST Bank on October 01, 2015. The status of unclaimed interest/ buyback amount on 80CCF Infrastructure Bonds is given in **Table No. 15** and is also uploaded on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

Table No. 15 : Status of Unclaimed Interest/ Buyback amount on 80CCF Infrastructure Bonds as on March 31, 2019

Year	Particulars	Unclaimed Interest/ Buyback Amount (₹)	Date of Payment of Interest/ Buyback	Last date for Claiming Interest
2011-2012	Interest Payment- Tranche 1-Series 3/2010-11	1,414,725	12-Nov-11	11-Nov-18
2011-2012	Interest Payment- Tranche 1-Series 1/2010-11	708,760	12-Nov-11	11-Nov-18
2011-2012	Interest Payment- Tranche 2-Series 1/2010-11	6,189,800	21-Feb-12	20-Feb-19
2011-2012	Interest Payment- Tranche 3-Series 1/2010-11	2,851,166	30-Mar-12	30-Mar-19
2012-2013	Interest Payment- Tranche 1-Series 3/2010-11	682,400	12-Nov-12	12-Nov-19
2012-2013	Interest Payment- Tranche 1-Series 1/2010-11	1,531,125	12-Nov-12	12-Nov-19
2012-2013	Interest Payment- Tranche 1-Series 1/2011-12	3,741,750	30-Dec-12	30-Dec-19
2012-2013	Interest Payment- Tranche 2-Series 1/2010-11	7,086,000	21-Feb-13	21-Feb-20
2012-2013	Interest Payment- Tranche 2-Series 1/2011-12	10,209,537	21-Mar-13	20-Mar-20
2012-2013	Interest Payment- Tranche 3-Series 1/2010-11	3,028,583	30-Mar-13	29-Mar-20
2012-2013	Interest Payment- Tranche 3-Series 1/2011-12	3,890,033	31-Mar-13	30-Mar-20
2013-2014	Interest Payment- Tranche 2-Series 1/2010-11	7,433,200	21-Feb-14	20-Feb-21
2013-2014	Interest Payment- Tranche 2-Series 1/2011-12	9,367,290	21-Mar-14	20-Mar-21
2013-2014	Interest Payment- Tranche 3-Series 1/2010-11	2,877,198	30-Mar-14	29-Mar-21
2013-2014	Interest Payment- Tranche 3-Series 1/2011-12	3,592,451	31-Mar-14	30-Mar-21
2013-2014	Interest Payment- Tranche 1-Series 1/2011-12	4,046,130	30-Dec-14	29-Dec-21
2013-2014	Interest Payment- Tranche 1-Series 1/2010-11	810,400	12-Nov-13	11-Nov-20
2013-2014	Interest Payment- Tranche 1-Series 1/2011-12	3,634,650	30-Dec-13	29-Dec-20
2013-2014	Interest Payment- Tranche 1-Series 3/2010-11	1,541,250	12-Nov-13	11-Nov-20
2014-2015	Interest Payment- Tranche 1-Series 3/2010-11	1,933,125	12-Nov-14	11-Nov-21
2014-2015	Interest Payment- Tranche 1-Series 1/2010-11	952,000	12-Nov-14	11-Nov-21
2014-2015	Interest Payment- Tranche 2-Series 1/2010-11	8,548,160	21-Feb-15	20-Feb-22
2014-2015	Interest Payment- Tranche 2-Series 1/2011-12	9,837,438	21-Mar-15	20-Mar-22
2014-2015	Interest Payment- Tranche 3-Series 1/2010-11	3,188,556	30-Mar-15	29-Mar-22
2014-2015	Interest Payment- Tranche 3-Series 1/2011-12	3,624,410	31-Mar-15	30-Mar-22
2014-2015	Interest Payment- Tranche 1-Series 1/2011-12	4,405,950	30-Dec-15	29-Dec-22
2015-2016	Interest Payment- Tranche 3-Series 1/2010-11	8,250	30-Mar-16	30-Mar-23
2015-2016	Buyback Payment- Tranche 3-Series 2/2010-11	29,740	31-Mar-16	NA
2015-2016	Interest Payment- Tranche 3-Series 1/2011-12	10,959	31-Mar-16	31-Mar-23
2015-2016	Buyback Payment- Tranche 1-Series 3/2010-11	6,125,436	12-Nov-15	NA
2015-2016	Buyback Payment- Tranche 1-Series 4/2010-11	24,855,643	12-Nov-15	NA
2015-2016	Buyback Payment- Tranche 2-Series 2/2010-11	33,670,350	21-Feb-16	NA

Year	Particulars	Unclaimed Interest/ Buyback Amount (₹)	Date of Payment of Interest/ Buyback	Last date for Claiming Interest
2015-2016	Buyback Payment- Tranche 2-Series 1/2010-11	5,570,000	21-Feb-16	NA
2015-2016	Interest Payment- Tranche 2-Series 1/2010-11	9,195,080	21-Feb-16	20-Feb-23
2015-2016	Interest Payment- Tranche 2-Series 1/2011-12	10,612,086	21-Mar-16	21-Mar-23
2015-2016	Buyback Payment- Tranche 3-Series 1/2010-11	100,000	31-Mar-16	NA
2015-2016	Interest Payment- Tranche 1-Series 3/2010-11	1,569,225	12-Nov-16	12-Nov-23
2015-2016	Interest Payment- Tranche 1-Series 1/2010-11	953,360	12-Nov-16	12-Nov-23
2015-2016	Interest Payment- Tranche 1-Series 1/2011-12	5,838,390	30-Dec-16	30-Dec-23
2015-2016	Buyback Payment- Tranche 1-Series 2/2011-12	7,953,299	31-Dec-16	NA
2015-2016	Interest Payment- Tranche1-Series3/2010-11	1,797,075	12-Nov-15	11-Nov-22
2015-2016	Interest Payment- Tranche1-Series1/2010-11	917,600	12-Nov-15	11-Nov-22
2016-2017	Buyback Payment- Tranche 1-Series 1/2011-12	1,400,000	31-Dec-16	NA
2016-2017	Interest Payment- Tranche 2-Series 1/2010-11	9,273,560	21-Feb-17	21-Feb-24
2016-2017	Interest Payment- Tranche 2-Series 1/2011-12	13,069,923	21-Mar-17	20-Mar-24
2016-2017	Buyback Payment- Tranche 2-Series 1/2011-12	2,890,000	21-Mar-17	NA
2016-2017	Buyback Payment- Tranche 2-Series 2/2011-12	19,984,470	21-Mar-17	NA
2016-2017	Interest Payment- Tranche 3-Series 1/2010-11	3,856,642	30-Mar-17	29-Mar-24
2016-2017	Interest Payment- Tranche 3-Series 1/2011-12	4,699,827	31-Mar-17	30-Mar-24
2016-2017	Buyback Payment- Tranche 3-Series 1/2011-12	895,000	31-Mar-17	NA
2016-2017	Buyback Payment- Tranche 3-Series 2/2011-12	4,684,375	31-Mar-17	NA
2016-2017	Interest Payment- Tranche 1-Series 1/2010-11	1,600	12-Nov-17	11-Nov-24
2016-2017	Interest Payment- Tranche 1-Series 3/2010-11	-	12-Nov-17	NA
2016-2017	Interest Payment- Tranche 1-Series 1/2011-12	6,084,900	30-Dec-17	29-Dec-24
2017-2018	Interest Payment- Tranche 2-Series 1/2010-11	10,261,680	21-Feb-18	20-Feb-25
2017-2018	Interest Payment- Tranche 2-Series 1/2011-12	13,785,585	21-Mar-18	20-Mar-25
2017-2018	Interest Payment- Tranche 3-Series 1/2010-11	4,232,262	30-Mar-18	29-Mar-25
2017-2018	Interest Payment- Tranche 3-Series 1/2011-12	4,319,533	31-Mar-18	30-Mar-25
2018-2019	Interest Payment- Tranche 1-Series 1/2010-11	800	12-Nov-18	11-Nov-25
2018-2019	Interest Payment- Tranche 1-Series 3/2010-11	-	12-Nov-18	NA
2018-2019	Interest Payment- Tranche 1-Series 1/2011-12	4,803,120	30-Dec-18	29-Dec-25
2018-2019	Interest Payment- Tranche 2-Series 1/2010-11	12,039,280	21-Feb-19	20-Feb-26
2018-2019	Interest Payment- Tranche 2-Series 1/2011-12	23,729,946	21-Mar-19	20-Mar-26
2018-2019	Interest Payment- Tranche 3-Series 1/2010-11	11,545,202	30-Mar-19	29-Mar-26
2018-2019	Interest Payment- Tranche 3-Series 1/2011-12	12,796,675	30-Mar-19	29-Mar-26

Share Transfer System

IDFC FIRST Bank has appointed Karvy as its Registrar and Share Transfer Agent. All share transfers and related operations are conducted by Karvy, which is registered with SEBI as a Category I Registrar.

The shares sent for physical transfer are effected after giving a 15 days notice to the seller for confirmation of the sale.

IDFC FIRST Bank has a Stakeholders' Relationship and Customer Service Committee for redressing complaints and queries raised by Shareholders, Investors and Customers, from time to time.

IDFC FIRST Bank's shares are compulsorily traded in dematerialised mode. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Practising Company Secretary and a copy of the certificate is filed with the Stock Exchanges.

As required by SEBI, Reconciliation of Share Capital Audit is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, *inter-alia,* of reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/ paid-up equity capital of the Bank.

Certificates issued in this regard are filed with BSE and NSE on a quarterly basis.

Distribution of Shareholding

The distribution of the shareholding of IDFC FIRST Bank's equity shares by size and by ownership as on March 31, 2019 are given in **Table No. 16** and **Table No. 17** respectively. Top ten equity shareholders of IDFC FIRST Bank as on March 31, 2019 are given in **Table No. 18**.

Table No. 16 : Distribution of Shareholding as on March 31, 2019 (Total) (By Size)

SN	Category (Shares)	No. of Holders	% To Holders	No. of Equity Shares (Face Value of ₹ 10 each)	% To Equity
1.	1 - 5,000	740,463	96.64	343,638,244	7.19
2.	5,001 - 10,000	13,139	1.72	96,148,798	2.01
3.	10,001 - 20,000	6,528	0.85	92,888,951	1.94
4.	20,001 - 30,000	2,103	0.28	52,098,264	1.09
5.	30,001 - 40,000	993	0.13	34,782,702	0.73
6.	40,001 - 50,000	629	0.08	28,802,421	0.60
7.	50,001 - 100,000	1,168	0.15	83,955,781	1.76
8.	100,001 and above	1,168	0.15	4,049,361,251	84.68
TOTAL		**766,191**	**100.00**	**4,781,676,412**	**100.00**

Table No. 17 : Distribution of Shareholding as on March 31, 2019 (Total) (By Ownership)

SN	Description	No. of Holders	No. of Equity Shares (Face Value of ₹ 10 each)	% To Equity
1.	Promoter – IDFC Financial Holding Company Limited	1	1,912,670,691	40.00
2.	Resident Individuals	731,955	950,043,304	19.87
3.	Foreign Portfolio - Corp	173	645,228,702	13.49
4.	Foreign Corporate Bodies	2	538,175,265	11.25
5.	President of India	1	261,400,000	5.47
6.	Bodies Corporates	3,871	154,165,487	3.22
7.	Mutual Funds	23	131,263,398	2.75
8.	Non Resident Indians	6,488	49,719,387	1.04
9.	Insurance Companies	26	44,686,809	0.94
10.	Hindu Undivided Family	19,507	39,370,807	0.82
11.	Non Resident Indian Non Repatriable	3,528	16,842,981	0.35
12.	Clearing Members	492	11,088,568	0.23
13.	Indian Financial Institutions	7	9,762,256	0.20
14.	Banks	20	6,723,795	0.14
15.	Trusts	48	6,109,289	0.13
16.	Alternative Investment Fund	6	2,858,570	0.06
17.	NBFC	32	1,005,680	0.02
18.	Investor Education and Protection Fund	1	469,194	0.01
19.	Foreign Institutional Investors	1	64,337	ß
20.	Foreign Nationals	9	27,892	ß
TOTAL		**766,191**	**4,781,676,412**	**100.00**

ß denotes negligible value

Table No. 18 : Top Ten Equity Shareholders as on March 31, 2019

SN	Name	No. of Equity Shares (Face Value of ₹ 10 each)	% To Equity
1.	IDFC Financial Holding Company Limited	1,912,670,691	40.00
2.	Cloverdell Investment Ltd	471,733,265	9.87
3.	President of India	261,400,000	5.47
4.	Government of Singapore	121,875,005	2.55
5.	Caladium Investment Pte Ltd	66,442,000	1.39
6.	V. Vaidyanathan	56,776,816*	1.19
7.	Platinum International Fund	49,475,422	1.03
8.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Tax Relief 96	47,625,290	1.00
9.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life MNC Fund	37,330,284	0.78
10.	Vanguard Total International Stock Index Fund	35,953,169	0.75

* Includes 6,716,260 fully paid up equity shares of IDFC FIRST Bank held by Rukmani Social Welfare Trust. It is hereby disclosed that prior to Amalgamation, Mr. V. Vaidyanathan donated 500,000 shares of Capital First Limited to Rukmani Social Welfare Trust, which pursuant to Amalgamation and Share Exchange Ratio got converted into aforesaid shares of IDFC FIRST Bank net of sale of stock by the trust. Rukmani Social Welfare Trust is a trust set up and managed by Mr. V. Vaidyanathan where he is Trustee. It is disclosed that the trust undertakes only social activities for defined causes relating to education, medical assistance to minors, renovation of child home, contribution to educational institutions and such activities. Mr. V. Vaidyanathan is the Trustee of the Trust and hence disclosed as part of this report.

As on March 31, 2019, Mr. V. Vaidyanathan holds 124,405,000 stock options, and upon exercise of said options, his shareholding would be 3.69% of the equity share capital of the Bank.

Dematerialisation of Shares and Liquidity

The Bank's shares are compulsorily traded in dematerialised form on NSE and BSE and are available for trading on both the depositories in India i.e. NSDL and CDSL. As on March 31, 2019, over 99.99% equity shares of IDFC FIRST Bank were held in dematerialised form. Details on the same are given in **Table No. 19**.

Table No. 19 : Statement of Dematerialisation of Shares as on March 31, 2019

Category	No. of Equity Shares	% To Equity
Physical	82,706	ß
NSDL	4,434,382,787	92.74
CDSL	347,210,919	7.26
TOTAL	**4,781,676,412**	**100.00**

ß denotes negligible value

Credit Ratings and Change/ Revisions in Credit Ratings:

As on the date of this report, the credit ratings assigned by the rating agencies are as below:

Domestic Rating	Long Term			Outlook	Short-term		Month of Press Release
	NCDs	Infrastructure Bonds	Bank Loan*		Certificates of Deposits	Commercial Papers*	
ICRA	ICRA AA+	ICRA AA+	-	Stable	ICRA A1+	ICRA A1+	Jan 2019
India Ratings	IND AA+	IND AA+	-	Stable	-	-	Jun 2018
CARE	CARE AA+	-	CARE AA+	Stable	-	CARE A1+	Mar 2019

* The Instruments have been transferred from erstwhile Capital First Limited and erstwhile Capital First Home Finance Limited to IDFC FIRST Bank Limited (erstwhile IDFC Bank Limited) as per the Scheme of Amalgamation between Capital First Group with IDFC FIRST Bank Limited.

Note: The rating of instruments of erstwhile Capital First Limited and Capital First Home Finance Limited rated by Brickwork Ratings was under migration to IDFC FIRST Bank. For details, please refer www.idfcfirstbank.com

During the FY 2018-19 following revisions in credit rating took place:

India Ratings: Long term ratings of IDFC FIRST Bank's NCD and Infrastructure Bonds was revised to IND AA+ (Stable) from IND AAA (June 2018)

ICRA: Long term ratings of IDFC FIRST Bank's NCD and Infrastructure Bonds was revised to ICRA AA+ (Stable) from ICRA AAA (Stable) (November 2018)

Details of utilization of funds raised through preferential allotment or qualified institutions placement:

The Bank has not raised any fund through Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations, during the FY 2018-19.

Recommendations of Committees of the Board

There were no instances during the FY 2018-19, wherein the Board had not accepted recommendations made by any Committee of the Board.

Total fees paid to Statutory Auditors of the Bank

During FY 2018-19, total fees of ₹ 3.41 crore was paid/ provided on a consolidated basis to Deloitte Haskins & Sells LLP, Chartered Accountants, Ahmedabad (Firm Registration No.: 117365W), the Statutory Auditors, for all the services provided by them to the Bank.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Bank has in place a policy on Anti-Sexual Harassment, which reflects the Bank's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. The Bank has set up an Internal Complaints Committee ('ICC') to receive and redress complaints of sexual harassment.

The Bank undertakes ongoing trainings to create awareness on this policy. During FY 2018-19, employees were given online training on the subject and classroom training for all ICC members, and Directors & above level in order to understand the Prevention of Sexual Harassment Policy, the complete framework adopted by the Bank to report and resolve instances of sexual harassment etc.

The following is the summary of the complaints received and disposed of during FY 2018-19:

a. number of complaints received during the financial year: 6

b. number of complaints disposed off during the financial year: 6

c. number of complaints pending as on end of the financial year: Nil

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity

The Bank does not have any Outstanding GDRs/ ADRs/ Warrants or any other convertible instruments as on date.

Commodity Price Risk or Foreign Exchange Risk and Commodity Hedging Activities

The Bank has a Board approved Market Risk Management Policy, Limit Management Framework and Foreign Exchange and Derivatives Policy which defines the risk control framework for undertaking foreign exchange transactions and for managing the risks associated with it. The Board of the Bank has defined Net Overnight Open Position ('NOOP') Limit, Aggregate Gap limit ('AGL'), Stop Loss Limit, Value at Risk ('VaR') limit to control the Foreign exchange risk within the approved framework. The Bank uses derivatives including FORWARDS and SWAPS for hedging its currency risk in its balance sheet and offers these products to customers and proprietary trading in due compliance with overall risk limits, control framework and applicable regulatory guidelines. The Bank does not offer commodity hedging products.

The management of these products is governed by the policies mentioned above. The Bank did not exceed any of the Board approved risk limits during the period under review.

Plant Location

As the Bank is engaged in the business of banking/ financial services, the Bank does not have any plant location.

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO:

Registered Office Address

IDFC FIRST Bank Limited
(Formerly IDFC Bank Limited)
KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet,
Chennai - 600 031, Tamil Nadu, India.
Tel: +91 44 4564 4000 Fax: +91 44 4564 4022
E-mail: bank.info@idfcfirstbank.com
Website: www.idfcfirstbank.com

Mr. Satish Gaikwad
Head – Legal & Company Secretary
IDFC FIRST Bank Limited
(Formerly IDFC Bank Limited)
Naman Chambers, C-32, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051, Maharashtra, India.
Tel: +91 22 7132 5500 Fax: +91 22 2654 0354
E-mail: secretarial@idfcfirstbank.com
Website: www.idfcfirstbank.com

Details of the Registrar and Share Transfer Agent

For Equity Shares and 80CCF Long Term Infrastructure Bonds

Karvy Fintech Private Limited
(Unit: IDFC FIRST Bank Limited)
Karvy Selenium Tower B, Plot 31 & 32, Gachibowli,
Financial District,
Nanakramguda, Serilingampally, Hyderabad - 500 032,
Telangana, India.
Tel: +91 40 6716 2222 Fax: +91 40 2342 0814;
Toll Free: 1800 345 4001
E-mail: einward.ris@karvy.com
Website: www.karvyfintech.com

For Certificate of Deposits, Bonds and Debentures issued on Private Placement basis

NSDL Database Management Limited
4th Floor, Trade World, A Wing, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013,
Maharashtra, India
Tel: +91 22 4914 2700 Fax: +91 22 4914 2503
Email: nehap@nsdl.co.in
Website: www.ndml.in

Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra, India
Tel: +91 22 4918 6000 Fax: +91 22 4918 6060
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

TSR Darashaw Consultants Private Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011,
Maharashtra, India.
Tel: +91 22 6656 8484 Fax: +91 22 6656 8494
E-mail : csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Details of the Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001,
Maharashtra, India.
Tel: +91 22 4080 7018 Fax: +91 22 6631 1776
E-mail : tl@idbitrustee.com
Website: www.idbitrustee.com

Catalyst Trusteeship Limited
GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Pune – 411 038,
Maharashtra, India.
Tel: +91 20 2528 0081 Fax: +91 20 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

For and on behalf of the Board of Directors of
IDFC FIRST Bank Limited
(formerly IDFC Bank Limited)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date : May 10, 2019
Place : Mumbai

Annexure - A

To,
The Members of IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)

Sub: **Certificate under Regulation 34 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

According to the information and explanations given to us and based on the verification of the relevant records and documents related to the Directors of the IDFC FIRST Bank Limited ("the Bank") as on March 31, 2019 with respect to the regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"], we certify that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as directors by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366

Date: May 10, 2019
Place: Mumbai

CEO & CFO Certificate

We, V. Vaidyanathan, Managing Director & Chief Executive Officer and Pankaj Sanklecha, Chief Financial Officer & Head - Corporate Centre of IDFC FIRST Bank Limited ('the Bank') hereby certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.

c. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

e. We affirm that no personnel has been denied access to the Audit Committee of the Bank (in respect of matters involving alleged misconduct, if any).

f. We further declare that all Board members and Senior Management Personnel have affirmed compliance with the 'Code of Conduct for Board of Directors & Senior Management Personnel' for the current year.

V. Vaidyanathan
Managing Director &
Chief Executive Officer

Pankaj Sanklecha
Chief Financial Officer &
Head – Corporate Centre

Date: May 10, 2019
Place: Mumbai

Independent Auditor's Report

TO THE MEMBERS OF IDFC FIRST BANK LIMITED (FORMERLY, IDFC BANK LIMITED)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) ("the Bank"), which comprise the Balance Sheet as at 31 March 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949, Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2019, and its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Identification of and provisioning for non-performing advances in accordance with the Reserve Bank of India (RBI) guidelines and Bank's Board approved policy.** (Refer Schedule 9 read with Note 17.2) The Bank has net advances amounting to ₹ 86,30,22,859 thousands as at 31 March 2019. Identification of and provisioning for non-performing advances in accordance with relevant prudential norms issued by the RBI in respect of income recognition, asset classification and provisioning pertaining to advances (herein after referred as "Relevant RBI guidelines") and as per the Bank's Board approved policy is a key audit matter due to materiality of balances involved, which requires management estimates, judgement, manual interventions and level of regulatory and other stakeholders focus. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances.	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular: • we have evaluated the Bank's internal control system in adhering to the Relevant RBI guidelines and regulations; • we have evaluated key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls, including manual controls in relation to income recognition, asset classification and provisioning pertaining to advances; • we tested a selection of advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, provision for non-performing advances, and compliance with Relevant RBI guidelines; and • we evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning approved in accordance with the Board approved policy by the Chief Risk Officer and Chief Finance Officer. We discussed the provisions made with senior management including the Chief Executive Officer, Chief Finance Officer, Chief Risk Officer and with those charged with governance.
2	**Accounting for Amalgamation** As set out in note 17A and 18.01, the Bank completed its Amalgamation with Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") with appointed date as October 1, 2018 and effective date as December 18, 2018. The Bank has accounted for the amalgamation by Purchase method as per AS 14 - Accounting for Amalgamations. The amalgamation resulted in recognition of Intangible assets – (Brand and Goodwill) aggregating to ₹ 2,599.35 crore which have been subjected to accelerated amortisation through Profit and Loss Account during the year ended 31 March 2019.	Our audit approach for testing of accounting of amalgamation included in particular : • we evaluated the Scheme of Amalgamation approved by the National Company Law Tribunal (NCLT); • we evaluated appropriateness of the Bank's selection of amalgamation accounting by Purchase method against the compliance with each of the conditions stipulated in AS 14 - Accounting for Amalgamation; • we tested internal controls over financial reporting of the merged entity;

Sr. No.	Key Audit Matter	Auditor's Response
	The aforesaid intangible assets have been considered to be eligible for tax depreciation, consequently deferred tax asset has been recognised on timing difference. The Bank was also required to integrate internal controls over financial reporting of the merged entity. Due to the complexity of the transaction and the associated significant risk of misstatement involved in • integration of internal controls over financial reporting of the merged entity; • assumptions and estimates required to be made by the Management to determine the value of Intangible Assets which is based on independent valuer's report engaged by the management; • subsequent accelerated amortisation of these Intangible assets; and • significant management judgements involved regarding the future profit forecasts and application of tax laws for the recognition and measurement of deferred tax asset on amortised intangible assets The Accounting for Amalgamation is considered as key audit matter.	• we obtained management's workings for the accounting of the amalgamation and evaluated management's determination of the fair value of the net assets acquired, focusing on the valuation of intangible asset which is based on independent valuer's report engaged by the Management; • we evaluated the fair value of the acquired assets, focusing on the valuation methodologies and key assumptions applied; • we evaluated the competence of independent valuer engaged by management and involved our valuation specialists to assist in our assessment of the fair value of the acquired assets; • we evaluated the reasonableness of key assumptions based on our knowledge of the business and industry; • we evaluated the basis determined by the Management for accelerated amortisation of Intangible Assets through Profit and Loss Account during the year ended 31 March 2019; • with the support of our taxation specialists we performed evaluation of tax laws applicable to the Bank and verification of the management's assessment with respect to eligibility of intangible assets for tax depreciation; • we evaluated management's assessment of future revenues and operating margins by comparing actual results and with the help our internal valuation specialists we assessed the reasonableness of the revenue forecast by performing sensitivity analysis of the growth rates compared to peer banks.
3	**Evaluation of General Information Technology (IT) Controls for Key IT systems used in financial reporting process along with the integration of IT systems acquired on Amalgamation** The Bank's operational and financial processes are highly dependent on IT systems due to large volume of transactions that are processed daily. The Bank has also acquired IT systems of CFL Group on amalgamation which were integrated with the financial reporting application of the Bank. The Bank has constituted an IT Strategy Committee at the Board level to oversee implementation of IT strategy.	We involved our IT specialists to obtain an understanding of the Bank's IT related control environment including the systems acquired during the course of amalgamation. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems, applications used in accounting for and recording of Advances, Treasury transactions and the systems used in financial reporting process, that are relevant to our audit. For the key IT systems, applications and databases that are relevant to our audit and used in preparation of accounting and financial information, our areas of audit focus included Access Security (including controls over privileged access), Program Change controls, database management and Network Operations. In particular:

Sr. No.	Key Audit Matter	Auditor's Response
	Accordingly, our audit was focussed on key IT systems and controls along with the integration of IT systems acquired on amalgamation, due to the pervasive nature and complexity of the IT environment.	• we obtained an understanding of the Bank's IT control environment and key changes if any during the audit period that may be relevant to the audit and reviewed the minutes of IT strategy committee meetings; • we tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems. This included evaluation of bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit; • we also tested key automated and manual business cycle controls, integration of IT systems of the CFL Group with the financial reporting application of the Bank and report logic for system generated reports relevant to the audit; including testing of alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Bank's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report, Chairperson's Statement and Managing Director & Chief Executive Officer's Statement, but does not include the standalone financial statements, the Pillar III Disclosure under the New Capital Adequacy Framework (Basel III disclosures) and our auditor's report thereon, which is expected to be made available to us after that date.

- Our opinion on the standalone financial statements does not cover the other information and the Basel III disclosure and accordingly, we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Management Discussion and Analysis, Board's Report, Corporate Governance Report, Chairperson's Statement and Managing Director & Chief Executive Officer's Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The audit of special purpose financial information of Capital First Limited and its subsidiaries Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") as at and for the period ended 30 September 2018, as considered for the merger accounting as on the appointed date, was carried out by the statutory auditors of the CFL Group.

Our Opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, and section 30 of the Banking Regulation Act, 1949 based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Bank.

c) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

d) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

e) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

f) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

g) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of section 35B (2A) of the Banking Regulation Act, 1949.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

   ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

2. We report that during the course of our audit we have visited and performed select relevant procedures at 17 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at the Head Office and Central Processing Units based on the necessary records and data required for the purposes of the audit being made available to us.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Kalpesh J. Mehta
(Partner)
(Membership No. 48791)

Place: Mumbai
Date: 10 May 2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on The Internal Financial Controls Over Financial Reporting Under Clause (I) of sub-Section 3 of Section 143 of The Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of IDFC FIRST Bank Ltd. ("the Bank") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Kalpesh J. Mehta
(Partner)
(Membership No. 48791)

Place: Mumbai
Date: 10 May 2019

Balance Sheet

as at March 31, 2019

(₹ in Thousands)

Particulars	Schedule No.	As at March 31, 2019	As at March 31, 2018
Capital and Liabilities			
Capital	1	47,816,764	34,040,749
Reserves and surplus	2	133,775,850	118,524,635
Deposits	3	704,790,087	481,982,025
Borrowings	4	699,833,902	572,870,654
Other liabilities and provisions	5	85,632,012	57,783,725
Total		**1,671,848,615**	**1,265,201,788**
Assets			
Cash and balances with Reserve Bank of India	6	41,495,314	30,508,556
Balances with banks and money at call and short notice	7	54,172,456	18,409,418
Investments	8	584,753,854	612,015,342
Advances	9	863,022,859	521,648,881
Fixed assets	10	9,502,051	7,841,307
Other assets	11	118,902,081	74,778,284
Total		**1,671,848,615**	**1,265,201,788**
Contingent liabilities	12	2,999,106,258	2,156,898,781
Bills for collection		4,543,650	5,544,982
Significant accounting policies and notes to accounts	17 & 18		

The schedules referred to above form an integral part of the Balance Sheet.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Profit & Loss Account

for the year ended March 31, 2019

(₹ in Thousands)

		Schedule No.	Year Ended March 31, 2019	Year Ended March 31, 2018
I	**Income**			
	Interest earned	13	119,481,724	89,300,046
	Other income	14	9,385,647	11,178,927
	Total		**128,867,371**	**100,478,973**
II	**Expenditure**			
	Interest expended	15	87,490,834	71,319,074
	Operating expenses	16 & 18.01	58,867,333	16,525,943
	Provisions and contingencies	18.30	1,950,987	4,040,923
	Total		**148,309,154**	**91,885,940**
III	**Net Profit / (Loss) for the year (I-II)**		(19,441,783)	8,593,033
	Balance in profit and loss account brought forward from previous year		17,096,651	16,465,871
IV	**Amount Available for Appropriation**		(2,345,132)	25,058,904
V	**Appropriations:**			
	Transfer to statutory reserve	18.32	-	2,150,000
	Transfer from investment reserve	18.32	-	(5,500)
	Transfer to capital reserve	18.32	15,100	2,020,000
	Transfer to special reserve	18.32	-	750,000
	Transfer to investment fluctuation reserve	18.32	-	-
	Dividend paid (includes tax on dividend)	18.55	2,940,240	3,047,753
	Balance in profit and loss account carried forward		(5,300,472)	17,096,651
	Total		**(2,345,132)**	**25,058,904**
VI	**Earnings per Equity Share**	18.49		
	(Face value ₹ 10 per share)			
	Basic (₹)		(4.75)	2.53
	Diluted (₹)		(4.71)	2.52
Significant accounting policies and notes to accounts		17 & 18		

The schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
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Satish Gaikwad
Head - Legal &
Company Secretary

Cash Flow Statement

for the year ended March 31, 2019

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2019	Year ended March 31, 2018
A.	**Cash flow from operating activities**			
	Profit / (Loss) after tax		(19,441,783)	8,593,033
	Add: Provision for tax		(13,510,081)	1,679,966
	Net profit / (loss) before taxes		(32,951,864)	10,272,999
	Adjustments for:			
	Depreciation on fixed assets	16 (V)	28,126,751	1,634,849
	Amortisation of premium on held to maturity investments		1,335,469	1,135,794
	Provision for / (release of) depreciation in value of investments	18.30	3,741,035	(956,000)
	Write back of provision for non performing advances	18.30	(1,059,177)	(5,796,120)
	Write back of provision for restructured assets	18.30	(202,065)	(400)
	Additional / (write back) of specific provisions	18.30	551,954	(1,085,200)
	Provision for standard assets	18.30	37,215	95,824
	Loss on sale of loans to ARC	18.30	8,136,830	-
	Bad-debts including technical / prudential write off	18.30	3,730,996	9,978,783
	Other provisions and contingencies	18.30	524,388	123,971
	Loss on sale of fixed assets (net)	14 (IV)	12,257	10,875
	Adjustments for:			
	(Increase) / decrease in investments (excluding held to maturity investment and investment in subsidiary)		35,144,987	(99,023,449)
	Increase in advances		(75,993,585)	(30,729,113)
	Increase in deposits		222,808,061	79,899,779
	Increase in other assets		(24,543,729)	(9,205,478)
	Increase / (decrease) in other liabilities and provisions		2,759,530	(12,424,087)
	Direct taxes paid (net)		774,727	(3,399,440)
	Net cash flow generated from / (used in) operating activities (A)		**172,933,780**	**(59,413,413)**
B	**Cash flow from investing activities**			
	Purchase of fixed assets		(2,608,504)	(1,650,451)
	Proceeds from sale of fixed assets		41,980	28,935
	Increase in held to maturity investments		(10,927,732)	(8,566,326)
	Dividend from subsidiary		669,600	111,600
	Net cash flow used in investing activities (B)		**(12,824,656)**	(10,076,242)

Cash Flow Statement

for the year ended March 31, 2019

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2019	Year ended March 31, 2018
C	**Cash flow from financing activities**			
	Increase / (decrease) in borrowings		(119,099,415)	70,248,797
	Proceeds from issue of share capital (other than shares issued on amalgamation)		21,541	239,614
	Payment of securities issue expenses		(47,388)	-
	Payment of dividend including dividend distribution tax (net off dividend distribution tax paid by subsidiary)		(2,940,240)	(3,047,753)
	Net cash flow generated from / (used in) financing activities (C)		**(122,065,502)**	**67,440,658**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		38,043,622	(2,048,997)
	Cash and cash equivalents at the beginning of the year		48,917,974	51,019,971
	Cash and cash equivalents acquired on amalgamation		8,706,174	-
	Cash and cash equivalents at the end of the year		**95,667,770**	**48,970,974**
	Represented by:			
	Cash and Balances with Reserve Bank of India	6	41,495,314	30,508,556
	Balances with Banks and Money at Call and Short Notice	7	54,172,456	18,409,418
	Cash and cash equivalents at the end of the year		**95,667,770**	**48,917,974**

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
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Dr. Rajiv B. Lall
Chairman
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Managing Director & Chief Executive Officer
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Date: May 10, 2019
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Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Schedules

forming part of the Balance Sheet as at March 31, 2019

Schedule 1 - Capital^

(₹ in Thousands)

	As at March 31, 2019	As at March 31, 2018
Authorised capital		
5,325,000,000 (Previous Year - 5,000,000,000) equity shares of ₹ 10 each	53,250,000	50,000,000
3,800,000 (Previous Year - Nil) Preference shares of ₹ 100 each	380,000	-
Equity Share Capital		
Issued, subscribed and paid-up capital		
4,781,676,412 (Previous Year - 3,404,074,905) equity shares of ₹ 10 each, fully paid up	47,816,764	34,040,749
Total	**47,816,764**	**34,040,749**

^ During the year ended March 31, 2018, the Board of Directors of the Bank approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited ("Merging entities") with the Bank ('IDFC - CFL Merger') in an all-stock transaction through a Composite Scheme of Arrangement ("Scheme"). The same has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018.

Accordingly, 1,377,109,057 equity shares were allotted to the eligible equity shareholders of erstwhile Capital First Limited as per the Share Exchange Ratio of 13.9:1 as approved in the scheme.

Also, includes 492,450 equity shares (Previous Year 5,068,721 equity shares) allotted pursuant to the exercise of options under the Employee Stock Option Scheme.

Pursuant to Amalgamation scheme becoming effective, the authorised share capital of the Bank has increased to equity share capital of ₹ 5,325.00 crore (Previous Year ₹ 5,000.00 crore) and preference share capital of ₹ 38.00 crore (Previous Year Nil).

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Statutory reserves**		
	Opening balance	5,880,000	3,730,000
	Additions on Amalgamation (refer note 18.01)	2,317,951	-
	Additions during the year (refer note 18.32)	-	2,150,000
	Deduction during the year	-	-
	Closing balance	**8,197,951**	**5,880,000**
II	**Capital reserves**		
	Opening balance	2,900,000	880,000
	Additions during the year (refer note 18.32)	15,100	2,020,000
	Deduction during the year	-	-
	Closing balance	**2,915,100**	**2,900,000**
III	**Share premium**		
	Opening balance	80,315,823	80,116,191
	Additions on Amalgamation (refer note 18.01)	37,663,933	-
	Additions during the year	16,693	199,632
	Deduction during the year	(47,388)	-
	Closing balance	**117,949,061**	**80,315,823**

Schedules

forming part of the Balance Sheet as at March 31, 2019

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
IV	**General reserve**		
	Opening balance	6,882,161	6,882,152
	Additions during the year (refer note 18.32)	-	9
	Deduction during the year	-	-
	Closing balance	6,882,161	6,882,161
V	**Amalgamation Reserve (refer note 18.01)**	**(2,317,951)**	**-**
VI	**Special reserve**		
	Opening balance	5,450,000	4,700,000
	Additions during the year (refer note 18.32)	-	750,000
	Deduction during the year	-	-
	Closing balance	**5,450,000**	**5,450,000**
VII	**Investment Fluctuation Reserve (refer note 18.32)**	-	-
VIII	**Investment Reserve Account (IRA)**		
	Opening balance	-	5,500
	Additions during the year	-	-
	Deduction during the year (refer note 18.32)	-	(5,500)
	Closing balance	**-**	**-**
IX	**Balance in Profit and Loss Account**	(5,300,472)	17,096,651
	Total (I+II+III+IV+V+VI+VII+VIII+IX)	**133,775,850**	**118,524,635**

Schedule 3 - Deposits

(₹ in Thousands)

			As at March 31, 2019	As at March 31, 2018
A	**I**	**Demand deposits**		
		(i) From banks	1,694,280	1,520,653
		(ii) From others	21,944,561	20,248,849
	II	**Savings bank deposits**	67,500,193	35,326,606
	III	**Term deposits**		
		(i) From banks	47,518,700	34,033,515
		(ii) From others	566,132,353	390,852,402
		Total (I+II+III)	**704,790,087**	**481,982,025**
B.	**I**	**Deposits of branches in India**	704,790,087	481,982,025
	II	**Deposits of branches outside India**	-	-
		Total	**704,790,087**	**481,982,025**

Schedules

forming part of the Balance Sheet as at March 31, 2019

Schedule 4 - Borrowings

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Borrowings in India**		
	(i) Reserve Bank of India	62,500,000	94,810,000
	(ii) Other banks ^	123,960,784	38,451,964
	(iii) Other institutions and agencies $	444,691,784	419,929,623
II	**Borrowings outside India***	68,681,334	19,679,067
	Total (I + II)	**699,833,902**	**572,870,654**
	Secured borrowings included in I and II above **	142,155,583	205,335,651

^ Borrowings from banks include long term infrastructure bonds of ₹ 281.50 crore (Previous Year ₹ 281.50 crore).

$ Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 10,152.50 crore (Previous Year ₹ 10,152.50 crore) and Bonds under section 80CCF of the Income tax Act, 1961 of ₹ 1,690.03 crore (Previous Year ₹ 1,690.05 crore).

* Borrowings outside India include External Commercial Borrowings (ECB) of ₹ 550.88 crore (Previous Year ₹ 623.45 crore).

** Secured borrowings includes borrowings under Collateralised Borrowing and Lending Obligation / Triparty Repo (TREPS), market repurchase transactions with banks & financial institutions, transactions under Liquidity Adjustment Facility and Marginal Standing Facility secured against Government Securities.

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Bills payable	1,324,743	1,646,260
II	Inter-office adjustments (net)	-	-
III	Interest accrued	33,578,394	32,468,619
IV	Proposed dividend (includes tax on dividend) (refer note 18.55)	-	-
V	Contingent provision against standard assets	4,026,725	2,716,876
VI	Others (including provisions)	46,702,150	20,951,970
	Total (I + II + III + IV + V + VI)	**85,632,012**	**57,783,725**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Cash in hand (including foreign currency notes)	2,317,812	1,026,803
II	Balances with Reserve Bank of India:		
	(i) In current accounts	39,177,502	29,481,753
	(ii) In other accounts	-	-
	Total (I + II)	**41,495,314**	**30,508,556**

Schedules

forming part of the Balance Sheet as at March 31, 2019

Schedule 7 - Balances with Banks and Money at call and short notice

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**In India**		
	(i) Balance with banks		
	(a) In current accounts	6,166,390	64,319
	(b) In other deposit accounts	-	-
	(ii) Money at call and short notice		
	(a) With banks	31,000,000	1,850,000
	(b) With other institutions	-	194,091
	Total	**37,166,390**	**2,108,410**
II	**Outside India**		
	(i) In current accounts	80,836	76,148
	(ii) In other deposit accounts	-	11,405,625
	(iii) Money at call and short notice	16,925,230	4,819,235
	Total	**17,006,066**	**16,301,008**
	Grand Total (I+II)	**54,172,456**	**18,409,418**

Schedule 8 - Investments (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Investments in India in:**		
	(i) Government securities	353,849,422	387,985,608
	(ii) Other approved securities	-	-
	(iii) Shares#	1,776,289	3,709,044
	(iv) Debentures and bonds	127,326,566	122,080,787
	(v) Investment in subsidiaries / joint ventures*	2,324,021	2,993,621
	(vi) Others (venture capital funds, commercial papers, certificate of deposits, security receipts, PTC etc.)	99,477,556	95,246,282
	Total Investments in India	**584,753,854**	**612,015,342**
II	**Investments Outside India in:**		
	(i) Government securities (including local authorities)	-	-
	(ii) Subsidiaries and/or joint ventures abroad	-	-
	(iii) Others	-	-
	Total Investments outside India	**-**	**-**
	Grand Total (I+II)	**584,753,854**	**612,015,342**

Includes investments in associates

* Dividend from subsidiary out of pre-acquisition profits of ₹ 78.12 crore (Previous Year ₹ 11.16 crore) is reduced from cost of investments as per AS - 13 - Accounting for Investments.

Schedules

forming part of the Balance Sheet as at March 31, 2019

Schedule 9 - Advances (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
A	(i) Bills purchased and discounted	28,299,102	31,530,753
	(ii) Cash credits, overdrafts and loans repayable on demand	70,567,369	58,030,428
	(iii) Term loans	764,156,388	432,087,700
	Total	**863,022,859**	**521,648,881**
B	(i) Secured by tangible assets *	541,516,215	274,120,792
	(ii) Covered by bank / government guarantees $	10,266,198	1,908,640
	(iii) Unsecured	311,240,446	245,619,449
	Total	**863,022,859**	**521,648,881**
C I	Advances in India		
	(i) Priority sector	156,825,124	64,179,608
	(ii) Public sector	10,705,977	35,199,879
	(iii) Banks	2,722,896	2,415,366
	(iv) Others	692,768,862	419,854,028
	Total	**863,022,859**	**521,648,881**
C II	Advances Outside India		
	(i) Due from banks	-	-
	(ii) Due from others:		
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	-	-
	(c) Others	-	-
	Total	**-**	**-**
	Grand Total (CI + CII)	**863,022,859**	**521,648,881**

The above advances are net of provisions of ₹ 1,752.88 crore (Previous Year ₹ 1,587.93 crore).

* Includes advances against book debts

$ Includes advances against LCs issued by banks

Schedules

forming part of the Balance Sheet as at March 31, 2019

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Premises (including land)**		
	Gross block		
	At cost at the beginning of the year	2,969,142	2,968,068
	Additions on Amalgamation (refer note 18.01)	2,700	-
	Additions during the year	16,534	1,074
	Deductions during the year	(24,814)	-
	Total	**2,963,562**	**2,969,142**
	Depreciation		
	As at the beginning of the year	492,276	439,925
	Additions on Amalgamation (refer note 18.01)	-	-
	Charge for the year	52,038	52,351
	Deductions during the year	(7,481)	-
	Depreciation to date	**536,833**	**492,276**
	Net block of premises	**2,426,729**	**2,476,866**
II	**Other fixed assets (including furniture and fixtures) (refer note 18.53)**		
	Gross block		
	At cost at the beginning of the year	8,866,260	7,276,553
	Additions on Amalgamation (refer note 18.01)	28,098,250	-
	Additions during the year	2,339,043	1,669,206
	Deductions during the year	(124,853)	(79,499)
	TOTAL	**39,178,700**	**8,866,260**
	Depreciation		
	As at the beginning of the year	3,535,693	1,992,884
	Additions on Amalgamation (refer note 18.01)	917,052	-
	Charge for the year (refer note 18.01)	28,074,713	1,582,498
	Deductions during the year	(87,950)	(39,689)
	Depreciation to date	**32,439,508**	**3,535,693**
	Net block of other fixed assets (including furniture and fixtures)	**6,739,192**	**5,330,567**
III	**Capital Work-In-Progress (Including Capital Advances)**	336,130	33,874
	Grand Total (I+II+III)	**9,502,051**	**7,841,307**

Schedules

forming part of the Balance Sheet as at March 31, 2019

Schedule 11 - Other Assets

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Inter-office adjustments (net)	-	-
II	Interest accrued	16,477,185	13,959,207
III	Tax paid in advance / tax deducted at source (net of provisions)	9,112,136	10,068,993
IV	Stationery and stamps	50	567
V	Non banking assets acquired in satisfaction of claims	-	-
VI	Others	93,312,710	50,749,517
	Total (I + II + III + IV + V + VI)	**118,902,081**	**74,778,284**

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Claims against the bank not acknowledged as debts	408,326	1,658,574
II	Liability for partly paid investments	741,437	1,162,778
III	Liability on account of outstanding forward exchange and derivative contracts:		
	(a) Forward Contracts	628,231,750	642,282,198
	(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	2,016,880,847	1,035,446,452
	(c) Foreign currency options	81,636,467	196,553,003
	Total (a+b+c)	**2,726,749,064**	**1,874,281,653**
IV	Guarantees given on behalf of constituents		
	In India	167,962,734	226,081,876
	Outside India	-	-
V	Acceptances, endorsements and other obligations	102,307,638	52,970,776
VI	Other items for which the bank is contingently liable (capital commitments)	937,059	743,124
	Grand Total (I+II+III+IV+V+VI)	**2,999,106,258**	**2,156,898,781**

Schedules

forming part of the Profit & Loss Account for the year ended March 31, 2019

Schedule 13 - Interest Earned

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Interest / discount on advances / bills	78,255,375	47,229,452
II	Income on investments	39,056,535	40,413,069
III	Interest on balances with Reserve Bank of India and other inter-bank funds	231,868	82,741
IV	Others *	1,937,946	1,574,784
	Total	**119,481,724**	**89,300,046**

* Includes interest on income tax refunds amounting to ₹ 32.03 crore(Previous Year ₹ 41.23 crore).

Schedule 14 - Other Income

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Commission, exchange and brokerage	7,616,172	4,305,836
II	Profit / (loss) on sale of investments (net)	325,432	3,948,810
III	Profit / (loss) on revaluation of investments (net)	-	-
IV	Profit / (loss) on sale of premises and other fixed assets (net)	(12,257)	(10,875)
V	Profit / (loss) on exchange/derivative transactions (net)	498,677	2,911,473
VI	Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India *	-	-
VII	Miscellaneous Income [including recovery from borrower on written off accounts of ₹ 86.48 crore (Previous Year Nil)]	957,623	23,683
	Total	**9,385,647**	**11,178,927**

* Dividend received from subsidiary out of pre-acquisition profits of ₹ 66.96 crore (Previous Year ₹ 11.16 crore) is reduced from cost of investments as per AS - 13 - Accounting for Investments.

Schedule 15 - Interest Expended

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Interest on deposits	39,034,061	26,370,528
II	Interest on borrowings from Reserve Bank of India / inter-bank borrowings	9,706,982	3,299,528
III	Others	38,749,791	41,649,018
	Total	**87,490,834**	**71,319,074**

Schedule 16 - Operating Expenses

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Payments to and provisions for employees	11,181,915	6,759,749
II	Rent, taxes and lighting	1,706,489	1,026,471
III	Printing and stationery	342,429	148,828
IV	Advertisement and publicity	611,840	244,234
V	Depreciation on bank's property (refer note 18.01)	28,126,751	1,634,849
VI	Directors' fees, allowance and expenses	8,741	13,800
VII	Auditors' fees and expenses	34,063	17,900
VIII	Law charges	46,551	73,301
IX	Postage, telegrams, telephones etc.	507,535	307,498
X	Repairs and maintenance	942,142	291,650
XI	Insurance	453,640	374,544
XII	Other expenditure	14,905,237	5,633,119
	Total	**58,867,333**	**16,525,943**

Schedules

forming part of the Financial Statements as at and for the year ended March 31, 2019

17 Significant accounting policies forming part of the financial statements for the year ended March 31, 2019

A Background

"IDFC FIRST Bank Limited ("the Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015. Pursuant to approval from shareholders and Central Government - Ministry of Corporate Affairs, the name of the Bank has changed to IDFC FIRST Bank Limited and the change has been incorporated in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 12, 2019.

The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited ("Merging entities") with IDFC Bank Limited ('IDFC - CFL Merger') has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ('NCLT'), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme has been given effect to in the financial results for the year ended March 31, 2019 and it includes results for the merged entity for the period from October 1, 2018 to March 31, 2019.

The Bank has 242 branches and 102 Banking Outlets in India. The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited.

B Basis of preparation

The financial statements have been prepared based on historical cost convention and accrual basis of accounting in accordance with the requirements prescribed under Section 29 and third schedule of the Banking Regulation Act, 1949 and in conformity with Generally Accepted Accounting Principles in India to comply with the statutory requirements prescribed under the circulars and guidelines issued by the RBI from time to time and the Accounting Standards notified under section 133 of the Companies Act, 2013, to the extent applicable and practices generally prevalent in the banking industry in India.

C Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that affects the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates and the differences between the actual results and the estimates would be recognised in the periods in which the results are known / materialised.

D Significant accounting policies:

17.1 Investments Classification:

In accordance with the RBI Guidelines on investment classification and valuation; Investments are classified into following categories:

- Held for Trading ('HFT'),
- Available for Sale ('AFS') and
- Held to Maturity ('HTM').

Transfer of securities between categories of investments is accounted as per the RBI guidelines. However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Basis of classification and accounting:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM in accordance with the RBI guidelines. Investments are recorded on value date except for equity shares which are recorded on trade date.

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Cost of acquisition:

- Costs such as brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First out Method for all categories of Investments including Short sales.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation:

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line method basis, while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM Category is provided.

Investments classified under AFS and HFT categories are marked to market as per the extant RBI guidelines. Traded investments are valued based on the trades / quotes on the recognised stock exchanges, or prices/yields declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA') / Financial Benchmark India Pvt. Ltd. ('FBIL'), periodically.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FIMMDA / FBIL.
- Special bonds such as oil bonds, DISCOM bonds, fertilizer bonds etc. that do not qualify for SLR are valued using the prices published by FIMMDA / FBIL by applying the appropriate mark up above the corresponding yield on GOI securities.
- The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved securities, Bonds and Debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA / FBIL. For Tax-free bonds, the valuation is done after grossing up the coupon in line with FIMMDA/FBIL guidelines.
- Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines.
- Units of mutual funds are valued at the latest repurchase price / net asset value ('NAV') declared by the mutual fund.
- Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments, are valued at carrying cost. Accretion of discount on discounted Money Market Securities is computed on straight line method and for long term discounted securities, constant YTM method is used.
- Security receipts (SR) are valued as per NAV as provided by the Reconstruction Company ('RC') / Securitization Company (SC).
- Units of Venture Capital Funds ('VCF') and Alternate Investment Fund ('AIF') held under AFS category are marked to market based on the NAV provided by VCF/AIF based on the latest audited financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF/AIF. Banks' investments in units of VCFs is classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines.
- Priority Sector pass through certificates ('PTCs') are valued at book value as per FIMMDA guidelines.

Investments in subsidiaries are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines. Dividend received from pre-acquisition profits is reduced from cost of investments as per AS - 13 - Accounting for Investments.

Securities are valued script wise and depreciation / appreciation is aggregated for each category. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions.

Non-performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set off against the appreciation in respect of

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other performing securities. Interest on non-performing investments is recognised on cash basis.

As a prudent risk measure, specific provision against identified investments are made based on management's assessment of impairment based on qualitative factors, subject to minimum provision determined under FIMMDA valuation guidelines. These provisions are netted off from carrying value of such investments.

Investment Fluctuation Reserve ('IFR'):
The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Further, the Bank may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of profit/loss as disclosed in the profit and loss account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS investment portfolio, a draw down is permitted subject to the following conditions:

(a) The drawn down amount is used only for meeting the minimum Common Equity Tier 1/Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss and

(b) The amount drawn down is not more than the extent the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

IFR is eligible for inclusion in Tier 2 capital.

Short sales:
The Bank undertakes short sale transactions in Central Government dated securities in accordance with the RBI guidelines and these are shown under Schedule 8 - Investments. The short position is marked to market along with other securities in that category and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

Repo and Reverse Repo Transaction:
In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions are accounted as interest income.

17.2 Advances
In accordance with the RBI guidelines, advances are classified as performing and non-performing. Non-Performing advances ('NPA') are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). In addition, based on extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on specific advances which are classified as standard advances as these are not non-performing advances ('identified advances'). Advances are stated net of provisions against NPA, specific provisions against identified advances, provisions for non-performing funded interest term loan and provisions in lieu of diminution in the fair value of restructured asset.

The Bank may transfer advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

The Bank makes general provisions on all standard advances and restructured advances based on the

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rates under each category of advance as prescribed by the RBI. In addition, the Bank makes provisions for standard assets in telecom sector (as defined by RBI) and other stressed sectors, at rates higher than the regulatory minimum, based on evaluation of risk and stress as per the Board approved policy. The provision on standard advances is not reckoned for arriving at net NPAs. The provision against standard advances (other than provision against identified advances) is shown separately as “Contingent Provisions against Standard Assets” under “Schedule 5 - Other Liabilities”.

In case of corporate loans, specific loan loss provisions in respect of identified advances and non-performing advances are made based on the management’s assessment of the degree of impairment, subject to the minimum provisioning level prescribed by the RBI. The Bank can provide additional specific provision on standard advances at higher than prescribed rates as a prudent risk measure. These provisions are reviewed and reassessed at least once in a year. Provision on / write off of homogeneous retail loans and advances, subject to minimum provisioning requirement of the RBI, is assessed on the basis of ageing of loans as prescribed in the Board approved policy of the Bank. Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable the RBI guidelines.

The RBI has revised ‘Framework for Resolution of Stressed Assets’ and extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring Scheme ('SDR'), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets ('S4A') stand withdrawn from February 12, 2018. Also, Joint Lenders Forum ('JLF') as an institutional mechanism for resolution of stressed accounts stands discontinued.

As per the revised framework, the Bank is required to form a Resolution Plan ('RP') for a borrower who defaults in repayment of debt. Asset classification and provisioning in respect of exposure to borrower entities against whom insolvency applications are filed under the IBC shall be as per the extant IRAC guidelines.

The RBI has also revised prudential norms applicable to any restructuring, whether under the IBC framework or outside the IBC framework. As per the revised framework in case of restructuring, the accounts classified as standard shall be immediately downgraded as NPAs. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. In both cases, the asset classification shall continue to be governed by the ageing criteria as per extant IRAC guidelines. These are upgraded to standard only after satisfaction of certain payment and rating threshold criteria specified in the Framework.

Any additional finance approved under the RP (including any resolution plan approved by the Adjudicating Authority under IBC) may be treated as 'standard asset' during the specified period under the approved RP, provided the account performs satisfactorily during the specified period. If the restructured asset fails to perform satisfactorily during the specified period or does not qualify for upgradation at the end of the specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.

The RBI has issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on all single counterparties of the Bank.

The guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank’s incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') will attract prudential measures.

Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognized by way of additional standard asset provisioning and higher risk weights.

In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank’s policy and the RBI guidelines. Such write off does not have an impact on the Bank’s legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise.

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Amounts recovered from borrowers against debts written off is recognised in the Profit and Loss Account.

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines and disclosed under Contingent Provision against Standard Assets. In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories as mentioned in the ECGC guidelines namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

17.3 Revenue recognition

Interest income:

Interest Income is recognised on accrual basis in the Profit and Loss Account, except in the case of Non-Performing Assets ('NPAs') and identified stressed advances, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified stressed advances and any other facility given to the same borrower is reversed to the Profit and Loss and subsequent interest income is accounted into interest suspense.

The unrealized interest represented by Funded Interest Term Loan ('FITL') is reversed in Profit & Loss Account with the corresponding credit in Sundry Liabilities Account - Interest Capitalization account. Interest income is booked in Profit & Loss account upon realization, by debiting the sundry liabilities account.

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortized balance is disclosed as part of other liabilities. On foreclosure, balance unamortised subvention income is recognised in the Profit and Loss Account. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of NPAs wherein interest income is recognised upon realisation.

Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges:

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership / syndication fee is accounted on completion of the agreed service and when right to receive is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received except for commission not exceeding ₹ 25 lacs which is recognised at the time of issuance of the guarantee or letter of credit.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period.

Underwriting commission earned to the extent not reduced from the cost of the securities is recognised as fees on closure of issue.

All other fees and charges is recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments:

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category, is appropriated from Profit and Loss Account to “Capital Reserve” (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines.

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Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers' Association of India ('FEDAI').

Other operating income:

Securitisation transactions:

"Net income arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the life of the securities issued by the Special Purpose Vehicle ('SPV'). Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of Non-Performing Assets sold to Securitisation Company ('SC') / Reconstruction Company ('RC') for cash, excess provision is reversed to Profit and Loss Account. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. If sale is against issuance of SRs by SC / RC, the sale will be recognised at lower of redemption value of SRs and net book value of financial asset sold. On realisation, the proceeds are reduced against the carrying value of SRs and surplus, if any, is recognised in the Profit and Loss Account. "

With effect from April 1, 2018 investments in SRs by more than 10 percent of the SRs backed by the assets sold and issued under the scheme of securitization, provisioning requirement on SRs will be higher of provisioning rate required in terms of net asset value declared by the SCs/RCs or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books.

Direct Assignments:

Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non-performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non-performing financial assets and shortfall if any is charged to the Profit and Loss Account.

17.4 Priority Sector Lending Certificates (PSLCs)

The bank may enter into transactions for the purchase or sale of Priority Sector Lending Certificates ('PSLCs'). In case of a purchase transaction the bank buys the fulfillment of priority sector obligation and in case of a sale transaction, the bank sells the fulfillment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. Fees paid for purchase of the PSLCs is recorded as 'Other Expenditure' and fees received for the sale of PSLCs is recorded as 'Miscellaneous Income' in Profit and Loss Account.

17.5 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by FEDAI. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

17.6 Accounting for derivative transactions

Derivative transactions comprises of forward contracts, futures, swaps and options. The Bank undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines. The Hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Any resultant profit or loss

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on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re-assessment or termination of underlying, the Bank shall de-designate the derivative as trade.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income / expense on accrual basis and is amortized on a pro-rata basis over the underlying swap period.

Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on all derivative contracts with the same counter-parties are reversed in Profit and Loss Account.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'.

Valuation of Exchange Traded Currency Options ('ETCO') is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures ('IRF') is carried out on the basis of the daily settlement price of each contract provided by the exchange.

As per the RBI guidelines on 'Prudential Norms for Off Balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. For provisioning purpose, the credit exposure for all the counterparties except Qualified Central Counter Party ('QCCP') are calculated at deal level, i.e. Gross Positive MTM after netting of margin to the extent of Positive MTM. The credit exposure reckoned for standard provisioning on QCCP is calculated at counterparty level i.e. Net Positive MTM.

17.7 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also include advances paid to acquire fixed assets.

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below:

Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (including software and system development)	5 years

Depreciation on Vehicles and mobile phone is higher than the rates prescribed under the Schedule II of the Companies Act, 2013, based on the internal assessment of the useful life of these assets.

Fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of installation.

The Bank has accounted for the intangibles acquired and arising on account of IDFC-CFL merger as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme.

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Under AS 14, the goodwill arising on amalgamation should be amortised over period not exceeding five years unless a longer period can be justified. However, in view of restriction under Section 15 of the Banking Regulation Act 1949 to declare dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet, as a prudent measure, the intangible assets acquired or arising on amalgamation have been fully amortised through Profit and Loss Account."

Depreciation on assets sold during the year is recognized on a pro-rata basis to the Profit and Loss Account till the date of sale. Profit on sale of premises net of taxes and transfer to statutory reserve is appropriated to Capital Reserve as per the RBI guidelines.

17.8 Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of history of tax losses, deferred tax assets on unabsorbed depreciation or carried forward loss under taxation laws are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.9 Employee stock option scheme

The Bank has formulated Employees' Stock Option Scheme - IDFC FIRST Bank Limited ESOS -2015 ('the Scheme') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The scheme provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the grant price as determined under the option plan. Compensation cost, if any is amortized over the vesting period on a straight line method. In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

17.10 Employee benefits

Defined contribution plan:

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered.

Defined benefit plan:

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences:

Based on the leave rules of the Bank, employees are not permitted to accumulate leave for encashment. Any unavailed privilege leave to the extent encashable is subsequently paid to the employees and charged to the Profit and Loss Account for the year.

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17.11 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

17.12 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

17.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 Securities issue expenses

Securities issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

17.15 Segment reporting

As per the RBI guidelines, business segments are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business.

17.16 Impairment of assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is

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estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Profit and Loss Account, except in case of revalued assets.

17.17 Fraud Provisioning

As per the RBI guidelines, in case of frauds due to the Bank or for which the Bank is liable, provision needs to be immediately recognised in Profit and Loss Account. However, the banks have an option to make provisions over a period, not exceeding four quarters, commencing from the quarter in which the fraud has been detected.

17.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

17.19 Corporate social responsibility

Spends towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

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18 Notes forming part of the financial statements for the year ended March 31, 2019

Amounts in notes forming part of the financial statements for the year ended March 31, 2019 are denominated in ₹ crore to conform with the extant RBI guidelines.

18.01

IDFC FIRST Bank Limited (Formerly 'IDFC Bank Limited') ("the Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015. Pursuant to approval from shareholders and Central Government - Ministry of Corporate Affairs, the name of the Bank has changed to IDFC FIRST Bank Limited and the change has been incorporated in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 12, 2019.

During the year ended March 31, 2018, the Board of Directors of the Bank approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited ("Merging entities") with the Bank ('IDFC - CFL Merger') in an all-stock transaction through a Composite Scheme of Arrangement ("Scheme"). The same has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the Scheme has been given effect to in the financial results for the year ended March 31, 2019 and it includes results for the Merging entities for the period from October 1, 2018 to March 31, 2019. The Bank has sought dispensation from the Reserve Bank of India to grandfather certain operational aspects of financial products which were permitted to the erstwhile Capital First Limited as Non Banking Financial Company (NBFC). This has no impact on the results.

The Board of Directors of the Bank at its meeting held on January 5, 2019 approved the allotment of 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date of December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the scheme. Accordingly, the issued and paid up equity share capital of the Bank increased to ₹ 4,781.52 crore (4,781,521,604 equity shares of ₹ 10 each).

The IDFC-CFL Merger has been accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the Scheme. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at their fair values as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 1,377,109,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Details of fair values of net assets acquired on account of IDFC-CFL Merger are given below:

Particulars	₹ in crore
Cash and bank balances	870.62
Loans and advances	27,653.89
Fixed Assets	123.98
Brand	208.82
Investments	270.19
Deferred tax assets (Net)	209.79
Other Assets	485.11
Total Assets	**29,822.40**
Borrowings	24,606.27
Provisions	596.54
Other Liabilities	1,866.46
Share Application Money Pending Allotment	0.15
Total Liabilities	**27,069.42**
Net Assets Acquired	**2,752.98**
Sale Consideration	**5,143.51**
- Share Capital	1,377.11
- Share Premium	3,766.40
Goodwill on Amalgamation	**2,390.53**

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets on its Balance Sheet. Therefore, while the Bank has acquired intangibles as part of the merger and continues to have access to these intangibles, as a prudent measure, the Bank fully amortised such intangibles through profit

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and loss account in FY 2018-19. This accelerated amortisation charge to profit and loss account for the year of ₹ 2,599.35 crore is exceptional in nature and resulted in loss for the year.

Statutory reserves created by erstwhile Capital First Limited and its wholly owned subsidiaries (eCFL) prior to the appointed date pursuant to the requirements of applicable statute and are required to be maintained under those statute, are transferred to the Bank in the same form in which they appeared in the financials statements of the respective entities. The statutory reserves are recorded in the financials statements of the Bank by a corresponding debit to 'Amalgamation Adjustment Account' which is disclosed as a part of 'Reserve and Surplus' in the balance sheet.

Details of Statutory Reserves of eCFL recorded in the books of the Bank are as under:

Particulars	₹ in crore
Special Reserve under Section 45-IC of the RBI Act	226.30
Special Reserve under Section 29C of the NHB Act	5.50
Total	**231.80**

18.02 Capital adequacy

The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Tier I capital	17,373.23	14,948.76
of which common equity tier I capital	17,373.23	14,948.76
Tier II capital	219.16	271.69
Total capital	**17,592.39**	**15,220.45**
Total Risk Weighted Assets	113,745.82	84,581.50
Common equity Tier I capital ratio (%)	15.28%	17.68%
Tier I capital ratio (%)	15.28%	17.68%
Tier II capital ratio (%)	0.19%	0.32%
Total capital ratio (CRAR) (%)	**15.47%**	**18.00%**
Percentage of the shareholding of the Government of India	5.47%	7.68%
Amount of equity capital raised*	-	-
Amount of additional Tier I capital raised; of which		
Perpetual non cumulative preference shares	-	-
Perpetual debt instruments	-	-
Amount of Tier II capital raised; of which		
Debt capital instrument	-	-
Preference share capital instruments	-	-

* The Board of Directors of the Bank at its meeting held on January 5, 2019 approved the allotment of 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date of December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the scheme. Accordingly, the paid up equity share capital of the Bank increased to ₹ 4,781.52 crore (4,781,521,604 equity shares of ₹ 10 each).

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18.03 Business ratios / information

Particulars	March 31, 2019	March 31, 2018
Interest income as a percentage to working funds $	8.25%	7.24%
Non-interest income as a percentage to working funds $	0.65%	0.91%
Operating profit as a percentage to working funds $ &	(1.21%)	1.02%
Return on assets @	(1.20%)	0.72%
Business per employee # ^ (₹ in crore)	14.99	18.94
Profit per employee ^ (₹ in crore)	(0.21)	0.18

$ Working funds represents average of total assets (excluding accumulated losses) as reported to the RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

@ Return on assets is based on the simple average of opening and closing total assets.

Business is the total of average net advances and average deposits (net of inter-bank deposits). The average advances and the average deposits represents the simple average of the opening and closing figures.

^ Productivity ratios are based on monthly average of employee numbers, which excludes contract staff, intern etc. & Operating profit is profit before provisions and contingencies.

& Operating profit is profit before provisions and contingencies.

18.04 Investments

I Value of investments:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
i. Gross value of investments		
a. In India	60,287.28	62,639.32
b. Outside India	-	-
ii Provisions for depreciation		
a. In India	(1,811.89)	(1,437.79)
b. Outside India	-	-
iii Net value of investments		
a. In India	58,475.39	61,201.53
b. Outside India	-	-

II Movement of provisions held towards depreciation on investments (including provision towards non-performing investments and specific provision against identified investments)

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening balance	1,437.79	1,533.39
Add: Provisions made during the year	436.70	113.86
Less: Write-back of provisions during the year	(62.60)	(209.46)
Closing balance	**1,811.89**	**1,437.79**

18.05

In accordance with RBI circular DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018, the Bank had exercised the option in Q1 FY 2018-19 to spread MTM loss on investment in Available For Sale (AFS) and Held For Trading (HFT) portfolio equally over four quarters. Accordingly, the Bank had provided for MTM loss of ₹ 19.80 crore for the quarter ended June 30, 2018 and MTM loss of ₹ 59.40 crore was spread over remaining quarters of FY 2018-19. There was no unamortised portion in balance sheet as on March 31, 2019 and March 31, 2018.

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18.06 Repo transactions

Following are the details of securities sold and purchased under repo / reverse repo transactions (in face value terms) respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) done during the years ended March 31, 2019 and March 31, 2018:

Year ended March 31, 2019

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2019
Securities sold under repo				
i Government securities	1,232.98	19,770.66	7,136.63	8,804.07
ii Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i Government securities	-	2,946.38	612.89	2,946.38
ii Corporate debt securities	-	-	-	-

Year ended March 31, 2018

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2018
Securities sold under repo				
i Government securities	3,034.88	19,770.66	12,896.06	19,770.66
ii Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i Government securities	20.00	2,317.71	1,152.56	194.95
ii Corporate debt securities	-	-	-	-

18.07 Non-SLR investment portfolio

i) Issuer composition of non SLR investments as at March 31, 2019 *:

(₹ in crore)

No	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i	Public sector undertakings	1,033.42	215.61	-	-	ß
ii	Financial institutions	7,800.26	5,670.18	-	88.40	284.14
iii	Banks	535.85	535.85	-	27.36	27.36
iv	Private corporates	5,132.65	5,129.56	-	1,188.49	1,438.48
v	Subsidiaries / joint ventures	232.40	232.40	-	232.40	232.40
vi	Others	10,167.75	10,167.75	-	549.65	10,167.75
vii	Provision held towards depreciation	(1,811.89)				
	Total	**23,090.44**	**21,951.35**	**-**	**2,086.30**	**12,150.13**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

* excludes investment in excess SLR government securities of ₹ 11,473.99 crore.

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Issuer composition of non SLR investments as at March 31, 2018$:

(₹ in crore)

No	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i	Public sector undertakings	1,177.89	222.44	-	-	93.29
ii	Financial institutions	6,648.85	3,941.62	-	174.91	845.15
iii	Banks	751.81	503.07	-	27.36	276.09
iv	Private corporates	6,050.45	5,965.87	-	1,163.95	1,393.52
v	Subsidiaries / joint ventures	299.36	299.36	-	299.36	299.36
vi	Others	8,887.76	8,887.76	-	664.11	8,887.76
vii	Provision held towards depreciation	(1,413.15)				
	Total	**22,402.97**	**19,820.12**	**-**	**2,329.69**	**11,795.17**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

$ excludes investment in excess SLR government securities of ₹ 21,389.63 crore.

ii Non performing Non-SLR investments:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening balance of Non performing Non-SLR investments	665.48	296.77
Additions during the year	662.55	560.49
Reductions during the year	(37.69)	(191.78)
Closing balance of Non performing Non-SLR investments	**1,290.34**	**665.48**
Total provisions held	1,290.34	639.12

18.08

During the year ended March 31, 2019, the value of sales / transfers of securities to / from HTM category (excluding one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year and with approval of the Board of Directors and sales to the RBI under open market operation auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year. During the year ended March 31, 2018, the value of sales / transfers of securities to / from HTM category (excluding one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year and with approval of the Board of Directors and sales to the RBI under open market operation auctions) exceeded 5% of the book value of investments held in HTM category at the beginning of the year.

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Market value of investments held in HTM category	N.A.	15,199.97
Excess of book value over market value for which provision is not made	N.A.	247.59

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18.09 Forward rate agreement / interest rate swap (IRS)

(₹ in crore)

	Particulars	March 31, 2019	March 31, 2018
i	The notional principal of swap agreements	194,192.05	97,645.22
ii	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1,013.38	580.10
iii	Collateral required by the bank upon entering into swaps	-	-
iv	Concentration of credit risk arising from the swaps *	57.67%	67.27%
v	The fair value of the swap book (Net Positive MTM)	53.24	96.82

* Concentration of credit risk (basis CEM) arising from swaps is with bank counterparties.

The nature and terms of the IRS as on March 31, 2019 are set out below:

(₹ in crore)

Nature	No. of deals	Notional principal	Benchmark	Terms
Trading	1,126	52,131.63	INROIS	Pay Fixed/Receive Floating
Trading	1,097	98,707.89	INROIS	Pay Floating/Receive Fixed
Trading	121	16,082.92	USD LIBOR	Pay Fixed/Receive Floating
Trading	83	21,328.62	USD LIBOR	Pay Floating/Receive Fixed
Trading	1	54.37	EURIBOR	Pay Fixed/Receive Floating
Trading	1	54.37	EURIBOR	Pay Floating/Receive Fixed
Trading	73	3,307.25	INRMIFOR	Pay Floating/Receive Fixed
Trading	35	2,525.00	INRMIFOR	Pay Fixed/Receive Floating
Total	**2,537**	**194,192.05**		

The nature and terms of the IRS as on March 31, 2018 are set out below:

(₹ in crore)

Nature	No. of deals	Notional principal	Benchmark	Terms
Trading	793	37,701.11	INROIS	Pay Fixed/Receive Floating
Trading	331	27,113.97	INROIS	Pay Floating/Receive Fixed
Trading	72	12,374.82	USD LIBOR	Pay Fixed/Receive Floating
Trading	48	16,958.07	USD LIBOR	Pay Floating/Receive Fixed
Trading	39	1,747.25	INRMIFOR	Pay Floating/Receive Fixed
Trading	33	1,750.00	INRMIFOR	Pay Fixed/Receive Floating
Total	**1,316**	**97,645.22**		

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18.10 Exchange traded interest rate derivatives

(₹ in crore)

	Particulars	March 31, 2019	March 31, 2018
i	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	0.96	5,194.89
	7.17% GOI 2028	0.96	-
	6.97% GOI 2026	-	3,470.61
	7.59% GOI 2026	-	404.58
	6.79% GOI 2027	-	1,229.27
	6.79% GOI 2029	-	90.43
ii	Notional principal amount of exchange traded interest rate derivatives outstanding.	-	-
iii	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
iv	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective	-	-

18.11 Disclosures on risk exposure in derivatives

Qualitative disclosures:

a. Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

i The Bank undertakes transactions in FX and derivatives for the purpose of hedging the Balance Sheet, support customer FX and Derivatives hedging / business requirements and takes proprietary positions. Bank deals in various kinds of products viz. FX spot and forwards, INR and CCY Swaps and Foreign currency options. The Bank undertakes trading positions FX Spot, Forward, Swaps and Futures. The Bank does not run Option book as of now. All the Option products are offered to the clients on a back to back basis.

ii Treasury Sale Desk is a customer centric desk that caters to customers' requirements in FX and Derivatives products subject to regulatory and internal requirements. Product offering to the clients is based on Suitability and Appropriateness policy of the Bank as well as by the extant RBI guidelines. The policy ensures that the product being offered by the Bank are in sync with the nature of the underlying risk sought to be hedged giving due regard to the risk appetite of the customer and understanding of the risk by the customer. Market Risk exposures of clients arising out of FX and Derivative transactions are monitored by the Bank on a daily basis through current exposure method. Exposures are independently monitored and reported.

iii The Bank recognises all derivative contracts (other than those designated as hedges) at fair value. The mark to market movement on the positions is monitored on a daily basis. Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account. Hedge transactions are accounted for on an accrual basis. Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item.

iv All the derivative transactions are governed by the FX & Derivative policy, Market Risk Management policy and Limit Management Framework of the Bank. Limit Management Framework details various types of market risk limits which are monitored on a daily basis and breaches, if any, are reported promptly. Risk assessment of the portfolio is undertaken periodically and presented to the Market Risk Committee / Asset Liability Committee. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. The Bank has a clear functional segregation of Treasury operations between Front Office, Market Risk and Back Office.

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b. Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines.

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the balance sheet date are revalued using the closing rate.

Quantitative disclosure on risk exposure in derivatives:

(₹ in crore)

Sr. No.	Particulars	March 31, 2019	
		Currency Derivatives	**Interest rate derivatives**
1	Derivatives (notional principal amount)		
	a. For hedging	8,232.83	-
	b. For trading	70,250.02	194,192.05
2	Marked to market positions *		
	a. Asset (+)	1,094.57	1,013.38
	b. Liability (-)	(1,244.57)	(960.14)
3	Credit exposure	3,749.46	2,605.37
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a. On hedging derivatives	0.35	-
	b. On trading derivatives	8.47	138.43
5	Maximum and minimum of 100*PV01 observed during year		
	a. On hedging		
	- minimum	0.35	-
	- maximum	0.63	-
	b. On trading		
	- minimum	0.26	68.33
	- maximum	8.47	471.71

* includes present value of future receivables on cancelled forward contracts.

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(₹ in crore)

Sr. No.	Particulars	March 31, 2018	
		Currency Derivatives	Interest rate derivatives
1	Derivatives (notional principal amount)		
	a. For hedging	8,994.99	-
	b. For trading	80,787.95	97,645.22
2	Marked to market positions *		
	a. Asset (+)	700.53	580.10
	b. Liability (-)	(606.68)	(483.28)
3	Credit exposure	2,693.41	1,186.17
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a. On hedging derivatives	0.54	-
	b. On trading derivatives	4.87	406.37
5	Maximum and minimum of 100*PV01 observed during year		
	a. On hedging		
	- minimum	0.50	-
	- maximum	0.80	107.37
	b. On trading		
	- minimum	3.69	136.18
	- maximum	31.37	406.37

* includes present value of future receivables on cancelled forward contracts.

i The notional principal amount of derivatives reflect the volume of transactions outstanding as at the balance sheet date and do not represent the amounts at risk.

ii The Bank has computed the maximum and minimum of PV01 for the year based on daily average.

iii In respect of derivative contracts, the Bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the Current Exposure Method (CEM) which is the sum of:

a. the current replacement cost (marked-to-market value including accrued interest) of the contract or zero whichever is higher; and

b. the Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factors prescribed in RBI guidelines, which is applied on the basis of the residual maturity and the type of contract.

18.12 Credit Default Swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2019 and March 31, 2018.

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18.13 Asset quality

a			Particulars	As at March 31, 2019	As at March 31, 2018
	i		**Net NPAs to net advances (%)**	1.27%	1.69%
	ii		**Movement of gross NPAs:**		
		a.	Opening balance	1,779.05	1,542.10
		b.	Additions during the year	1,786.31	1,251.58
		c.	Additions on amalgamation	583.16	-
		d.	Reductions during the year:		
			- Upgradation	(72.64)	(0.25)
			- Recoveries (excluding recoveries made from upgraded accounts)	(220.27)	(16.55)
			- Write offs including technical / prudential write-offs	(316.45)	(997.83)
			- Sale to ARC	(1,403.12)	-
		e.	Closing balance	**2,136.04**	**1,779.05**
	iii		**Movement of net NPAs:**		
		a.	Opening balance	891.16	576.47
		b.	Additions during the year	637.17	321.82
		c.	Additions on amalgamation	371.94	-
		d.	Reductions during the year	(793.64)	(7.13)
		e.	Closing balance	**1,106.63**	**891.16**
	iv		**Movement of provisions for NPAs (excluding provisions on standard assets):**		
		a.	Opening balance	887.89	965.63
		b.	Additions during the year:		
			Additions	956.82	427.88
			Additions on amalgamation	211.22	-
			Transfer on downgrade of restructured advances	132.46	229.79
			Transfer on downgrade of identified advances	59.86	272.09
		c.	Reductions during the year:		
			Write-back of provision on sale to ARC	(739.36)	-
			Write-offs including technical / prudential write-offs	(314.61)	(997.83)
			Write-back on recovery / upgradation	(164.87)	(9.67)
		d.	Closing balance	**1,029.41**	**887.89**

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b Divergence in Asset Classification and Provisioning for NPAs:

In terms of the RBI circular no. DBR. BP.BC. No.63/ 21.04.018/ 2016-17 dated April 18, 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in the notes to accounts.

The following table sets forth, details of divergence in the asset classification and provisioning as per RBI's supervisory process:

(₹ in crore)

	Particulars	As at March 31, 2018	As at March 31, 2017
1	Gross NPAs as reported by the bank	N.A.	1,542.10
2	Gross NPAs as assessed by RBI	N.A.	1,812.80
3	**Divergence in Gross NPAs (2-1)**	**N.A.**	**270.70**
4	Net NPAs as reported by the bank	N.A.	576.47
5	Net NPAs as assessed by RBI	N.A.	779.49
6	**Divergence in Net NPAs (5-4)**	**N.A.**	**203.02**
7	Provisions for NPAs as reported by the bank*	N.A.	1,082.13
8	Provisions for NPAs as assessed by RBI	N.A.	1,033.30
9	**Divergence in provisioning (8-7)**	**N.A.**	**-**
10	Reported Net Profit after Tax (PAT)	N.A.	1,019.74
11	Adjusted (notional) Net Profit after Tax (PAT) after taking into account the divergence in provisioning	N.A.	1,019.74

* Provision for NPAs as reported by the Bank is adjusted to include a specific provision of ₹ 116.50 crore as on March 31, 2017 held against a particular asset identified by RBI for divergence in financial year ended March 31, 2017. The said provision was made in earlier years in line with the Bank's provisioning policy and was in excess of the provision assessed by RBI. Accordingly, there is no divergence in provisioning and no impact on Profit After Tax for the year ended March 31, 2017 due to divergence.

c Disclosures on Flexible Structuring of Existing Loans

(₹ in crore)

Year ended	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
March 31, 2019	-	-	-	-	-
March 31, 2018	-	-	-	-	-

Notes

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d Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

Year ended March 31, 2019

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-

Year ended March 31, 2018

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-

As on March 31, 2019, investments classified under AFS category include equity shares aggregating to ₹ 274.02 crore (Previous Year ₹ 307.39 crore) acquired by the Bank under the Strategic Debt Restructuring Scheme, 2015 ('Scheme') framed by the Reserve Bank of India. The Bank has made full provision against unlisted shares.

e Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

Year ended March 31, 2019

(₹ in crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

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Year ended March 31, 2018

(₹ in crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

f Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

Year ended March 31, 2019

(₹ in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
-	-	-	-

Year ended March 31, 2018

(₹ in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
1	-	487.46	-

g Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A)

Year ended March 31, 2019

(₹ in crore)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	-	-	-	-
Classified as NPA	-	-	-	-

Year ended March 31, 2018

(₹ in crore)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	-	-	-	-
Classified as NPA	-	-	-	-

The RBI vide its circular RBI/2017-18/131 DBR.No.BP.BC.101/21.04.048/2017-18 dated February 12, 2018 has revised 'Framework for Resolution of Stressed Assets' and extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) stand withdrawn with effect from February 12, 2018. All accounts, including such accounts where any of the schemes have been invoked but not yet implemented, shall be governed by the revised framework.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

18.14 Particulars of Accounts Restructured

Details of loans subjected to restructuring during the year ended March 31, 2019 are given below:

(₹ in crore)

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2018 (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	6	-	5	-	11	6	-	5	-	11
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	677.86	-	690.13	-	1,367.99	677.86	-	690.13	-	1,367.99
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	34.83	-	-	-	34.83	34.83	-	-	-	34.83
		Provision there on	-	-	-	-	-	-	-	-	-	-	194.04	-	454.64	-	648.68	194.04	-	454.64	-	648.68
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	1	-	-	2	1	1	-	-	2
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	229.10	118.45	-	-	347.55	229.10	118.45	-	-	347.55
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	11.45	68.11	-	-	79.56	11.45	68.11	-	-	79.56
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2019 *	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(14.32)	(90.95)	(85.93)	-	(191.20)	(14.32)	(90.95)	(85.93)	-	(191.20)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	(2.15)	-	-	-	(2.15)	(2.15)	-	-	-	(2.15)
		Provision there on	-	-	-	-	-	-	-	-	-	-	(0.04)	(63.98)	(29.57)	-	(93.59)	(0.04)	(63.98)	(29.57)	-	(93.59)
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding (restructured facility)	-				-	-				-	-				-	-				-
		Amount outstanding (other facility)	-				-	-				-	-				-	-				-
		Provision there on	-				-	-				-	-				-	-				-
6	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	-	1	-	-	(1)	-	1	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(487.46)	-	487.46	-	-	(487.46)	-	487.46	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(132.46)	-	132.46	-	-	(132.46)	-	132.46	-	-
7	Write-offs / recoveries of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	-	(5)	-	(6)	(1)	-	(5)	-	(6)
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(51.81)	-	(690.13)	-	(741.94)	(51.81)	-	(690.13)	-	(741.94)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(23.00)	-	(454.64)	-	(477.64)	(23.00)	-	(454.64)	-	(477.64)
8	Restructured Accounts as on March 31, 2019 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	1	1	-	7	5	1	1	-	7
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	353.38	27.50	401.53	-	782.41	353.38	27.50	401.53	-	782.41
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	32.68	-	-	-	32.68	32.68	-	-	-	32.68
		Provision there on	-	-	-	-	-	-	-	-	-	-	49.99	4.13	102.89	-	157.01	49.99	4.13	102.89	-	157.01

* Increase / (decrease) in borrower level outstanding of existing restructured accounts includes actual write offs amounting to ₹ 55.25 Crore

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Details of loans subjected to restructuring during the year ended March 31, 2018 are given below:

(₹ in crore)

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2017 (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	7	-	6	-	13	7	-	6	-	13
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	1,095.61	-	1,134.54	-	2,230.15	1,095.61	-	1,134.54	-	2,230.15
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	36.54	-	-	-	36.54	36.54	-	-	-	36.54
		Provision there on	-	-	-	-	-	-	-	-	-	-	406.49	-	809.29	-	1,215.78	406.49	-	809.29	-	1,215.78
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	40.29	-	(4.74)	-	35.55	40.29	-	(4.74)	-	35.55
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	(1.71)	-	-	-	(1.71)	(1.71)	-	-	-	(1.71)
		Provision there on	-	-	-	-	-	-	-	-	-	-	17.35	-	313.28	-	330.63	17.35	-	313.28	-	330.63
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding (restructured facility)	-				-	-				-	-				-	-				-
		Amount outstanding (other facility)	-				-	-				-	-				-	-				-
		Provision there on	-				-	-				-	-				-	-				-
6	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	-	-	1	-	(1)	-	-	1	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(458.04)	-	419.04	39.00	-	(458.04)	-	419.04	39.00	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(229.79)	-	190.79	39.00	-	(229.79)	-	190.79	39.00	-
7	Write-offs / recoveries of restructured accounts during the year *	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(1)	(4)	-	-	(3)	(1)	(4)
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	(858.71)	(39.00)	(897.71)	-	-	(858.71)	(39.00)	(897.71)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	(858.71)	(39.00)	(897.71)	-	-	(858.71)	(39.00)	(897.71)
8	Restructured Accounts as on March 31, 2018 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	6	-	5 $	-	11 $	6	-	5 $	-	11 $
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	677.86	-	690.13	-	1,367.99	677.86	-	690.13	-	1,367.99
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	34.83	-	-	-	34.83	34.83	-	-	-	34.83
		Provision there on	-	-	-	-	-	-	-	-	-	-	194.04	-	454.64	-	648.68	194.04	-	454.64	-	648.68

* including technical write offs of four restructured accounts of which two accounts were partially written off

$ No. of borrowers is not tallying arithmetically due to partial technical write offs.

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18.15 Specific Provision against identified advances

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening balance	619.89	1,000.50
Addition during the year	381.92	70.23
Addition on amalgamation	20.06	-
Reduction during the year	(246.86)	(178.75)
Reduction on account of sale to ARC	(20.00)	-
Transfer due to conversion of loans into investments	-	-
Transfer to provisions on NPA	(59.86)	(272.09)
Closing balance	**695.15**	**619.89**

18.16 Movement in technical / prudential written-off accounts:

Technical or prudential write-offs refers to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. Movement in the stock of technically or prudentially written-off accounts are given below:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening balance of technical / prudential written- off accounts	997.56	0.01
Add: Technical / prudential write-offs during the year	13.52	997.60
Less: Recoveries made from previously technical / prudential written-off accounts during the year	(0.28)	(0.05)
Less: Sacrifice made from previously technical/prudential written-off accounts	(34.59)	-
Less: Sale to ARC	(955.86)	-
Closing balance of technical / prudential write off	**20.35**	**997.56**

18.17 Provisioning pertaining to Fraud Accounts

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Number of frauds reported	111	29
Amounts involved*	42.16	0.07
Provisions held at the beginning of the year	0.01	0.05
Provisions made during the year	0.73	0.07
Release in provision	(0.14)	(0.11)
Provisions held at the end of the year	0.60	0.01
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* Includes 3 fraudulent accounts which are NPAs and provision of ₹ 39.04 crore has been made as part of NPA provisions.

18.18 Securitisation and Direct Assignment

a Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
No. of accounts	14	-
Aggregate value (net of provisions) of accounts sold to SC / RC	623.91	-
Aggregate consideration	622.60	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	(1.31)	-

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Details of book value of investments in security receipts

Year ended March 31, 2019

(₹ in crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Backed by NPAs sold by the bank as underlying	789.41	155.81	-
	Provision held against (i)	102.48	155.81	-
ii	Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	-	-	15.86
	Provision held against (ii)	-	-	15.86
	Total book value of investments in security receipts (i+ii)	**789.41**	**155.81**	**15.86**

Year ended March 31, 2018

(₹ in crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Backed by NPAs sold by the bank as underlying	974.42	-	-
	Provision held against (i)	214.80	-	-
ii	Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	-	-	17.70
	Provision held against (ii)	-	-	17.70
	Total book value of investments in security receipts (i+ii)	**974.42**	**-**	17.70

b Disclosures relating to Securitisation

(₹ in crore)

	Particulars	March 31, 2019	March 31, 2018
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a Off-balance sheet exposures		
	i. Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii. Exposure to third party securitisations		
	First loss	-	-
	Others	506.97	450.00
	b On-balance sheet exposures		
	i. Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii. Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

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c Disclosures relating to loans sold through direct assignment

(₹ in crore)

Particulars			March 31, 2019	March 31, 2018
1	No. of SPVs sponsored by the bank for securitisation transactions		-	-
2	Total amount of assets sold through direct assignment during the year		77.06	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet			
	a	Off-balance sheet exposures		
		First loss	9.00	-
		Others	10.42	-
	b	On-balance sheet exposures		
		First loss	-	-
		Others*	478.87	-
4	Amount of exposures to securitisation transactions other than MRR			
	a	Off-balance sheet exposures		
		i. Exposure to own securitizations		
		First loss	-	-
		Others	-	-
		ii. Exposure to third party securitisations		
		First loss	-	-
		Others	-	-
	b	On-balance sheet exposures		
		i. Exposure to own securitizations		
		First loss	-	-
		Others	-	-
		ii. Exposure to third party securitisations		
		First loss	-	-
		Others	-	-

* Represents MRR portion for direct assignment transactions done by the Merging entities before the appointed date of the merger.

Note: Loans of ₹ 499.02 crore (Previous year ₹ 2,112.01 crore) are sold as part of loan syndication.

18.19 Details of non-performing financial assets purchased / sold (excluding securitisation / reconstruction companies)

A Details of non performing financial assets purchased:

(₹ in crore)

Particulars			March 31, 2019	March 31, 2018
1	a.	No. of accounts purchased during the year	21	-
	b.	Aggregate outstanding	2.40	-
2	a.	Of these, number of accounts restructured during the year	-	-
	b.	Aggregate outstanding	-	-

B Details of non performing financial assets sold:

(₹ in crore)

Particulars		March 31, 2019	March 31, 2018
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

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18.20 Provisions on standard assets (including unhedged foreign currency exposure)

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Provisions towards standard assets *	415.67	271.69

* increased by ₹ 136.03 crore on Amalgamation.

18.21 Exposure to real estate sector

(₹ in crore)

Category			March 31, 2019	March 31, 2018
1	**Direct exposure**			
	i	Residential mortgages	5,981.50	2,303.12
		of which housing loans eligible for inclusion in priority sector advances	1,967.76	541.94
	ii	Commercial real estate	3,163.63	3,126.35
	iii	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
		a. Residential	1,855.26	2,208.41
		b. Commercial real estate	-	-
2	**Indirect exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		5,136.48	3,827.05
	Others		100.00	150.00
	Total Exposure to Real Estate Sector		**16,236.87**	**11,614.93**

18.22 Exposure to capital market

(₹ in crore)

Particulars		March 31, 2019	March 31, 2018
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt *	1,062.51	1,099.81
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	34.09	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
5	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers	705.38	242.08
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	324.79	334.26
7	Bridge loans to companies against expected equity flows / issues	-	-
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9	Financing to stockbrokers for margin trading	-	-
10	All exposures to Venture Capital Funds (both registered and unregistered)	638.68	790.78
	Total exposure to capital market	**2,765.45**	**2,466.93**

* excludes investment in equity shares on account of conversion of debt into equity as part of Strategic Debt Restructuring amounting to ₹ 274.02 crore (Previous Year ₹ 307.39 crore) which are exempted from exposure to Capital Market.

Notes

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18.23 Risk category wise country exposure

(₹ in crore)

Risk Category	March 31, 2019		March 31, 2018	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	10,988.48	-	7,857.00	-
Low	2,910.93	-	4,164.05	-
Moderate	239.60	-	278.20	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**14,139.01**	**-**	**12,299.25**	**-**

18.24 Maturity pattern of certain items of assets and liabilities

A maturity pattern of certain items of assets and liabilities as at March 31, 2019:

(₹ in crore)

Particulars	Day 1	2 days to 7 days	8 days to 14 days	15 days to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	162.88	3,332.32	2,682.82	4,154.96	9,516.85	10,184.71	11,791.66	14,597.71	12,801.30	529.85	723.95	70,479.01
Advances	29.15	1,600.21	724.30	2,388.99	3,261.95	3,820.62	7,548.97	8,384.65	24,960.70	20,327.73	13,255.02	86,302.29
Investments	1,105.58	15,337.15	1,613.99	1,501.42	2,170.50	229.81	3,848.99	5,678.46	12,376.81	3,347.75	11,264.93	58,475.39
Borrowings	-	16,060.71	818.41	595.67	2,630.28	2,698.90	4,205.68	8,763.44	11,826.40	8,875.80	13,508.10	69,983.39
Foreign Currency assets*	8.70	1,737.95	4.92	67.38	108.94	218.33	216.82	26.83	133.98	33.19	34.58	2,591.62
Foreign Currency liabilities *	0.31	1.86	2.48	21.66	1,446.19	1,931.20	2,335.19	3,418.86	413.05	126.42	44.91	9,742.13

* The net FX risk is dynamically hedged by the Balance Sheet Management Group of the Bank.

A maturity pattern of certain items of assets and liabilities as at March 31, 2018:

(₹ in crore)

Particulars	Day 1	2 days to 7 days	8 days to 14 days	15 days to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	131.28	3,532.06	1,914.93	3,168.11	10,753.05	7,806.14	5,539.84	8,125.81	7,005.25	70.22	151.51	48,198.20
Advances	869.58	558.01	918.79	1,688.80	2,351.39	1,557.14	3,626.13	3,216.19	11,403.79	9,174.41	16,800.66	52,164.89
Investments	1,974.05	16,481.47	4,664.79	3,353.14	1,343.57	1,975.12	1,740.97	5,001.11	5,598.98	4,845.53	14,222.80	61,201.53
Borrowings	-	15,710.88	3,791.93	3,045.75	1,907.49	882.15	765.90	3,984.70	8,415.26	2,998.75	15,784.26	57,287.07
Foreign Currency assets*	7.62	485.43	3.67	1,196.55	94.45	119.83	55.83	12.75	134.90	41.53	40.24	2,192.80
Foreign Currency liabilities *	0.16	261.64	1.25	329.95	607.66	305.65	25.19	1,266.82	214.25	174.09	89.72	3,276.38

* The net FX risk is dynamically hedged by the Balance Sheet Management Group of the Bank.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding off balance sheet items.

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18.25 Unsecured advances

During the year ended March 31, 2019, there are unsecured advances of ₹ 610.11 crore (Previous Year ₹ 357.53 crore) for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank and the estimated value of the intangible collaterals was ₹ 1,323.49 crore (Previous Year ₹ 656.49 crore).

18.26 Disclosure of penalties imposed by RBI

No penalty was imposed by the RBI during the year ended March 31, 2019. In the previous year, the RBI imposed a monetary penalty of ₹ 2 crore on the bank for non compliance with para 2.2.1.2 of Master Circular DBR.No.Dir.BC.10/13.03.00/2015-16 dated July 1, 2015 on Loans and Advances - Statutory and Other Restrictions w.r.t appropriate approving authority for granting of loans to any company in which any of the directors of other banks holds substantial interest or is interested as a director or as a guarantor.

18.27 Employee benefits

i The Bank has charged the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under schedule 16 (I):

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Provident fund	36.34	24.74
Superannuation fund	1.12	1.66
Pension fund	2.89	2.79

ii Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the balance sheet for the gratuity benefit plan:

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees):

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Current service cost	9.72	6.99
Interest on defined benefit obligation	3.98	3.03
Expected return on plan assets	(2.84)	(2.81)
Net actuarial losses / (gains) recognised in the year	0.45	(4.29)
Past service cost	0.20	0.32
Losses / (gains) on Acquisition / Divestiture	ß	(0.71)
Total included in "employee benefit expense" [schedule 16(I)]	**11.51**	**2.53**
Actual return on plan assets	2.65	2.62

Balance Sheet

Details of provision for gratuity:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Fair value of plan assets	52.64	37.19
Present value of funded obligations	(53.13)	(36.90)
Unrecognised Past Service Cost	0.59	0.79
Net Asset (Included under Schedule 11 - Other Assets)	**0.10**	**1.08**

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Changes in the present value of the defined benefit obligation are as follows:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening defined benefit obligation	36.90	36.13
Current service cost	9.72	6.99
Interest cost	3.98	3.03
Actuarial losses / (gains)	0.27	(4.49)
Past service cost	-	1.11
Liabilities assumed on acquisition / (settled on divestiture)	9.67	(0.94)
Benefits paid	(7.41)	(4.93)
Closing defined benefit obligation	**53.13**	**36.90**

Changes in the fair value of plan assets are as follows:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening fair value of plan assets	37.19	36.44
Expected return on plan assets	2.84	2.81
Actuarial gains / (losses)	(0.20)	(0.20)
Contributions by employer	20.22	3.30
Assets acquired on acquisition / (distributed on divestiture)	-	(0.23)
Benefits paid	(7.41)	(4.93)
Closing fair value of plan assets	**52.64**	**37.19**
Expected Employers Contribution Next Year	6.00	6.00

Experience adjustments

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined benefit obligations	53.13	36.90	36.13	26.68
Plan assets	52.64	37.19	36.44	25.43
Surplus / (deficit)	(0.49)	0.29	0.31	(1.25)
Experience adjustments on plan liabilities	(1.57)	(1.59)	2.02	0.51
Experience adjustments on plan assets	(0.20)	(0.20)	1.12	(0.12)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets:

Particulars	March 31, 2019	March 31, 2018
Government securities	31.18%	28.84%
Bonds, debentures and other fixed income instruments	54.65%	51.75%
Deposits and money market instruments	3.07%	5.50%
Equity shares	11.10%	13.91%

Principal actuarial assumptions at the balance sheet date:

Particulars	March 31, 2019	March 31, 2018
Discount rate (p.a.)	7.70%	8.05%
Expected rate of return on plan assets (p.a.)	7.50%	7.50%
Salary escalation rate (p.a.)	8.00%	8.00%

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18.28 Segment reporting

Business Segments:

The business of the Bank is divided into four segments: Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by the RBI.

Segment	**Principal activities**
Treasury	The treasury segment primarily consists of Bank's investment portfolio, money market borrowing and lending, investment operations and entire foreign exchange and derivative portfolio of the Bank. Revenue of treasury segment consist of interest income on investment portfolio, gains or losses from trading operations, fees on FX & derivative trades etc. The principal expenses consists of interest expenses from external sources, premises expenses, personnel cost, direct and allocated overheads.
Corporate / Wholesale Banking	The wholesale banking segment provides loans, non-fund facilities and transaction services to corporate relationship not included under Retail Banking, corporate advisory, project appraisal placement and syndication. Revenues of the wholesale banking segment consists of interest earned on loans to customers, interest / fees earned on transaction services, earnings from trade services and other non-fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.
Retail Banking	Retail Banking constitutes lending to individuals / business banking customers through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans and fees from services rendered. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.
Other Banking Business	This segment includes revenue from distribution of third party products and the associated costs.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue & expense of this segment includes income & expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

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Segmental reporting for the year ended March 31, 2019 are set out below:

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	6,552.68	4,671.72	3,985.69	21.06	34.86	15,266.01
Less: inter segment revenue (ii)	-	-	-	-	-	(2,379.27)
Total Revenue (i-ii)						**12,886.74**
Segment Results before tax	(175.96)	532.87	(427.48)	7.47	(3,232.09)	(3,295.19)
Less: Provision for tax	-	-	-	-	-	1,351.01
Net Profit						**(1,944.18)**
Total Segment assets	72,624.84	45,557.51	44,943.44	7.49	4,051.58	167,184.86
Total Segment liabilities	62,516.66	43,445.25	42,812.97	9.58	241.14	149,025.60
Net assets	10,108.18	2,112.26	2,130.47	(2.09)	3,810.44	**18,159.26**
Capital expenditure for the year	0.12	15.04	131.03	0.27	89.10	235.56
Depreciation on fixed assets for the year	1.72	22.83	74.53	0.49	2,713.11	2,812.68

Segmental reporting for the year ended March 31, 2018 are set out below:

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	6,486.77	4,358.58	788.46	8.04	41.18	11,683.03
Less: inter segment revenue (ii)	-	-	-	-	-	(1,635.13)
Total Revenue (i-ii)						**10,047.90**
Segment Results before tax	1,048.82	834.76	(335.70)	(2.11)	(518.47)	1,027.30
Less: Provision for tax	-	-	-	-	-	(168.00)
Net Profit						**859.30**
Total Segment assets	69,473.61	45,325.99	9,139.55	7.09	2,573.94	126,520.18
Total Segment liabilities	58,918.90	43,451.50	8,760.07	2.11	131.06	111,263.64
Net assets	10,554.71	1,874.49	379.48	4.98	2,442.88	**15,256.54**
Capital expenditure for the year	0.64	9.09	54.91	0.12	102.27	167.03
Depreciation on fixed assets for the year	1.92	22.88	40.31	0.37	98.00	163.48

Geographic segments

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

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18.29 Deferred tax

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Deferred tax assets on account of provisions for loan losses	777.17	709.80
Deferred tax assets on account of provision for diminution in value of investments	579.70	426.11
Deferred tax assets on account of other contingencies	445.09	102.88
Deferred tax assets on account of depreciation on fixed assets	820.95	-
Deferred tax assets (A)*	**2,622.91**	**1,238.79**
Deferred tax liabilities on account of depreciation on fixed assets	-	85.27
Others (Special Reserve under section 36(1)(viii) of Income Tax Act, 1961)	104.16	102.54
Deferred tax liabilities (B)	**104.16**	**187.81**
Net Deferred tax assets (A-B)	**2,518.75**	**1,050.98**

* Includes DTA of ₹ 209.79 crore of Merging entities acquired on amalgamation and DTA of ₹ 908.32 crore arising on accelerated amortisation (refer note 18.01).

18.30 Provisions and contingencies

'Provisions and contingencies' shown under the head expenditure in Profit and Loss Account comprise of:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Provision made towards income tax		
Current tax *	(89.01)	(12.57)
Deferred tax	(1,262.00)	180.57
	(1,351.01)	**168.00**
Provisions for / (release of) depreciation on investment	374.10	(95.60)
Write back towards non-performing advances	(105.92)	(579.61)
Write back for restructured assets	(20.21)	(0.04)
Write back of specific provisions	55.20	(108.52)
Provision against Standard Asset	3.72	9.58
Loss on sale of loans to ARC (net)	813.68	-
Bad-debts written off / technical write off ^	373.10	997.88
Provision and other contingencies	52.44	12.40
Total	**195.10**	**404.09**

* Net of tax adjustment of prior years of ₹ 77.02 crore (Previous Year ₹ 62.57 crore) relating to Financing Undertaking demerged from IDFC Limited to the Bank

^ Bad-debt recoveries from borrowers on written off accounts of ₹ 86.48 crore has been shown in Schedule 14 - Other Income

18.31 Floating provisions

(₹ in crore)

	Particulars	March 31, 2019	March 31, 2018
a	Opening Balance	-	-
b	Provisions made during the year	-	-
c	Amount of draw down made during the year	-	-
d	Closing Balance	-	-

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18.32 Draw down from reserves

The Bank has not undertaken any draw down from reserves during the year ended March 31, 2019. During the year ended March 31, 2018, the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

Appropriation to Reserves

i Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. In view of net loss of ₹ 1,944.18 crore during FY 2018-19 the bank has not transferred any amount to statutory reserve. In FY 2017-18 the bank transferred ₹ 215.00 crore to statutory reserve.

ii Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. Further, the bank may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year ended March 31, 2019, as per RBI guidelines, the Bank has appropriated Nil to Investment Reserve Account. During the year ended March 31, 2018, the Bank has transferred ₹ 0.55 crore from Investment Reserve Account to Profit and Loss Appropriation Account.

iii Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 advised banks to create an Investment Fluctuation Reserve (IFR) with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. During the year ended March 31, 2019 the Bank has not created IFR in view of net loss of ₹ 1,944.18 crore for the year.

iv Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, the Bank has appropriated ₹ 1.51 crore (Previous Year ₹ 202.00 crore) to capital reserve.

v Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of Nil (Previous Year ₹ 75.00 crore) to Special Reserve.

vi General Reserve

During the year ended March 31, 2018, there were certain vested stock options that expired unexercised and hence the balance in stock options outstanding was transferred to the general reserve.

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18.33 Disclosure of complaints

A Complaints by Customers / Stakeholders / Bondholders

i (a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs*

	Particulars	March 31, 2019	March 31, 2018
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	-	-
c	No. of complaints redressed during the year	-	-
d	No. of complaints pending at the end of the year	-	-

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs*

	Particulars	March 31, 2019	March 31, 2018
a	No. of complaints pending at the beginning of the year	-	4
b	No. of complaints received during the year	228	33
c	No. of complaints redressed during the year	228	37
d	No. of complaints pending at the end of the year	-	-

(c) Disclosure of customer complaints other than ATM transaction complaints*

	Particulars	March 31, 2019	March 31, 2018
a	No. of complaints pending at the beginning of the year	3	-
b	No. of complaints received during the year	2,903	599
c	No. of complaints redressed during the year	2,775	596
d	No. of complaints pending at the end of the year	131	3

(d) Total customer complaints*

	Particulars	March 31, 2019	March 31, 2018
a	No. of complaints pending at the beginning of the year	3	4
b	No. of complaints received during the year	3,131	632
c	No. of complaints redressed during the year	3,003	633
d	No. of complaints pending at the end of the year	131	3

* Excluding complaints redressed within 1 day

ii Investors complaints:

	Particulars	March 31, 2019	March 31, 2018
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	981	640
c	No. of complaints redressed during the year	972	640
d	No. of complaints pending at the end of the year	9	-

iii Retail bondholder's complaints:

	Particulars	March 31, 2019	March 31, 2018
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	4,974	7,032
c	No. of complaints redressed during the year	4,974	7,032
d	No. of complaints pending at the end of the year	-	-

B Awards passed by the banking ombudsman

	Particulars	March 31, 2019	March 31, 2018
a	No. of unimplemented awards at the beginning of the year	-	-
b	No. of awards passed by the banking ombudsmen during the year	10	2
c	No. of awards implemented during the year	10	2
d	No. of unimplemented awards at the end of the year	-	-

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18.34 Disclosure of letters of comfort (LoCs) issued by banks

The Bank has not issued any Letter of Comfort to its subsidiary / group companies during the years ended March 31, 2019 and March 31, 2018.

18.35 Bancassurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crore)

Nature of Income		March 31, 2019	March 31, 2018
1	For selling life insurance policies	9.75	1.20
2	For selling non-life insurance policies	5.82	0.70
3	For selling mutual fund products	3.15	2.70
4	Others	2.34	3.44
Total		**21.06**	**8.04**

18.36 Concentration of deposits, advances, exposures and NPAs

i Concentration of deposits

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Total Deposits of twenty largest depositors	24,370.86	17,910.62
Percentage of deposits of twenty largest depositors to total deposits of the bank	34.58%	37.16%

ii Concentration of advances *

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Total advances to twenty largest borrowers	19,973.29	25,782.34
Percentage of advances to twenty largest borrowers to total advances of the bank	16.84%	30.61%

* Advances represent credit exposure (funded and non-funded) including derivative exposure computed as per current exposure method in accordance with RBI guidelines.

iii Concentration of exposures *

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Total exposure to twenty largest borrowers / customers	30,637.81	32,997.18
Percentage of exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	16.47%	22.73%

* Exposure includes credit exposure (funded and non-funded), derivative exposure and investment exposure (including underwriting and similar commitments) in accordance with RBI guidelines.

iv Concentration of NPAs

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Total exposure to top four NPA accounts	1,152.00	1,487.75

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18.37 Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

With reference to the RBI circular DBR.BP.BC.No.37/21.04.048/2018-19 dated April 24, 2019, Banks are advised to disclose exposure to ILFS and its group entities:

	Amount outstanding (1)	Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA. (2)	Provisions required to be made as per IRAC norms. (3)	Provisions actually held (4)
March 31, 2019	-	-	-	-

18.38 Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the bank

During the years ended March 31, 2019 and March 31, 2018, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by the RBI.

18.39 Intra-group exposures

Intra-group exposures in accordance with RBI guidelines are as follows:

(₹ in crore)

	Particulars	March 31, 2019	March 31, 2018
i	Total amount of intra-group exposures	1,319.59	1,640.27
ii	Total amount of top-20 intra-group exposures	1,319.59	1,640.27
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.71%	1.13%
iv	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

18.40 Unhedged Foreign Currency Exposure (UFCE)

The Bank's Credit Policy lays down that the Bank will evaluate risks arising out of unhedged foreign currency exposures of the borrowers and will also monitor the same. Both at the time of initial approval as well as subsequent reviews, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The details of unhedged foreign currency exposure of customers are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines. Total provision held towards UFCE is ₹ 33.37 crore (Previous Year ₹ 14.68 crore).

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18.41 Sector-wise advances

(₹ in crore)

Sector			March 31, 2019		
			Outstanding total advances	Gross NPAs	% of Gross NPAs to total advances in that sector
A	**Priority Sector**				
	i	Agriculture and allied activities	5,126.65	4.57	0.09%
	ii	Advances to industries sector eligible as priority sector lending	1,449.03	33.75	2.33%
	iii	Services	6,519.98	139.88	2.15%
	iv	Personal loans, of which: *	2,687.89	41.58	1.55%
		Housing	2,644.26	41.58	1.57%
		Subtotal (A)	**15,783.55**	**219.78**	**1.39%**
B	**Non Priority Sector**				
	i	Agriculture and allied activities	185.08	11.02	5.96%
	ii	Industry, of which *	28,748.63	940.85	3.27%
		Infrastructure- Energy	8,600.35	118.92	1.38%
		Infrastructure- Transport	6,838.10	752.53	11.00%
	iii	Services	14,008.88	271.73	1.94%
	iv	Personal loans, of which: *	29,329.03	692.66	2.36%
		Housing	3,773.93	31.49	0.83%
		Vehicle Loans	5,837.60	136.98	2.35%
		Subtotal (B)	**72,271.62**	**1,916.26**	**2.65%**
		Total (A)+(B)	**88,055.17**	**2,136.04**	**2.43%**

* Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

(₹ in crore)

Sector			March 31, 2018		
			Outstanding total advances	Gross NPAs	% of Gross NPAs to total advances in that sector
A	Priority Sector				
	i	Agriculture and allied activities	2,288.98	2.72	0.12%
	ii	Advances to industries sector eligible as priority sector lending	372.47	0.96	0.26%
	iii	Services	2,129.16	2.90	0.14%
	iv	Personal loans, of which: *	1,632.88	2.50	0.15%
		Housing	1,538.63	2.46	0.16%
		Subtotal (A)	**6,423.49**	**9.08**	**0.14%**
B	Non Priority Sector				
	i	Agriculture and allied activities	47.72	0.01	0.02%
	ii	Industry, of which *	35,823.14	1,752.35	4.89%
		Infrastructure- Energy	14,748.72	1,394.79	9.46%
		Infrastructure- Transport	7,513.64	357.53	4.76%
		Infrastructure- Communication	1,864.65	-	-
	iii	Services	8,685.18	16.59	0.19%
	iv	Personal loans, of which: *	2,773.29	1.02	0.04%
		Housing	1,586.66	0.14	0.01%
		Subtotal (B)	**47,329.33**	**1,769.97**	**3.74%**
		Total (A)+(B)	**53,752.82**	**1,779.05**	**3.31%**

* Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

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18.42 Amount of Priority Sector Lending Certificates (PSLCs) purchased / sold by the Bank

Category wise PSLCs purchased:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
PSLC - Agriculture	1,800.00	-
PSLC - Small/Marginal Farmers	10,690.00	2,160.00
PSLC - Micro Enterprises	1,000.00	-
PSLC - General	1,550.00	7,115.00
	15,040.00	**9,275.00**

Category wise PSLCs sold:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
PSLC - Agriculture	-	-
PSLC - Small/Marginal Farmers	-	-
PSLC - Micro Enterprises	1,450.00	-
PSLC - General	-	-
	1,450.00	**-**

18.43 Overseas assets, NPAs and revenue

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Total assets	-	-
Total NPAs	-	-
Total revenue	-	-

18.44 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Off-balance sheet SPVs sponsored as on March 31, 2019 and March 31, 2018

Name of the SPV sponsored	March 31, 2019		March 31, 2018	
	Domestic	Overseas	Domestic	Overseas
	Nil	Nil	Nil	Nil

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18.45 Disclosures on Remuneration

Qualitative disclosures

a Information relating to the composition and mandate of the Remuneration Committee:

The Board nomination and remuneration committee comprised of the following members:

Mr. Hemang Raja	Chairman
Mr. Aashish Kamat	Member
Dr. (Mrs.) Brinda Jagirdar	Member
Mr. Vishal Mahadevia	Member

The functions of the Committee include:

i Evaluate performance of the Whole Time Directors (WTDs) (including the Managing Director & CEO) against predetermined parameters

ii Make recommendations on remuneration (including performance bonus and perquisites) of Whole Time Directors

iii Approve policy and quantum of variable pay, bonus, stock options and increments for the employees of the Bank

iv Frame guidelines for the Employees Stock Option Scheme (ESOS) and recommend grants of the Bank's stock options to Whole Time Directors of the Bank

b Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The principles for Remuneration Policy at the Bank have been formulated with the approval of the Nomination and Remuneration Committee ('NRC'). They are guided by the organization's philosophy for enabling employee performance to achieve the organization's short term and long term objectives, balanced with prudent risk taking and are in compliance with the RBI's Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk takers and Control function staff, etc. dated January 13, 2012. The principles are as follows:

- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent.
- To ensure that the remuneration is balanced between fixed pay, variable pay and ESOPs, with adequate focus on prudent risk taking and the short-term as well as the long-term objectives of the Bank and its shareholders.
- To ensure a clear relationship between remuneration and performance with adequate focus on achievement of performance objectives incorporating elements of risk, compliance and service measures.
- To respect employee needs basis relevant market anchors and to compensate adequately for the contribution towards the Bank's growth.
- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

c Description of the ways in which current and future risks are taken into account in the remuneration process including the nature and type of the key measures used to take account of these risks:

The Board approves the risk framework for the Bank. Business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. The performance evaluation framework of Whole Time

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Directors, equivalent positions and senior management personnel in material risk taker roles, incorporates these risk and control aspects as detailed by the Board. These factors include (but are not limited to) elements such as consistency in asset quality, rating slippage of existing loans, RORWA, operational risk parameters and quality of systems. The performance management framework of the Bank will evolve over time and get more sophisticated and mature. As regards linkage to remuneration, the compensation for Whole Time Director's, etc. is paid in fixed pay, performance linked variable pay and stock options which is approved by the NRC.

d Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Performance and its linkage to levels of remuneration will be guided by the objectives / principles as spelt out in Item b above. Annual Remuneration package comprises of a combination of fixed salary, cash bonus and ESOPs, in a mix that ensures appropriate alignment with RBI guidelines, long term value creation and stability of the Bank. Further, total pay levels will be referenced against 66^{th} percentile of Indian private sector banks.

e Bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

As outlined in Item (d) above, deferral structures have been incorporated and published to the staff. For senior levels and material risk taker roles, remuneration package represents a mix of fixed pay, cash bonus and ESOP with deferred vesting schedule. Further, the deferred / unvested portions will be subject to "malus" provision in conformity with RBI guidelines.

f Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

The bank has the following forms of variable remuneration

- Annual Cash Bonus - This is part of the annual performance and compensation review cycle and is basis the performance rating of the individual employee.
- Sales Incentive Plan - employees in sales, customer relationship / service, collections & operations are covered under Incentive Plan. The coverage and payout plan is defined on the basis of business plans and budgets, it is designed keeping in mind, requisite emphasis on risk and control parameters.
- Promotional activities which may result in rewards on achieving threshold targets. This may be in cash or kind and is subject to perquisite tax as applicable.
- The ESOP scheme has been designed with a view to ensure an appropriate risk balanced remuneration architecture.

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Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors.

Particulars			March 31, 2019	March 31, 2018
a	i	Number of meetings held by the Remuneration Committee during the financial year	7	6
	ii	Remuneration paid to its members (sitting fees) (₹ in crore)	0.11	0.09
b		Number of employees having received a variable remuneration award during the financial year	1	1
c		Number and total amount of sign-on awards made during the financial year	-	-
d		Details of guaranteed bonus, if any, paid as joining / sign-on bonus	-	-
e		Details of severance pay, in addition to accrued benefits, if any	-	-
f		Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms (₹ in crore).	0.13	0.27
g		Total amount of deferred remuneration paid out in the financial year	0.13	0.13
h		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred *	Fixed- ₹ 5.82 cr ^ Variable- ₹ 1.65 cr Deferred- Nil	Fixed- ₹ 3.91 cr Variable- Nil Deferred- Nil
i		Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	0.13	0.27
j		Total amount of reductions during the financial year due to ex-post explicit adjustments	NA	NA
k		Total amount of reductions during the financial year due to ex-post implicit adjustments	NA	NA

* excluding ESOP perquisites

^ Includes fixed pay for Dr. Rajiv Lall of ₹ 4.13 crore (for the period from April 1, 2018 to December 18, 2018) and for Mr. V. Vaidyanathan of ₹ 1.69 crore (for the period from December 19, 2018 to March 31, 2019, subject to shareholders approval)

18.46 Transfers to depositor education and awareness fund (DEAF)

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred during the year	-	-
Less: Amounts reimbursed towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

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18.47 Liquidity Coverage Ratio

Qualitative disclosure

Liquidity risk management of the Bank is undertaken by the Balance Sheet Management Group (BSMG) under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies and ALCO approved funding plans. The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI for reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold as per the transition plan is embedded into the Limit Management Framework of the Bank with appropriate cushion to ensure maintenance of adequate liquidity buffers. Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO), Risk Management Committee of the Board and Board for oversight and periodical review. The Bank has been submitting LCR reports to RBI from January 2016.

As a strategy, the Bank is highly invested into GOI Bonds and corporate bonds which has resulted in a high level of HQLA. The Bank follows the criteria laid down by the RBI for month-end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30 day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and corporate bonds in form of CP, CD and Bonds rated AA- and above with mandated haircuts applied thereto.

Bank is predominantly funded through long term sources of borrowings viz Bonds and ECBs and short term sources of borrowings viz Certificate of Deposits and Term Deposits. Further the reliance on retail deposits and CASA is increasing. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. The Bank assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Bank's ALCO for perusal and review.

Quantitative disclosure

(₹ in crore)

	Particulars		Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
			Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High quality liquid assets										
1	Total high quality liquid assets (HQLA)			23,974.40		23,360.50		19,007.25		18,604.88
Cash outflows										
2	Retail deposits and deposits from small business customers, of which:		8,613.21	828.42	6,752.38	647.16	5,549.85	537.75	4,569.90	443.05
	i	Stable deposits	658.00	32.90	561.56	28.08	344.50	17.22	278.93	13.95
	ii	Less stable deposits	7,955.21	795.52	6,190.82	619.08	5,205.35	520.53	4,290.97	429.10
3	Unsecured wholesale funding, of which:		29,820.14	21,314.08	28,291.57	20,305.50	26,827.11	19,112.39	27,856.77	19,040.09
	i	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	ii	Non-operational deposits (all counterparties)	14,176.77	5,670.71	13,310.11	5,324.04	12,857.86	5,143.14	14,694.47	5,877.79
	iii	Unsecured debt	15,643.37	15,643.37	14,981.46	14,981.46	13,969.25	13,969.25	13,162.30	13,162.30

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(₹ in crore)

	Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which:	3,935.98	3,147.52	3,551.94	2,864.68	3,655.81	2,898.01	2,352.01	2,176.26
i	Outflows related to derivative exposures and other collateral requirements	3,101.25	3,101.25	2,828.51	2,828.51	2,837.81	2,837.81	2,167.01	2,167.01
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	834.73	46.27	723.43	36.17	818.00	60.20	185.00	9.25
6	Other contractual funding obligations	645.35	645.35	599.70	599.70	367.63	367.63	526.24	526.24
7	Other contingent funding obligations	39,236.55	1,432.75	38,339.43	1,397.56	35,407.61	1,270.17	26,362.69	790.88
8	**Total cash outflows**		**27,368.12**		**25,814.61**		**24,185.95**		**22,976.52**
	Cash inflows								
9	Secured lending (e.g.reverse repos)	373.08	-	471.77	-	1,063.31	-	648.33	-
10	Inflows from fully performing exposures	6,198.17	4,263.59	5,436.98	3,852.99	5,683.51	3,813.81	5,964.44	4,169.99
11	Other cash inflows	3,478.49	3,182.08	3,279.76	2,923.46	3,048.29	2,802.24	2,460.67	2,184.13
12	**Total Cash Inflows**	**10,049.74**	**7,445.67**	**9,188.51**	**6,776.45**	**9,795.11**	**6,616.05**	**9,073.44**	**6,354.12**

			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
	TOTAL HQLA		23,974.40		23,360.50		19,007.25		18,604.88
	Total Net Cash Outflows		19,922.45		19,038.16		17,569.90		16,622.39
	Liquidity coverage ratio (%)		120.34%		122.70%		108.18%		111.93%

The average weighted and unweighted amounts are calculated taking daily averages.

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(₹ in crore)

	Particulars	Quarter ended March 31, 2018		Quarter ended December 31, 2017		Quarter ended September 30, 2017		Quarter ended June 30, 2017	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High quality liquid assets									
1	Total high quality liquid assets (HQLA)		18,669.00		16,416.14		17,965.79		18,545.72
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	3,908.68	379.16	3,532.56	342.73	3,127.28	303.05	2,650.98	256.21
i	Stable deposits	234.03	11.70	210.50	10.52	193.43	9.67	177.82	8.89
ii	Less stable deposits	3,674.65	367.46	3,322.06	332.21	2,933.85	293.38	2,473.16	247.32
3	Unsecured wholesale funding, of which:	24,687.38	18,117.01	20,261.22	14,404.33	18,816.90	13,543.49	20,307.21	15,233.16
i	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii	Non-operational deposits (all counterparties)	10,950.62	4,380.25	9,761.48	3,904.59	8,789.03	3,515.61	8,456.76	3,382.70
iii	Unsecured debt	13,736.76	13,736.76	10,499.74	10,499.74	10,027.87	10,027.88	11,850.45	11,850.46
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which:	2,898.12	2,898.12	2,224.89	2,224.89	2,516.36	2,516.36	1,974.81	1,974.81
i	Outflows related to derivative exposures and other collateral requirements	2,898.12	2,898.12	2,224.89	2,224.89	2,516.36	2,516.36	1,974.81	1,974.81
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	522.67	522.67	561.46	561.46	514.04	514.04	955.79	955.79
7	Other contingent funding obligations	25,662.73	769.88	7,044.38	211.33	5,861.63	175.85	5,026.84	150.81
8	**Total cash outflows**		**22,686.84**		**17,744.74**		**17,052.79**		**18,570.78**
Cash inflows									
9	Secured lending (e.g. reverse repos)	462.52	-	1,173.37	-	1,677.56	-	1,556.46	-
10	Inflows from fully performing exposures	4,472.83	3,182.92	2,886.60	2,211.74	2,386.13	1,922.36	3,705.28	3,013.25
11	Other cash inflows	3,659.30	3,166.27	3,450.86	2,789.22	3,339.09	2,814.18	2,949.39	2,383.33
12	**Total Cash Inflows**	**8,594.65**	**6,349.19**	**7,510.83**	**5,000.96**	**7,402.78**	**4,736.54**	**8,211.13**	**5,396.58**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
	TOTAL HQLA		18,669.00		16,416.14		17,965.79		18,545.72
	Total Net Cash Outflows		16,337.66		12,743.80		12,316.25		13,174.19
	Liquidity coverage ratio (%)		114.27%		128.82%		145.87%		140.77%

The average weighted and unweighted amounts are calculated taking daily averages.

Note: Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

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18.48 Related party disclosure:

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

a Holding Company (upto January 4, 2019)

IDFC Limited

IDFC Financial Holding Company Limited

b Entities having Significant Influence (wef. January 5, 2019) *

IDFC Limited

IDFC Financial Holding Company Limited

c Fellow Subsidiaries*

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Infrastructure Finance Limited

IDFC Projects Limited

IDFC Securities Limited

IDFC Trustee Company Limited

IDFC Capital (USA) Inc.

IDFC Capital (Singapore) Pte. Ltd.

IDFC Investment Managers (Mauritius) Limited

IDFC Securities Singapore Pte. Limited

d Subsidiary

IDFC Bharat Limited (IDFC FIRST Bharat Limited wef. April 29, 2019)

e Associates

i Direct

Millennium City Expressways Private Limited

Feedback Infra Private Limited (Cease to be a associate wef. March 19, 2018)

ii Indirect (through fellow subsidiaries)*

Jetpur Somnath Tollways Private Limited

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited

IndianOil LNG Private Limited

f Key Management Personnel

Mr. V. Vaidyanathan (Appointed wef. December 19, 2018)

Dr. Rajiv B. Lall (Resigned wef. December 18, 2018)

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g **Relatives of key management personnel:**

Jeyashree Vaidyanathan, Mr. K. Vembu, Captain V. Satyamurthy, Maj V Krishnamurthy, Savitri Krishnamoorthy, Tara Lall, Ambika Lall, Indrani Gangadhar, Kishen Behari Lall, Bunty Chand, Ashok B. Lall, Ranjana Pandey, Veenu Shah

In accordance with paragraph 5 and 6 of AS - 18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

* Consequent to issuance of equity under the scheme of amalgamation (IDFC - CFL merger), the share holding of IDFC Financial Holding Company Limited in IDFC FIRST Bank Limited has reduced to 40% wef January 5, 2019. Accordingly IDFC Limited & IDFC Financial Holding Company Limited are now entities with significant influence and certain entities has ceased to be related parties of the Bank (refer note 18.01).

All transactions with fellow subsidiaries and indirect associate companies have been disclosed till existence of related party relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2019 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest on Deposits:
  IDFC Financial Holding Company Limited ₹ 2.55 crore (Previous Year ₹ 6.72 crore); IDFC Bharat Limited ₹ 5.84 crore (Previous Year ₹ 5.94 crore); IDFC Securities Limited ₹ 1.87 crore (Previous Year ₹ 1.23 crore)
- Interest on Advances:
  Millennium City Expressways Private Limited ₹ 19.76 crore (Previous Year ₹ 24.64 crore).
- Dividend Income earned:
  IDFC Bharat Limited ₹ 66.96 crore (Previous Year ₹ 11.16 crore). Dividend received from pre-acquisition profits of subsidiary is reduced from cost of investments
- Fees for services received:
  IDFC Bharat Limited ₹ 255.69 crore (Previous Year ₹ 167.24 Crore)
- Rendering of services:
  IDFC Asset Management Company Limited ₹ 2.23 crore (Previous Year ₹ 1.43 crore); IDFC Alternatives Limited ₹ 5.23 crore (Previous Year ₹ 0.75 Crore).
- Managerial Remuneration:
  Dr. Rajiv B. Lall ₹ 5.91 crore (Previous Year ₹ 4.04 crore), Mr. V. Vaidyanathan ₹ 1.69 crore (Subject to approval from Shareholders) (Previous Year N.A.)
- Sale of investments:
  IDFC Limited ₹ 15.69 crore (Previous Year Nil).
- Profit on sale of investments:
  IDFC Limited ₹ 5.30 crore (Previous Year Nil).
- Sale of fixed assets:
  IDFC Limited ₹ 0.21 crore (Previous Year Nil), IDFC Infrastructure Finance Limited ₹ 0.12 crore (Previous Year Nil), IDFC Securities Limited 0.37 Crore (Previous Year Nil)
- Purchase of Fixed Assets:
  Delhi Integrated Multi Modal Transit System Limited ₹ 2.48 Crore (Previous Year ₹ 5.25 Crore)
- Corporate Social Responsibility:
  IDFC Foundation ₹ 20.82 crore (Previous Year ₹ 14.23 crore)

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

The details of the transactions of the Bank with its related party during the year ended March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company/Entities having Significant Influence	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Interest expense	3.31	4.30	5.84	1.11	1.07
Interest income earned	-	0.02	-	19.76	-
Dividend Income earned*	-	-	66.96	-	-
Sale of investments	15.69	-	-	-	-
Profit on sale of investments	5.30	-	-	-	-
Managerial Remuneration	-	-	-	-	7.60**
Purchase of fixed assets	-	-	-	2.48	-
Sale of fixed assets	0.21	0.56	-	-	-
Corporate Social Responsibility	-	20.82	-	-	-
Advance repaid	-	-	-	3.49	-
Receiving of services	2.22	13.48	255.69	0.04	-
Rendering of services	0.59	7.95	-	-	-

* Dividend received from pre-acquisition profits of subsidiary is reduced from cost of investments as per AS - 13 - Accounting for Investments.

** Refer Note 18.45 - Quantitative Disclosure

The balances payable to / receivable from the related parties of the Bank as on March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company/Entities having Significant Influence	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	14.11	-	125.42	-	0.35
Interest accrued on Deposit	0.01	-	0.44	-	ß
Advances	-	-	-	351.00	-
Investment of the Bank	-	-	232.40	226.38	-
Investment of related party in the Bank$	-	-	-	-	-
Other receivables (net) #	-	-	48.94	-	-
Other Payable (net)	-	-	24.57	-	-

Other receivable includes cash with business correspondents.

$ As at March 31, 2019, IDFC Financial Holding Company Limited holds 1,91,26,70,691 and KMP holds 50,060,556 equity shares in the Bank.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company/Entities having Significant Influence	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	338.51	-	193.33	-	2.77
Advances	-	-	-	354.49	-
Investment of the Bank	-	-	299.36	226.38	-
Other receivables (net) #	0.37	-	55.74	-	-
Other payables (net)	-	-	26.96	-	-

Other receivable includes cash with business correspondents.

The details of the transactions of the Bank with its related party during the year ended March 31, 2018 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Interest expense	7.40	3.35	5.94	1.25	0.58
Interest income earned	-	0.14	-	38.02	-
Dividend Income earned*	-	-	11.16	0.70	-
Investment of related party in the Bank	-	-	-	-	0.82
Investment in related party by Bank	-	-	-	8.10	-
Purchase of investments	35.05	-	-	-	-
Sale of investments	-	100.51	-	-	-
Managerial Remuneration	-	-	-	-	4.04 **
Purchase of fixed assets	-	-	-	5.25	-
Corporate Social Responsibility	-	14.23	-	-	-
Advance repaid	-	-	-	94.72	-
Receiving of services	0.25	42.46	167.24	2.19	-
Rendering of services	0.39	7.75	-	0.20	-
Non fund based exposure (Issued)	-	-	-	2.74	-

* Dividend received from pre-acquisition profits of subsidiary is reduced from cost of investments as per AS - 13 - Accounting for Investments.

** Refer Note 18.45 - Quantitative Disclosure

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

The balances payable to / receivable from the related parties of the Bank as on March 31, 2018 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	109.43	100.47	158.76	13.52	15.40
Interest Accrued on Deposit	0.72	0.52	0.90	0.09	0.18
Advances	-	-	-	417.53	-
Investment of the Bank	-	-	299.36	241.43	-
Investment of related party in the Bank $	-	-	-	-	-
Security Deposit Outstanding	-	1.77	-	-	-
Other receivables (net) #	-	-	30.04	-	-
Other Payable (net)	-	4.27	18.01	-	-
Non Fund Based Exposure	-	0.08	-	9.96	-

Other receivable includes cash with business correspondents.

$ As at March 31, 2018, IDFC Financial Holding Company Limited holds 1,797,512,668 and KMP holds 2,624,286 equity shares in the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2018 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	829.70	111.24	180.56	32.05	28.01
Advances	-	13.09	-	516.38	-
Investment of the Bank	-	-	310.52	246.47	-
Security Deposit Outstanding	-	1.77	-	-	-
Other receivables (net) #	1.21	2.97	59.69	-	-
Other payables (net)	-	15.38	18.20	-	-
Non Fund Based Exposure	-	0.08	-	9.99	-

Other receivable includes cash with business correspondents.

18.49 Earning per share ('EPS')

Basic and diluted earnings per equity share are computed in accordance with AS 20 - Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Dilution of equity is on account of stock options granted to employees by the Bank.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

Particulars	March 31, 2019	March 31, 2018
Basic		
Weighted average number of equity shares outstanding (in crore)	409.09	340.18
Net Profit after Tax (₹ in crore)	(1,944.18)	859.30
Basic earning per share (₹)	(4.75)	2.53
Diluted		
Weighted average number of equity shares outstanding (in crore)	412.49	341.13
Net Profit after Tax (₹ in crore)	(1,944.18)	859.30
Diluted earning per share (₹)	(4.71)	2.52
Nominal value of shares (₹)	10.00	10.00

Equity shares issued as part of the consideration for the IDFC - CFL Merger are included in the weighted average number of shares as of the appointed date of the merger.

18.50 Movement in stock options granted is as under:

Employee Stock Option Scheme of IDFC FIRST Bank Limited viz. IDFC FIRST Bank ESOS-2015 was framed with an object of encouraging higher participation on the part of employees in the Bank's financial growth and success. An effective stock option scheme enables retention of talent and aligning employee interest to that of the Shareholders.

The Shareholders of the Bank at its 2nd Annual General Meeting held on July 27, 2016 had approved IDFC FIRST Bank ESOS - 2015 and had granted its approval to Employee Stock Options pool of 6% of the issued and paid up share capital of the Bank.

IDFC FIRST Bank ESOS-2015 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time. IDFC FIRST Bank ESOS-2015 is administered by the Nomination and Remuneration Committee ('NRC') of the Bank. As per IDFC FIRST Bank ESOS-2015, the Bank is authorized to issue Employee Stock Options to Eligible Employees and Executive Directors of the Bank and its Subsidiary Companies.

All Options vests in a graded manner and are required to be exercised within a specific period. The Bank has used the intrinsic value method to account for the compensation cost of stock options to employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price on the Option. Accounting for the stock options has been in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, to the extent applicable.

During FY 2018-19, there has been no material change in IDFC FIRST Bank ESOS-2015.

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

Particulars	Outstanding at the	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	90,711,660	31.73 - 83.81	51.34	4.04
Granted during the year	22,006,400	43.25 - 47.40	45.96	4.77
Addition on amalgamation	167,818,175	11.20 - 57.54	29.03	4.58
Forfeited during the year	(23,590,980)	44.74 - 74.20	51.41	-
Expired during the year	(196,500)	53.34 - 83.81	55.67	-
Exercised during the year	(492,450)	34.71 - 47.00	43.90	-
Outstanding at the end of the year	**256,256,305**	**11.20 - 79.85**	**36.28**	**4.23**
Exercisable at the end of the year	**175,566,355**	**11.20 - 79.85**	**30.41**	**0.59**

The weighted average share price in respect of options exercised during the year was ₹ 41.05

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

Stock option activity under the Scheme for the year ended 31 March, 2018 is set out below:

Particulars	Outstanding at the	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	90,712,744	31.73 - 83.81	49.52	4.91
Granted during the year	20,419,100	49.25 - 58.80	54.17	-
Forfeited during the year	(15,157,900)	45.20 - 64.70	50.39	-
Expired during the year	(193,563)	45.69 - 83.81	55.82	-
Exercised during the year	(5,068,721)	44.74 - 62.95	47.27	-
Outstanding at the end of the year	**90,711,660**	**31.73 - 83.81**	**51.34**	**4.04**
Exercisable at the end of the year	**41,519,950**	**31.73 - 83.81**	**49.91**	**2.62**

The weighted average share price in respect of options exercised during the year was ₹ 57.87

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

Particulars		March 31, 2019	March 31, 2018
Net Profit (as reported) (₹ in crores)		(1,944.18)	859.30
Add:	Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less:	Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	104.46	55.18
Net Profit (Proforma) (₹ in crores)		(2,048.64)	804.12
Earnings per share: Basic (in ₹)			
As reported		(4.75)	2.53
Proforma		(5.01)	2.36
Earnings per share: Diluted (in ₹)			
As reported		(4.71)	2.52
Proforma		(4.97)	2.36

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

Particulars	March 31, 2019	March 31, 2018
Dividend yield	2.08%	1.27%
Expected life	3.86 years	4.06 years
Risk free interest rate	7.60%	6.68%
Volatility	33.11%	33.52%

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

18.51 Unclaimed Shares

Details of unclaimed shares as of March 31, 2019 and March 31, 2018 are as follows:

Particulars	March 31, 2019	March 31, 2018
Aggregate number of shareholders at the beginning of the year	99	100
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	28,253	28,453
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	-	1
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	1
Aggregate number of shareholders at the end of the year	99	99
Total outstanding shares in Unclaimed Suspense Account at the end of the year	28,253	**28,253**

18.52 Leases

In accordance with Accounting Standard 19 on 'Leases' as notified under the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the following disclosures in respect of operating leases are made:

(This comprise of office premises / branches / ATMs taken on lease.)

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Future lease rentals payable as at the end of the year:		
Not later than one year	144.86	84.19
Later than one year and not later than five years	393.10	222.36
Later than five years	126.82	71.90
Total of minimum lease payments recognised in the Profit and Loss Account for the year	139.34	86.88
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	-	-
Sub-lease payments recognised in the Profit and Loss Account for the year	-	-

The Bank has not sub-leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

18.53 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crore)

Particulars	March 31, 2019		March 31, 2018	
	Software	Other Intangibles*	Software	Other Intangibles
Cost				
At the beginning of the year	493.96	-	421.77	-
Additions on Amalgamation (refer note 18.01)	57.90	2,599.51	-	-
Additions during the year	96.58	-	72.19	-
Deductions during the year	-	(0.16)	-	-
Total (i)	**648.44**	**2,599.35**	**493.96**	**-**
Depreciation				
Accumulated depreciation at the beginning of the year	203.58	-	113.10	-
Additions on Amalgamation	30.34	0.16	-	-
Depreciation charge for the year (refer note 18.01)	113.04	2,599.35	90.48	-
Deductions during the year	-	(0.16)	-	-
Total (ii)	346.96	2,599.35	203.58	-
Net Value (i-ii)	**301.48**	**-**	**290.38**	**-**

* Other intangibles includes Goodwill & Brand acquired and arising on amalgamation (refer note 18.01)

18.54 Corporate Social Responsibility (CSR)

i Amount required to be spent by the Bank on CSR during the year ₹ 20.82 crores (Previous Year ₹ 14.23 crores).

ii Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 25.64 crores (Previous Year ₹ 14.23 crores), which comprise of following -

Year ended March 31, 2019

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	25.64	-	25.64

Year ended March 31, 2018

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	14.23	-	14.23

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

18.55 Proposed dividend

The Board of Directors, in their meeting held on May 10, 2019 have not proposed any dividend. During year ended March 31, 2018 the Bank had proposed dividend of ₹ 0.75 per equity share amounting to ₹ 307.79 crore, inclusive of dividend distribution tax.

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend of ₹ 307.79 crore was appropriated from Profit and Loss Account in FY 2018-19.

Dividend paid during the year ended March 31, 2019 represents dividend of ₹ 294.02 crore (net of DDT on dividend from subsidiary) pertaining to previous year.

18.56 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.57 Disclosure on Factoring

As per the RBI circular Ref No. DBR.No.FSD.BC.32/24.01.007/2015-16 dated July 30, 2015, banks are required to disclose factoring exposures. Receivables acquired under factoring are treated as part of loans and advances and reported under the head 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet. The Bank has factoring exposure of ₹ 1,161.22 crore (Previous Year ₹ 1,383.64 crore) and outstanding of ₹ 684.42 crore (Previous Year ₹ 1,048.88 crore) as on March 31, 2019.

18.58 Investor education and protection fund

There were no amounts which were required to be transferred to the Investor Education and Protection Fund.

18.59 Description of contingent liabilities

i Claims against the Bank not acknowledged as debts

The Bank is a party to taxation matters which are in dispute and are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Bank.

ii Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Bank do not have any profit / loss impact.

iii Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2019

in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An exchange traded currency option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

iv Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

v Acceptances, endorsements and other obligations

These includes documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi Other items

Other items represent estimated amount of contracts remaining to be executed on capital account.

18.60 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year'spresentation.

18.61 The figures of ₹ 50,000 or less have been denoted by ß.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Independent Auditor's Report

TO THE MEMBERS OF IDFC FIRST BANK LIMITED (FORMERLY, IDFC BANK LIMITED)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IDFC FIRST Bank Limited (formerly, IDFC BANK LIMITED) ("the Bank"/ "the Holding Company") and its subsidiary, (the Bank/ Holding Company and its subsidiary together referred to as "the Group") which includes the Group's share of loss in its associate, which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary, referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Section 29 of the Banking Regulation Act 1949 and the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Identification of and provisioning for non-performing advances in accordance with the Reserve Bank of India (RBI) guidelines and Bank's Board approved policy.** (Refer Schedule 9 read with Note 17.2) The Bank has net advances amounting to ₹ 86,30,22,859 thousands as at 31 March 2019. Identification of and provisioning for non-performing advances in accordance with relevant prudential norms issued by the RBI in respect of income recognition, asset classification and provisioning pertaining to advances (herein after referred as "Relevant RBI guidelines") and as per the Bank's Board approved policy is a key audit matter due to materiality of balances involved, which requires management estimates, judgement, manual interventions and level of regulatory and other stakeholders focus. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances.	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular: • we have evaluated the Bank's internal control system in adhering to the Relevant RBI guidelines and regulations; • we have evaluated key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls, including manual controls in relation to income recognition, asset classification and provisioning pertaining to advances; • we tested a selection of advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, provision for non-performing advances, and compliance with Relevant RBI guidelines; and • we evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning approved in accordance with the Board approved policy by the Chief Risk Officer and Chief Finance Officer. We discussed the provisions made with senior management including the Chief Executive Officer, Chief Finance Officer, Chief Risk Officer and with those charged with governance.
2	**Accounting for Amalgamation** As set out in Note 17A and 18.01, the Bank completed its Amalgamation with Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") with appointed date as October 1, 2018 and effective date as December 18, 2018. The Bank has accounted for the amalgamation by Purchase method as per AS 14 - Accounting for Amalgamations. The amalgamation resulted in recognition of Intangible assets – (Brand and Goodwill) aggregating to ₹ 2,599.35 crore which have been subjected to accelerated amortisation through Profit and Loss Account during the year ended 31 March 2019. The aforesaid intangible assets have been considered to be eligible for tax depreciation, consequently deferred tax asset has been recognised on timing difference.	Our audit approach for testing of accounting of amalgamation included in particular : • we evaluated the Scheme of Amalgamation approved by the National Company Law Tribunal (NCLT); • we evaluated appropriateness of the Bank's selection of amalgamation accounting by Purchase method against the compliance with each of the conditions stipulated in AS 14 - Accounting for Amalgamation; • we tested internal controls over financial reporting of the merged entity; • we obtained management's workings for the accounting of the amalgamation and evaluated management's determination of the fair value of the net assets acquired, focusing on the valuation of intangible asset which is based on independent valuer's report engaged by the Management; • we evaluated the fair value of the acquired assets, focusing on the valuation methodologies and key assumptions applied;

Sr. No.	Key Audit Matter	Auditor's Response
	The Bank was also required to integrate internal controls over financial reporting of the merged entity. Due to the complexity of the transaction and the associated significant risk of misstatement involved in • integration of internal controls over financial reporting of the merged entity; • assumptions and estimates required to be made by the Management to determine the value of Intangible Assets which is based on independent valuer's report engaged by the management; • subsequent accelerated amortisation of these Intangible assets; and • significant management judgements involved regarding the future profit forecasts and application of tax laws for the recognition and measurement of deferred tax asset on amortised intangible assets the Accounting for Amalgamation is considered as key audit matter.	• we evaluated the competence of independent valuer engaged by management and involved our valuation specialists to assist in our assessment of the fair value of the acquired assets; • we evaluated the reasonableness of key assumptions based on our knowledge of the business and industry; • we evaluated the basis determined by the Management for accelerated amortisation of Intangible Assets through Profit and Loss Account during the year ended 31 March 2019; • with the support of our taxation specialists we performed evaluation of tax laws applicable to the Bank and verification of the management's assessment with respect to eligibility of intangible assets for tax depreciation; • we evaluated management's assessment of future revenues and operating margins by comparing actual results and with the help our internal valuation specialists we assessed the reasonableness of the revenue forecast by performing sensitivity analysis of the growth rates compared to peer banks.
3	**Evaluation of General Information Technology (IT) Controls for Key IT systems used in financial reporting process along with the integration of IT systems acquired on Amalgamation** The Bank's operational and financial processes are highly dependent on IT systems due to large volume of transactions that are processed daily. The Bank has also acquired IT systems of CFL Group on amalgamation which were integrated with the financial reporting application of the Bank. The Bank has constituted an IT Strategy Committee at the Board level to oversee implementation of IT strategy. Accordingly, our audit was focussed on key IT systems and controls along with the integration of IT systems acquired on amalgamation, due to the pervasive nature and complexity of the IT environment.	We involved our IT specialists to obtain an understanding of the Bank's IT related control environment including the systems acquired during the course of amalgamation. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems, applications used in accounting for and recording of Advances, Treasury transactions and the systems used in financial reporting process, that are relevant to our audit. For the key IT systems, applications and databases that are relevant to our audit and used in preparation of accounting and financial information , our areas of audit focus included Access Security (including controls over privileged access), Program Change controls, database management and Network Operations. In particular: • we obtained an understanding of the Bank's IT control environment and key changes if any during the audit period that may be relevant to the audit and reviewed the minutes of IT strategy committee meetings; • we tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems. This included evaluation of bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit;

Sr. No.	Key Audit Matter	Auditor's Response
		• we also tested key automated and manual business cycle controls, integration of IT systems of the CFL Group with the financial reporting application of the Bank and report logic for system generated reports relevant to the audit; including testing of alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report, Chairperson's Statement and Managing Director & Chief Executive Officer's Statement, but does not include the consolidated financial statements, the Pillar III Disclosure under the New Capital Adequacy Framework (Basel III disclosures) and our auditor's report thereon, which is expected to be made available to us after that date.

- Our opinion on the consolidated financial statements does not cover the other information and the Basel III disclosure and accordingly, we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Management Discussion and Analysis, Board's Report, Corporate Governance Report, Chairperson's Statement and Managing Director & Chief Executive Officer's Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the Accounting Standards and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other branches or entities or business activities included in the consolidated financial statements, which have been audited by the branch auditors or other auditors, such branch auditors and other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 20,548.86 lacs as at 31 March 2019, total revenues of ₹ 26,202.04 lacs and net cash (outflows) amounting to ₹ (30.26) lacs for the year ended on that date, as considered in the consolidated financial statements.

(b) The consolidated financial statements also include the Group's share of net loss of ₹ 2,786.25 lacs for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

(c) The audit of special purpose financial information of Capital First Limited and its subsidiaries Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") as at and for the period ended 30 September 2018, as considered for the merger accounting as on the appointed date, was carried out by the statutory auditors of the CFL Group.

Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and associate referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Bank as on 31 March 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its, subsidiary company, incorporated in India, none of the directors of the Group companies is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A" which is based on the auditors' reports of the Bank, subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

in our opinion and to the best of our information and according to the explanations given to us the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of section 35B (2A) of the Banking Regulation Act, 1949

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank, its subsidiary and associate companies incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Kalpesh J. Mehta
(Partner)
(Membership No. 48791)

Place: Mumbai
Date: 10 May 2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of IDFC FIRST Bank Limited (formerly, IDFC BANK LIMITED) ("the Bank"/ "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Bank and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Bank and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations Of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Bank and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place: Mumbai
Date: 10 May 2019

Consolidated Balance Sheet

as at March 31, 2019

(₹ in Thousands)

Particulars	Schedule No.	As at March 31, 2019	As at March 31, 2018
Capital and Liabilities			
Capital	1	47,816,764	34,040,749
Reserves and surplus	2	134,176,874	118,700,312
Deposits	3	703,535,907	480,394,414
Borrowings	4	699,833,902	572,870,654
Other liabilities and provisions	5	85,625,892	57,813,793
Total		**1,670,989,339**	**1,263,819,922**
Assets			
Cash and balances with Reserve Bank of India	6	41,009,321	30,210,987
Balances with banks and money at call and short notice	7	54,252,213	18,557,175
Investments	8	582,452,291	609,044,180
Advances	9	863,022,859	521,648,881
Fixed assets	10	9,740,409	8,002,591
Other assets	11	120,512,246	76,356,108
Total		**1,670,989,339**	**1,263,819,922**
Contingent liabilities	12	2,999,188,533	2,156,950,918
Bills for collection		4,543,650	5,544,982
Significant accounting policies and notes to accounts	17 & 18		

The schedules referred to above form an integral part of the Balance Sheet.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Consolidated Profit & Loss Account

for the year ended March 31, 2019

(₹ in Thousands)

		Schedule No.	Year Ended March 31, 2019	Year Ended March 31, 2018
I	**Income**			
	Interest earned	13	122,040,164	90,984,723
	Other income	14	9,386,434	11,198,743
	Total		**131,426,598**	**102,183,466**
II	**Expenditure**			
	Interest expended	15	87,432,414	71,259,628
	Operating expenses	16	60,906,359	17,969,066
	Provisions and contingencies	18.05	1,887,998	3,399,966
	Total		**150,226,771**	**92,628,660**
	Net Profit/(Loss) before share in loss of associates		(18,800,173)	9,554,806
	Add : Share in loss of associates		(278,625)	(755,659)
III	**Consolidated Profit / (Loss) For The Year Attributable To The Group**		(19,078,798)	8,799,147
	Balance in profit and loss account brought forward from previous year		17,272,328	16,458,662
IV	**Amount Available for Appropriation**		(1,806,470)	25,257,809
V	**Appropriations :**			
	Transfer to statutory reserve	18.06	-	2,150,000
	Transfer (from) investment reserve	18.06	-	(5,500)
	Transfer to capital reserve	18.06	15,100.00	2,020,000
	Transfer to special reserve	18.06	-	750,000
	Transfer to investment fluctuation reserve	18.06	-	-
	Dividend paid (includes tax on dividend)	18.13	3,077,878	3,070,472
	Share of movement in reserves of associate		-	508
	Balance in profit and loss account carried forward		(4,899,448)	17,272,328
	Total		**(1,806,470)**	**25,257,809**
VI	**Earnings Per Equity Share**	18.08		
	(Face value ₹ 10 per share)			
	Basic (₹)		(4.66)	2.59
	Diluted (₹)		(4.63)	2.58
Significant accounting policies and notes to accounts		17 & 18		

The schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Cash Flow Statement

for the year ended March 31, 2019

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2019	Year ended March 31, 2018
A.	**Cash flow from operating activities**			
	Profit / (Loss) after tax		(19,078,798)	8,799,147
	Add: Provision for tax		(13,295,538)	1,796,910
	Net profit / (loss) before taxes		(32,374,336)	10,596,057
	Adjustments for :			
	Depreciation on fixed assets	16 (V)	28,203,169	1,682,136
	Amortisation of premium on held to maturity investments		1,335,469	1,135,794
	Provision for / (release of) depreciation in value of investments	18.05	3,462,440	(1,713,901)
	Write back of provision for non performing advances	18.05	(1,059,177)	(5,796,120)
	Write back of provision for restructured assets	18.05	(202,065)	(400)
	Write back of specific provisions	18.05	551,954	(1,085,200)
	Provision for standard assets	18.05	37,215	95,824
	Loss on sale of loans to ARC	18.05	8,136,830	-
	Bad debts including technical / prudential write off	18.05	3,730,996	9,978,783
	Other provisions and contingencies	18.05	525,380	123,971
	Loss on sale of fixed assets (net)	14 (IV)	11,929	10,450
	Share in loss of associates		278,625	755,659
	Adjustments for :			
	(Increase) / decrease in investments (excluding held to maturity investment and investment in subsidiary)		35,144,987	(99,014,803)
	Increase in advances		(75,993,585)	(30,729,113)
	Increase in deposits		223,141,492	79,416,118
	Increase in other assets		(24,552,259)	(9,197,132)
	Increase / (decrease) in other liabilities and provisions		2,723,342	(12,551,714)
	Direct taxes paid (net)		535,354	(3,484,654)
	Net cash flow generated from / (used in) operating activities (A)		**173,637,760**	**(59,778,245)**
B	**Cash flow from investing activities**			
	Purchase of fixed assets		(2,763,445)	(1,738,108)
	Proceeds from sale of fixed assets		43,755	31,625
	Increase in held to maturity investments		(10,927,732)	(8,566,326)
	Net cash flow generated from / (used in) investing activities (B)		**(13,647,422)**	**(10,272,809)**

Cash Flow Statement

for the year ended March 31, 2019

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2019	Year ended March 31, 2018
C. Cash flow from financing activities			
Increase / (decrease) in borrowings		(119,099,415)	70,248,797
Proceeds from issue of share capital (other than shares issued on amalgamation)		21,541	239,614
Payment of securities issue expenses		(47,388)	-
Payment of dividend (including dividend distribution tax)		(3,077,878)	(3,070,472)
Net cash flow generated from / (used in) financing activities (C)		**(122,203,140)**	**67,417,939**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		37,787,198	(2,633,115)
Cash and cash equivalents at the beginning of the year		48,768,162	51,401,277
Cash and cash equivalents acquired on amalgamation		8,706,174	-
Cash and cash equivalents at the end of the year		**95,261,534**	**48,768,162**
Represented by :			
Cash and Balances with Reserve Bank of India	6	41,009,321	30,210,987
Balances with Banks and Money at Call and Short Notice	7	54,252,213	18,557,175
Cash and cash equivalents at the end of the year		**95,261,534**	**48,768,162**

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

Schedule 1 - Capital^

(₹ in Thousands)

	As at March 31, 2019	As at March 31, 2018
Authorised capital		
5,325,000,000 (Previous Year - 5,000,000,000) equity shares of ₹ 10 each	53,250,000	50,000,000
3,800,000 (Previous Year - Nil) Preference shares of ₹ 100 each	380,000	-
Equity Share Capital		
Issued, subscribed and paid-up capital ^		
4,781,676,412 equity shares (Previous year: 3,404,074,905 equity shares) of ₹ 10 each, fully paid up	47,816,764	34,040,749
Total	**47,816,764**	**34,040,749**

^ During the year ended March 31, 2018, the Board of Directors of the Holding company approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited ('Merging entities') with the Bank ('IDFC - CFL Merger') in an all-stock transaction through a Composite Scheme of Arrangement. The same has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018.

Accordingly, 1,377,109,057 equity shares were alloted to the eligible equity shareholders of erstwhile Capital First Limited as per the Share Exchange Ratio of 13.9:1 as approved in the scheme.

Also, includes 492,450 equity shares (Previous Year 5,068,721 equity shares) alloted pursuant to the exercise of options under the Employee Stock Option Scheme.

Pursuant to Amalgamation scheme becoming effective, the authorised share capital of the Bank has increased to equity share capital of ₹ 5,325.00 crore (Previous Year ₹ 5,000.00 crore) and preference share capital of ₹ 38.00 crore (Previous Year Nil).

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Statutory reserves**		
	Opening balance	5,880,000	3,730,000
	Additions on Amalgamation (refer note 18.01)	2,317,951	-
	Additions during the year (refer note 18.06)	-	2,150,000
	Deduction during the year	-	-
	Closing balance	**8,197,951**	**5,880,000**
II	**Capital reserves**		
	Opening balance	2,900,000	880,000
	Additions during the year (refer note 18.06)	15,100	2,020,000
	Deduction during the year	-	-
	Closing balance	**2,915,100**	**2,900,000**
III	**Share premium**		
	Opening balance	80,315,823	80,116,191
	Additions on Amalgamation (refer note 18.01)	37,663,933	-
	Additions during the year	16,693	199,632
	Deduction during the year	(47,388)	-
	Closing balance	**117,949,061**	**80,315,823**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
IV	**General reserve**		
	Opening balance	6,882,161	6,882,152
	Additions during the year (refer note 18.06)	-	9
	Deduction during the year	-	-
	Closing balance	6,882,161	6,882,161
V	**Amalgamation Reserve (refer note 18.01)**	**(2,317,951)**	**-**
VI	**Special reserve**		
	Opening balance	5,450,000	4,700,000
	Additions during the year (refer note 18.06)	-	750,000
	Deduction during the year	-	-
	Closing balance	**5,450,000**	**5,450,000**
VII	**Investment Fluctuation Reserve (refer note 18.06)**	-	-
VIII	**Investment Reserve Account (IRA)**		
	Opening balance	-	5,500
	Additions during the year	-	-
	Deduction during the year (refer note 18.06)	-	(5,500)
	Closing balance	**-**	**-**
IX	**Balance in Profit and Loss Account**	(4,899,448)	17,272,328
	Total (I+II+III+IV+V+VI+VII+VIII+IX)	**134,176,874**	**118,700,312**

Schedule 3 - Deposits

(₹ in Thousands)

			As at March 31, 2019	As at March 31, 2018
A	**I**	**Demand deposits**		
		(i) From banks	1,694,280	1,520,653
		(ii) From others	21,359,073	19,781,137
	II	**Savings bank deposits**	67,500,193	35,326,606
	III	**Term deposits**		
		(i) From banks	47,518,700	34,033,515
		(ii) From others	565,463,661	389,732,503
		Total (I+II+III)	**703,535,907**	**480,394,414**
B.	**I**	**Deposits of branches in India**	703,535,907	480,394,414
	II	**Deposits of branches outside India**	-	-
		Total (I+II)	**703,535,907**	**480,394,414**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

Schedule 4 - Borrowings

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Borrowings in India**		
	(i) Reserve Bank of India	62,500,000	94,810,000
	(ii) Other banks^	123,960,784	38,451,964
	(iii) Other institutions and agencies$	444,691,784	419,929,623
II	**Borrowings outside India***	68,681,334	19,679,067
	Total (I + II)	**699,833,902**	**572,870,654**
	Secured borrowings included in I and II above **	**142,155,583**	**205,335,651**

^ Borrowings from banks include long term infrastructure bonds of ₹ 281.50 crore (Previous Year ₹ 281.50 crore).

$ Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 10,152.50 crore (Previous Year ₹ 10,152.50 crore) and Bonds under section 80CCF of the Income tax Act, 1961 of ₹ 1,690.03 crore (Previous Year ₹ 1,690.05 crore).

* Borrowings outside India include External Commercial Borrowings (ECB) of ₹ 550.88 crore (Previous Year ₹ 623.45 crore).

** Secured borrowings includes borrowings under Collateralised Borrowing and Lending Obligation / Triparty Repo (TREPS), market repurchase transactions with banks & financial institutions, transactions under Liquidity Adjustment Facility and Marginal Standing Facility secured against Government Securities.

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Bills payable	1,324,743	1,646,260
II	Inter-office adjustments (net)	-	-
III	Interest accrued	33,574,116	32,459,802
IV	Proposed dividend (includes tax on dividend) (refer note 18.13)	-	-
V	Contingent provision against standard assets	4,026,725	2,716,876
VI	Others (including provisions)	46,700,308	20,990,855
	Total (I + II + III + IV + V + VI)	**85,625,892**	**57,813,793**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Cash in hand (including foreign currency notes)	1,831,819	729,234
II	Balances with Reserve Bank of India:		
	(i) In current accounts	39,177,502	29,481,753
	(ii) In other accounts	-	-
	Total (I + II)	**41,009,321**	**30,210,987**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

Schedule 7 - Balances with Banks and Money at call and short notice

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**In India**		
	(i) Balance with banks		
	(a) In current accounts	6,246,147	212,076
	(b) In other deposit accounts	-	-
	(ii) Money at call and short notice		
	(a) With banks	31,000,000	1,850,000
	(b) With other institutions	-	194,091
	Total	**37,246,147**	**2,256,167**
II	**Outside India**		
	(i) In current accounts	80,836	76,148
	(ii) In other deposit accounts	-	11,405,625
	(iii) Money at call and short notice	16,925,230	4,819,235
	Total	**17,006,066**	**16,301,008**
	Grand Total (I+II)	**54,252,213**	**18,557,175**

Schedule 8 - Investments (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Investments in India in :**		
	(i) Government securities	353,849,422	387,985,608
	(ii) Other approved securities	-	-
	(iii) Shares *	1,798,747	3,731,503
	(iv) Debentures and bonds	127,326,566	122,080,787
	(v) Others (venture capital funds, commercial papers, certificate of deposits, security receipts, PTC etc.)	99,477,556	95,246,282
	Total Investments in India	**582,452,291**	**609,044,180**

* Gross Investments in associates ₹ 226.39 crore (Previous Year ₹ 226.39 crore), Net Investments in associate Nil (Previous Year ₹ 27.86 crore).

II	**Investments Outside India in :**		
	(i) Government securities (including local authorities)	-	-
	(ii) Subsidiaries and/or joint ventures abroad	-	-
	(iii) Others	-	-
	Total Investments outside India	**-**	**-**
	Grand Total (I+II)	**582,452,291**	**609,044,180**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

Schedule 9 - Advances (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
A	(i) Bills purchased and discounted	28,299,102	31,530,753
	(ii) Cash credits, overdrafts and loans repayable on demand	70,567,369	58,030,428
	(iii) Term loans	764,156,388	432,087,700
	Total	**863,022,859**	**521,648,881**
B	(i) Secured by tangible assets *	541,516,215	274,120,792
	(ii) Covered by bank / government guarantees $	10,266,198	1,908,640
	(iii) Unsecured	311,240,446	245,619,449
	Total	**863,022,859**	**521,648,881**
C I	Advances in India		
	(i) Priority sector	156,825,124	64,179,608
	(ii) Public sector	10,705,977	35,199,879
	(iii) Banks	2,722,896	2,415,366
	(iv) Others	692,768,862	419,854,028
	Total	**863,022,859**	**521,648,881**
C II	Advances Outside India		
	(i) Due from banks	-	-
	(ii) Due from others :		
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	-	-
	(c) Others	-	-
	Total	**-**	**-**
	Grand Total (CI + CII)	**863,022,859**	**521,648,881**

The above advances are net of provisions of ₹ 1,752.88 crore (Previous Year ₹ 1,587.93 crore).

* Includes advances against book debts

$ Includes advances against LCs issued by banks

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	**Premises (including land)**		
	Gross block		
	At cost at the beginning of the year	3,006,756	3,005,682
	Additions on Amalgamation	2,700	-
	Additions during the year	16,534	1,074
	Deductions during the year	(24,814)	-
	Total	**3,001,176**	**3,006,756**
	Depreciation		
	As at the beginning of the year	492,276	439,925
	Additions on Amalgamation	-	-
	Charge for the year	52,036	52,351
	Deductions during the year	(7,481)	-
	Depreciation to date	536,831	492,276
	Net block of premises	**2,464,345**	**2,514,480**
II	**Other fixed assets (including furniture and fixtures) (refer note 18.11)**		
	Gross block		
	At cost at the beginning of the year	9,179,953	7,761,317
	Additions on Amalgamation	28,098,250	-
	Additions during the year	2,488,969	1,762,320
	Deductions during the year	(160,846)	(343,684)
	Total	**39,606,326**	**9,179,953**
	Depreciation		
	As at the beginning of the year	3,725,716	2,397,541
	Additions on Amalgamation	917,052	-
	Charge for the year	28,151,133	1,629,784
	Deductions during the year	(122,495)	(301,609)
	Depreciation to date	**32,671,406**	**3,725,716**
	Net block of other fixed assets (including furniture and fixtures)	**6,934,920**	**5,454,237**
III	**Capital Work-In-Progress (Including Capital Advances)**	341,144	33,874
	Grand Total (I+II+III)	**9,740,409**	**8,002,591**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2019

Schedule 11 - Other Assets

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Inter-office adjustments (net)	-	-
II	Interest accrued	16,477,185	13,959,207
III	Tax paid in advance / tax deducted at source (net of provisions)	9,157,011	10,092,412
IV	Stationery and stamps	50	567
V	Non banking assets acquired in satisfaction of claims	-	-
VI	Others*	94,878,000	52,303,922
	Total (I + II + III + IV + V + VI)	**120,512,246**	**76,356,108**

* Includes goodwill on consolidation of ₹ 139.67 crore (Previous Year ₹ 139.67 crore)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at March 31, 2019	As at March 31, 2018
I	Claims against the group not acknowledged as debts	483,495	1,705,761
II	Liability for partly paid investments	741,437	1,162,778
III	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	628,231,750	642,282,198
	(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	2,016,880,847	1,035,446,452
	(c) Foreign currency options	81,636,467	196,553,003
	Total (a+b+c)	**2,726,749,064**	**1,874,281,653**
IV	Guarantees given on behalf of constituents		
	In India	167,962,734	226,081,876
	Outside India	-	-
V	Acceptances, endorsements and other obligations	102,307,638	52,970,776
VI	Other items for which the group is contingently liable (capital commitments)	944,165	748,074
	Grand Total (I+II+III+IV+V+VI)	**2,999,188,533**	**2,156,950,918**

Schedules

forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2019

Schedule 13 - Interest Earned

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Interest / discount on advances / bills	80,809,757	48,901,200
II	Income on investments	39,056,535	40,413,069
III	Interest on balances with Reserve Bank of India and other inter-bank funds	231,868	90,137
IV	Others *	1,942,004	1,580,317
	Total	**122,040,164**	**90,984,723**

* Includes interest on income tax refunds amounting to ₹ 32.03 crore (Previous Year ₹ 41.23 crore)

Schedule 14 - Other Income

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Commission, exchange and brokerage	7,616,251	4,333,405
II	Profit / (loss) on sale of investments (net)	325,432	3,940,164
III	Profit / (loss) on revaluation of investments (net)	-	-
IV	Profit / (loss) on sale of premises and other fixed assets (net)	(11,929)	(10,450)
V	Profit / (loss) on exchange/derivative transactions (net)	498,677	2,911,473
VI	Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	-	-
VII	Miscellaneous Income [including recoveries on account of advances written off of ₹ 86.48 crore (Previous year Nil)]	958,003	24,151
	Total	**9,386,434**	**11,198,743**

Schedule 15 - Interest Expended

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Interest on deposits	38,975,641	26,311,083
II	Interest on borrowings from Reserve Bank of India / inter-bank borrowings	9,706,982	3,299,528
III	Others	38,749,791	41,649,017
	Total	**87,432,414**	**71,259,628**

Schedule 16 - Operating Expenses

(₹ in thousands)

		Year ended March 31, 2019	Year ended March 31, 2018
I	Payments to and provisions for employees	12,793,748	7,863,800
II	Rent, taxes and lighting	1,789,397	1,093,957
III	Printing and stationery	387,308	183,434
IV	Advertisement and publicity	612,309	246,390
V	Depreciation on group's property (refer note 18.01)	28,203,169	1,682,136
VI	Directors' fees, allowance and expenses	9,891	14,551
VII	Auditors' fees and expenses	36,526	20,225
VIII	Law charges	46,551	73,301
IX	Postage, telegrams, telephones etc.	534,773	326,615
X	Repairs and maintenance	994,066	327,304
XI	Insurance	453,640	375,275
XII	Other expenditure	15,044,981	5,762,078
	Total	**60,906,359**	**17,969,066**

Schedules

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

17 Significant accounting policies forming part of the consolidated financial statements for the year ended March 31, 2019

A Background

IDFC FIRST Bank Limited ("the Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015. Pursuant to approval from shareholders and the Central Government - Ministry of Corporate Affairs, name of the Bank has changed to IDFC FIRST Bank Limited and the change has been incorporated in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 12, 2019. The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited (''Merging entities'') with IDFC Bank Limited ('IDFC - CFL Merger') has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ('NCLT'), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme has been given effect to in the financial results for the year ended March 31, 2019 and it includes results for the merged entity for the period from October 1, 2018 to March 31, 2019. The Bank has 242 branches and 102 Banking Outlets in India. The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited.

IDFC Bharat Limited is the subsidiary of the Bank. IDFC Bharat Limited ("the Subsidiary") has been operating as business correspondent. Pursuant to approval of Central Government - Ministry of Corporate affairs the name of IDFC Bharat has been changed to IDFC FIRST Bharat Limited with effect from April 29, 2019.

B Principles of Consolidation

The consolidated financial statements comprise the financial statements of IDFC FIRST Bank Limited ('the Holding company' or 'the Bank') and its subsidiary, which together constitute 'the Group'.

The Bank consolidates its subsidiary in accordance with AS-21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 using the equity method of accounting.

C Basis of preparation

The financial statements have been prepared based on historical cost convention and accrual basis of accounting in accordance with the requirements prescribed under Section 29 and third schedule of the Banking Regulation Act, 1949 and in conformity with Generally Accepted Accounting Principles in India to comply with the statutory requirements prescribed under the circulars and guidelines issued by the RBI from time to time and the Accounting Standards notified under section 133 of the Companies Act, 2013, to the extent applicable and practices generally prevalent in the banking industry in India.

The consolidated financial statements present the accounts of IDFC FIRST Bank Limited, IDFC Bharat Limited and its associate for the full year.

Name	Relation	Country of Incorporation	Ownership Interest	
			March 31, 2019	March 31, 2018
IDFC FIRST Bharat Limited (formerly IDFC Bharat Limited)	Subsidiary	India	100.00%	100.00%
Millennium City Expressways Private Limited	Associate	India	29.98%	29.98%

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

The audited financial statements of the subsidiary company and the un-audited financial statements of associate have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2019. The standalone financial statements of the subsidiary has been prepared in accordance with notified Indian Accounting Standards('Ind-AS') with effect from April 1, 2018. The financial statements of the subsidiary used for consolidation of the consolidated financial statements are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016."

D Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that affects the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates and the differences between the actual results and the estimates would be recognised in the periods in which the results are known / materialised.

E Significant accounting policies :

17.1 Investments Classification :

In accordance with the RBI Guidelines on investment classification and valuation; Investments are classified into:

- Held for Trading (HFT),
- Available for Sale (AFS) and
- Held to Maturity (HTM).

Reclassification of securities if any, in any categories are accounted for as per the RBI guidelines. However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments are recorded on value date except for equity shares which are recorded on trade date.

Cost of acquisition :

- Costs including brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First out Method for all categories of Investments including Short sales.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation :

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line method basis, while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM Category is provided.

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines. Traded investments are valued based on the trades / quotes on the recognised stock exchanges, or prices/yields declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA') / Financial Benchmark India Pvt. Ltd. ('FBIL'), periodically.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FIMMDA / FIBIL.
- The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved securities, Bonds and Debentures) and preference

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA / FIBIL. For Tax-free bonds, the valuation is done after grossing up the coupon in line with FIMMDA/FBIL guidelines.

- Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines.
- Units of mutual funds are valued at the latest repurchase price / net asset value ('NAV') declared by the mutual fund.
- Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments, are valued at carrying cost. Accretion of discount on discounted Money Market Securities is computed on straight line method and for long term discounted securities, constant YTM method is used.
- Security receipts ('SR') are valued as per NAV as provided by the Reconstruction Company ('RC') / Securitization Company ('SC').
- Units of Venture Capital Funds ('VCF') and Alternate Investment Fund ('AIF') held under AFS category are marked to market based on the NAV provided by VCF/AIF based on the latest audited financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF/AIF. Banks' investments in units of VCFs is classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines.
- Priority Sector Pass Through Certificates (PTC) are valued at book value as per FIMMDA guidelines.

Securities are valued script wise and depreciation / appreciation is aggregated for each category. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions.

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.

As a prudent risk measure, specific provision against identified investments are made based on management's assessment of impairment based on qualitative factors, subject to minimum provision determined under FIMMDA valuation guidelines. These provisions are netted off from carrying value of such investments.

Investment Fluctuation Reserve ('IFR') :

The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR by the Holding company, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Further, the Holding company may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of profit/loss as disclosed in the profit and loss account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS investment portfolio, a draw down is permitted subject to the following conditions:

(a) The drawn down amount is used only for meeting the minimum Common Equity Tier 1/Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss and

(b) The amount drawn down is not more than the extent the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

IFR is eligible for inclusion in Tier 2 capital.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines and these are shown under Schedule 8 - Investments. The short position is marked to market along with other securities in that category and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

Repo and Reverse Repo Transaction :

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with the RBI are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions are accounted as interest income.

17.2 Advances

In accordance with the RBI guidelines, advances are classified as performing and non-performing. Non-Performing advances ('NPA') are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). In addition, based on extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on specific advances which are classified as standard advances as these are not non-performing advances ('identified advances'). Advances are stated net of provisions against NPA, specific provisions against identified advances, provisions for non-performing funded interest term loan and provisions in lieu of diminution in the fair value of restructured asset.

The Holding company may transfer advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

The Holding company makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. In addition, the Bank makes provisions for standard assets in telecom sector (as defined by RBI) and other stressed sectors, at rates higher than the regulatory minimum, based on evaluation of risk and stress as per the Board approved policy. The provision on standard advances is not reckoned for arriving at net NPAs. The provision against standard advances (other than provision against identified advances) is shown separately as "Contingent Provisions against Standard Assets" under "Schedule 5 - Other Liabilities".

In case of corporate loans, specific loan loss provisions in respect of identified advances and non-performing advances are made based on the management's assessment of the degree of impairment, subject to the minimum provisioning level prescribed by the RBI. The Bank can provide additional specific provision on standard advances at higher than prescribed rates as a prudent risk measure. These provisions are reviewed and reassessed at least once in a year. Provision on / write off of homogeneous retail loans and advances, subject to minimum provisioning requirement of the RBI, is assessed on the basis of ageing of loans as prescribed in the Board approved policy of the Bank. Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable the RBI guidelines.

The RBI has revised 'Framework for Resolution of Stressed Assets' and extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring Scheme ('SDR'), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets ('S4A') stand withdrawn from February 12, 2018. Also, Joint Lenders Forum ('JLF') as an institutional mechanism for resolution of stressed accounts stands discontinued.

As per the revised framework, the Bank is required to form a Resolution Plan ('RP') for a borrower who defaults in repayment of debt. Asset classification and provisioning in respect of exposure to borrower entities against whom insolvency applications are filed under the IBC shall be as per the extant IRAC guidelines.

The RBI has also revised prudential norms applicable to any restructuring, whether under the IBC framework or outside the IBC framework. As per the revised framework in case of restructuring, the accounts classified as standard shall be immediately downgraded as NPAs. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. In both cases, the asset classification shall continue to

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be governed by the ageing criteria as per extant IRAC guidelines. These are upgraded to standard only after satisfaction of certain payment and rating threshold criteria specified in the Framework.

Any additional finance approved under the RP (including any resolution plan approved by the Adjudicating Authority under IBC) may be treated as 'standard asset' during the specified period under the approved RP, provided the account performs satisfactorily during the specified period. If the restructured asset fails to perform satisfactorily during the specified period or does not qualify for upgradation at the end of the specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.

The RBI has issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on all single counterparties of the Bank.

The guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') will attract prudential measures.

Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognized by way of additional standard asset provisioning and higher risk weights.

In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise. Amounts recovered form borrowers against debts written off is recognised in the Profit and Loss Account.

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines and disclosed under Contingent Provision against Standard Assets. In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories as mentioned in the ECGC guidelines namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

17.3 Revenue recognition

Interest income :

Interest Income is recognised on accrual basis in the Profit and Loss Account, except in the case of Non-Performing Assets (NPAs) and identified stressed advances, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified stressed advances and any other facility given to the same borrower is reversed to the Profit and Loss and subsequent interest income is accounted into interest suspense.

The unrealized interest represented by Funded Interest Term Loan ('FITL') is reversed in Profit & Loss Account with the corresponding credit in Sundry Liabilities Account- Interest Capitalization account. Interest income is booked in Profit & Loss account upon realization, by debiting the sundry liabilities account.

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortized balance is disclosed as part of other liabilities . On foreclosure, balance unamortised subvention income is recognised in the Profit and Loss Account. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of NPAs wherein interest income is recognised upon realisation.

Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

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Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges :

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership/syndication fee is accounted on completion of the agreed service and when right to receive is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received except for commission not exceeding ₹ 25 lacs which is recognised at the time of issuance of the guarantee or letter of credit.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period.

Underwriting commission earned to the extent not reduced from the cost of the securities is recognised as fees on closure of issue.

All other fees and charges is recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments :

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category is appropriated from Profit and Loss Account to “Capital Reserve” (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines.

Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers’ Association of India ('FEDAI').

Other operating income :

Securitisation transactions :

Net income arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the life of the securities issued by the Special Purpose Vehicle ('SPV'). Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs.

In case of Non-Performing Assets sold to Securitisation Company ('SC') / Reconstruction Company ('RC') for cash, excess provision is reversed to Profit and Loss Account. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. If sale is against issuance of SRs by SC / RC, the sale will be recognised at lower of redemption value of SRs and net book value of financial asset sold. On realisation, the proceeds are reduced against the carrying value of SRs and surplus, if any, is recognised in the Profit and Loss Account.

With effect from April 1, 2018 investments in SRs by more than 10 percent of the SRs backed by the assets sold and issued under the scheme of securitization, provisioning requirement on SRs will be higher of provisioning rate required in terms of net asset value declared by the SCs/RCs or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books.

Direct Assignments :

Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non-performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non-performing financial assets and shortfall if any is charged to the Profit and Loss Account.

17.4 Priority Sector Lending Certificates (PSLCs)

The Holding company may enter into transactions for the purchase or sale of Priority Sector Lending Certificates ('PSLCs'). In case of a purchase transaction the bank buys the fulfillment of priority sector obligation and in case of a sale transaction, the bank sells the fulfillment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. Fees paid for purchase of the PSLCs is recorded as ‘Other Expenditure’ and fees received for the sale of PSLCs is recorded as ‘Miscellaneous Income’ in Profit and Loss Account.

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17.5 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by FEDAI. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income / expense on accrual basis and is amortized on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

17.6 Accounting for derivative transactions

Derivative transactions comprises of forward contracts, futures, swaps and options. The Holding company undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.

For hedge transactions, the Holding company identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines. The Hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re-assessment or termination of underlying, the Bank shall de-designate the derivative as trade.

Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed in Profit and Loss Account.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'.

Valuation of Exchange Traded Currency Options ('ETCO') is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures ('IRF') is carried out on the basis of the daily settlement price of each contract provided by the exchange.

As per the RBI guidelines on 'Prudential Norms for Off Balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. For provisioning purpose, the credit exposure for all the counterparties except Qualified Central Counter Party ('QCCP') are calculated at deal level, i.e. Gross Positive MTM after netting of margin to the extent of Positive MTM. The credit exposure reckoned for standard provisioning on QCCP is calculated at counterparty level i.e. Net Positive MTM.

17.7 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes

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and incidental expenses related to the acquisition and installation of the asset.

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below :

Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years to 8 years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (including software and system development)	5 years

All fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of installation.

The Holding company has accounted for the intangibles acquired and arising on account of IDFC-CFL merger under AS 14 on 'Accounting of Amalgamation' and as per the specific provisions of the scheme. Under AS 14, the goodwill arising on amalgamation should be amortised over period not exceeding five years unless a longer period can be justified. However, in view of restriction under Section 15 of the Banking Regulation Act 1949 to declare dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet, as a prudent measure, the intangible assets acquired or arising on amalgamation have been fully amortised through Profit and Loss Account.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the Profit and Loss Account till the date of sale. Profit on sale of premises net of taxes and transfer to statutory reserve is appropriated to Capital Reserve as per the RBI guidelines. The Subsidiary Company recognises the gains or losses arising on the disposal of the tangible assets in the Profit and Loss Account within other income or other expenses, as the case may be.

17.8 Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of history of tax losses, deferred tax assets on unabsorbed depreciation or carried forward loss under taxation laws are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.9 Employee stock option scheme

The Holding company has formulated Employee Stock Option Scheme - IDFC FIRST Bank Limited ESOS -2015 ('the Scheme') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOS provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Holding company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price / fair value of the underlying

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stock over the grant price as determined under the option plan. Compensation cost, if any is amortized over the vesting period on a straight line method. In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

17.10 Employee benefits

Defined contribution plan :

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered.

Defined benefit plan :

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences :

Based on the leave rules of the Group, employees are not permitted to accumulate leave for encashment. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Profit and Loss Account for th e year.

17.11 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is :

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

17.12 Earnings per share

The Group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

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17.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 Segment reporting

As per the RBI guidelines, the Holding company's business segments are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business.

17.15 Impairment of assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Profit and Loss Account, except in case of revalued assets.

17.16 Fraud Provisioning

As per RBI guidelines, in case of frauds due to the Holding company or for which the Holding company is liable, provision needs to be immediately recognised in Profit and Loss Account. However, the Holding company have an option to make provisions over a period, not exceeding four quarters, commencing from the quarter in which the fraud has been detected.

17.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

17.18 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

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18 Notes forming part of the financial statements for the year ended March 31, 2019

Amounts in notes forming part of the financial statements for the year ended March 31, 2019 are denominated in ₹ crore to conform with the extant RBI guidelines.

18.01

IDFC FIRST Bank Limited (Formerly 'IDFC Bank Limited') ("the Bank" or "Holding company") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015. Pursuant to approval from shareholders and Central Government - Ministry of Corporate Affairs, the name of the Bank has changed to IDFC FIRST Bank Limited and the change has been incorporated in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 12, 2019.

During the year ended March 31, 2018, the Board of Directors of the Bank approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited ("Merging entities") with the Bank ('IDFC - CFL Merger') in an all-stock transaction through a Composite Scheme of Arrangement ("Scheme"). The same has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the Scheme has been given effect to in the financial results for the year ended March 31, 2019 and it includes results for the Merging entities for the period from October 1, 2018 to March 31, 2019. The Bank has sought dispensation from the Reserve Bank of India to grandfather certain operational aspects of financial products which were permitted to the erstwhile Capital First Limited as Non Banking Financial Company (NBFC). This has no impact on the results.

The Board of Directors of the Bank at its meeting held on January 5, 2019 approved the allotment of 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date of December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the scheme. Accordingly, the issued and paid up equity share capital of the Bank increased to ₹ 4,781.52 crore (4,781,521,604 equity shares of ₹ 10 each).

The IDFC-CFL Merger has been accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the Scheme. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at their fair values as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 1,377,109,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Details of fair values of net assets acquired on account of IDFC-CFL Merger are given below :

Particulars	₹ in crore
Cash and bank balances.	870.62
Loans and advances	27,653.89
Fixed Assets	123.98
Brand	208.82
Investments	270.19
Deferred tax assets (Net)	209.79
Other Assets	485.11
Total Assets	**29,822.40**
Borrowings	24,606.27
Provisions	596.54
Other Liabilities	1,866.46
Share Application Money Pending Allotment	0.15
Total Liabilities	**27,069.42**
Net Assets Acquired	**2,752.98**
Sale Consideration	**5,143.51**
- Share Capital	1,377.11
- Share Premium	3,766.40
Goodwill on Amalgamation	**2,390.53**

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets on its Balance Sheet. Therefore, while the Bank has acquired intangibles as part of the merger and continues to have access to these intangibles, as a prudent measure, the Bank fully amortised such intangibles through profit

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and loss account in FY 2018-19. This accelerated amortisation charge to profit and loss account for the year of ₹ 2,599.35 crore is exceptional in nature and resulted in loss for the year.

Statutory reserves created by erstwhile Capital First Limited and its wholly owned subsidiaries (eCFL) prior to the appointed date pursuant to the requirements of applicable statute and are required to be maintained under those statute, are transferred to the Bank in the same form in which they appeared in the financials statements of the respective entities. The statutory reserves are recorded in the financials statements of the Bank by a corresponding debit to 'Amalgamation Adjustment Account' which is disclosed as a part of 'Reserve and Surplus' in the balance sheet.

Details of Statutory Reserves of eCFL recorded in the books of the Holding company are as under:

Particulars	₹ in crore
Special Reserve under Section 45-IC of the RBI Act	226.30
Special Reserve under Section 29C of the NHB Act	5.50
Total	**231.80**

18.02 Employee benefits

i The Group has charged the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under schedule 16 (I) :

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Provident fund	43.38	29.73
Superannuation fund	1.12	1.66
Pension fund	2.89	2.79

ii Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees) :

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Current service cost	12.12	8.25
Interest on defined benefit obligation	4.81	3.72
Expected return on plan assets	(3.68)	(3.42)
Net actuarial losses / (gains) recognised in the year	2.93	(4.73)
Past service cost	0.20	0.32
Losses / (gains) on Acquisition / Divestiture	ß	(0.71)
Total included in "employee benefit expense" [schedule 16(I)]	**16.38**	**3.43**
Actual return on plan assets	3.62	3.19

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Balance Sheet

Details of provision for gratuity :

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Fair value of plan assets	65.62	46.92
Present value of funded obligations	(69.23)	(48.14)
Unrecognised Past Service Cost	0.59	0.78
Net Liability	**(3.02)**	**(0.44)**
Amounts in balance sheet		
Liabilities (included under schedule 5 – other liabilities)	(3.12)	(0.44)
Assets (included under schedule 11 – other assets)	0.10	-
Net Liability	**(3.02)**	**(0.44)**

Changes in the present value of the defined benefit obligation are as follows :

Particulars	March 31, 2019	March 31, 2018
Opening defined benefit obligation	48.14	46.38
Current service cost	12.12	8.25
Interest cost	4.81	3.72
Actuarial losses / (gains)	2.88	(4.96)
Past service cost	-	1.11
Liabilities assumed on acquisition / (settled on divestiture)	9.70	(0.94)
Benefits paid	(8.42)	(5.42)
Closing defined benefit obligation	**69.23**	**48.14**

Changes in the fair value of plan assets are as follows :

Particulars	March 31, 2019	March 31, 2018
Opening fair value of plan assets	46.92	43.70
Expected return on plan assets	3.68	3.42
Actuarial gains / (losses)	(0.07)	(0.24)
Contributions by employer	23.51	5.69
Assets acquired on acquisition / (distributed on divestiture)	-	(0.23)
Benefits paid	(8.42)	(5.42)
Closing fair value of plan assets	**65.62**	**46.92**
Expected Employers Contribution Next Year	9.37	7.93

Experience adjustments

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Defined benefit obligations	69.23	48.14	46.38
Plan assets	65.62	46.92	43.70
Surplus / (deficit)	(3.61)	(1.22)	(2.68)
Experience adjustments on plan liabilities	(1.57)	(1.68)	1.29
Experience adjustments on plan assets	(0.20)	(0.16)	1.13

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Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets :

Particulars	March 31, 2019	March 31, 2018
Government securities	31.18%	28.84%
Bonds, debentures and other fixed income instruments	54.65%	51.75%
Deposits and money market instruments	3.07%	5.50%
Equity shares	11.10%	13.91%

Principal actuarial assumptions at the Balance Sheet date:

Particulars	March 31, 2019	March 31, 2018
Discount rate (p.a.)	7.70% to 7.75%	7.45% to 8.05%
Expected rate of return on plan assets (p.a.)	7.45% to 7.50%	7.45% to 7.50%
Salary escalation rate (p.a.)	8.00% to 10.00%	8.00%

18.03 Segment reporting

Business Segments :

The business of the Group is divided into four segments : Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by the RBI.

Segment	Principal activities
Treasury	The treasury segment primarily consists of Group's investment portfolio, money market borrowing and lending, investment operations and entire foreign exchange and derivative portfolio of the Group. Revenue of treasury segment consist of interest income on investment portfolio, gains or losses from trading operations, fees on FX & derivative trades etc. The principal expenses consists of interest expenses from external sources, premises expenses, personnel cost, direct and allocated overheads.
Corporate / Wholesale Banking	The wholesale banking segment provides loans, non-fund facilities and transaction services to corporate relationship not included under Retail Banking, corporate advisory, project appraisal placement and syndication. Revenues of the wholesale banking segment consists of interest earned on loans to customers, interest / fees earned on transaction services, earnings from trade services and other non-fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.
Retail Banking	Retail Banking constitutes lending to individuals / business banking customers through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans and fees from services rendered. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.
Other Banking Business	This segment includes revenue from distribution of third party products and the associated costs.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue & expense of this segment includes income & expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

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Segmental reporting for the year ended March 31, 2019 are set out below :

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	6,552.68	4,671.72	4,241.61	21.06	34.86	15,521.93
Less : inter segment revenue (ii)	-	-	-	-	-	(2,379.27)
Total Revenue (i-ii)						**13,142.66**
Segment Results before tax	(148.10)	532.87	(369.72)	7.47	(3,232.09)	(3,209.57)
Less: Provision for tax	-	-	-	-	-	1,329.55
Net Profit before earnings from Associate						**(1,880.02)**
Add: Share of loss in Associate						(27.86)
Net Profit						**(1,907.88)**
Total Segment assets	72,394.68	45,557.51	45,081.43	7.49	4,057.82	167,098.93
Total Segment liabilities	62,515.96	43,442.10	42,700.51	9.58	231.42	148,899.57
Net assets	**9,878.72**	**2,115.41**	**2,380.92**	**(2.09)**	**3,826.40**	**18,199.36**
Capital expenditure for the year	0.12	15.04	146.02	0.27	89.10	250.55
Depreciation on fixed assets for the year	1.72	22.83	82.17	0.49	2,713.11	2,820.32

Segmental reporting for the year ended March 31, 2018 are set out below :

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	6,485.91	4,358.58	959.77	8.04	41.18	11,853.48
Less : inter segment revenue (ii)	-	-	-	-	-	(1,635.13)
Total Revenue (i-ii)						**10,218.35**
Segment Results before tax	1,123.74	834.76	(302.75)	(2.11)	(518.47)	1,135.17
Less: Provision for tax	-	-	-	-	-	(179.69)
Net Profit before earnings from Associate						**955.48**
Add: Share of loss in Associate						(75.57)
Net Profit						**879.91**
Total Segment assets	69,176.49	45,325.99	9,294.72	7.09	2,577.70	126,381.99
Total Segment liabilities	58,918.42	43,448.80	8,615.45	2.11	123.11	111,107.89
Net assets	**10,258.07**	**1,877.19**	**679.27**	**4.98**	**2,454.59**	**15,274.10**
Capital expenditure for the year	0.64	9.09	64.22	0.12	102.27	176.34
Depreciation on fixed assets for the year	1.92	22.88	45.04	0.37	98.00	168.21

Geographic segments

The business of the Group is concentrated in India. Accordingly, geographical segment results have not been reported.

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18.04 Deferred tax

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under :

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Deferred tax assets on account of provisions for loan losses	777.17	709.80
Deferred tax assets on account of provision for diminution in value of investments	579.70	426.11
Deferred tax assets on account of depreciation on fixed assets	821.65	0.89
Deferred tax assets on account of provision for employee benefits	1.06	0.53
Deferred tax assets on account of other contingencies	445.09	102.88
Deferred tax assets (A)*	**2,624.67**	**1,240.21**
Deferred tax liabilities on account of depreciation on fixed assets	-	85.27
Others (special reserve under section 36(1)(viii) of Income Tax Act, 1961)	104.16	102.54
Deferred tax liabilities (B)	**104.16**	**187.81**
Net Deferred tax assets (A-B)	**2,520.51**	**1,052.40**

* Includes DTA of ₹ 209.79 crore of Merging entities acquired on amalgamation and DTA of ₹ 908.32 crore arising on accelerated amortisation (refer note 18.01).

18.05 Provisions and contingencies

Provisions and contingencies' shown under the head expenditure in Profit and Loss Account comprise of :

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Provision made towards income tax		
Current tax *	(67.21)	(1.85)
Deferred tax	(1,262.34)	181.54
	(1,329.55)	**179.69**
Provisions for/ (release of) depreciation on investment	346.24	(171.39)
Write back of provisions for non-performing advances	(105.92)	(579.61)
Write back of provisions for restructured assets	(20.21)	(0.04)
Write back of specific provisions	55.20	(108.52)
Provision against Standard Assets	3.72	9.58
Loss on sale of loans to ARC (net)	813.68	-
Bad-debts written off / technical write off ^	373.10	997.88
Provision and other contingencies	52.54	12.40
Total	**188.80**	**339.99**

* net of tax adjustment of prior years of ₹ 77.02 crore (Previous Year ₹ 62.57 crore) relating to Financing Undertaking demerged from IDFC Limited to the Bank

^ Bad-debt recoveries from borrowers on written off accounts of ₹ 86.48 crore has been shown in Schedule 14 - Other Income

18.06 Draw down from reserves

The Group has not undertaken any draw down from reserves during the year ended March 31, 2019. During the year ended March 31, 2018, the Holding company has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

Appropriation to Reserves

i Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Group has transferred Nil (Previous Year ₹ 215.00 crore) to Statutory Reserve for the year.

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ii Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. Further, the Holding company may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year ended March 31, 2019, as per RBI guidelines, the Holding company has appropriated Nil to Investment Reserve Account. During the year ended March 31, 2018, the Holding company has transferred ₹ 0.55 crore from Investment Reserve Account to Profit and Loss Account.

iii Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/ 21.04.048/2017-18 dated April 2, 2018 advised banks to create an Investment Fluctuation Reserve (IFR) with effect from the year 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. During the year ended March 31, 2019 the Holding company has not created IFR.

iv Capital Reserve

As per RBI Guidelines, profit / loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, the Holding company has appropriated ₹ 1.51 crore (Previous Year ₹ 202.00 crore) being profit on sale of investments in the HTM category net of applicable taxes and transfer to capital reserve.

v Special Reserve

As per the provisions under Section 36(1) (viii) of Income Tax Act, 1961, the specified entity is allowed the deduction in respect of any special reserve created and maintained by it, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause). This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital (excluding the amounts capitalized from reserves) and general reserves of the entity. During the year, the Group has transferred an amount of ₹ Nil (Previous Year ₹ 75.00 crore) to Special Reserve.

vi General Reserve

During the year ended March 31, 2018, there were certain vested stock options that expired unexercised and hence the balance in stock options outstanding was transferred to the general reserve.

18.07 Related party disclosure :

As per AS-18, Related Party Disclosure, the Group's related parties are disclosed below :

a Holding Company (upto January 4, 2019)*

IDFC Limited
IDFC Financial Holding Company Limited

b Entities having Significant Influence (wef. January 5, 2019) *

IDFC Limited
IDFC Financial Holding Company Limited

c Fellow Subsidiaries*

IDFC Alternatives Limited
IDFC Asset Management Company Limited
IDFC AMC Trustee Company Limited
IDFC Foundation
IDFC Infrastructure Finance Limited
IDFC Projects Limited
IDFC Securities Limited
IDFC Trustee Company Limited
IDFC Capital (USA) Inc.

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IDFC Capital (Singapore) Pte. Ltd.
IDFC Investment Managers (Mauritius) Limited
IDFC Securities Singapore Pte. Limited

c Associates

i Direct

Feedback Infra Private Limited (Cease to be a associate wef. March 19, 2018)

Millennium City Expressway Private Limited

ii Indirect (through fellow subsidiaries)*

Jetpur Somnath Tollways Private Limited

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited (Under Liquidation)

IndianOil LNG Private Limited

e Key Management Personnel

Mr. V. Vaidyanathan
(Appointed wef. December 19, 2018)

Dr. Rajiv B. Lall
(Resigned wef. December 18, 2018)

f Relatives of key management personnel:

Jeyashree Vaidyanathan, Mr. K. Vembu, Captain V. Satyamurthy, Maj V Krishnamurthy, Savitri Krishnamoorthy, Tara Lall, Ambika Lall, Indrani Gangadhar, Kishen Behari Lall, Bunty Chand, Ashok B. Lall, Ranjana Pandey, Veenu Shah

In accordance with paragraph 5 and 6 of AS - 18, the Group has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

* Consequent to issuance of equity under the scheme of amalgamation (IDFC - CFL merger), the share holding of IDFC Financial Holding Company Limited in IDFC FIRST Bank Limited has reduced to 40% wef. January 5, 2019. Accordingly IDFC Limited & IDFC Financial Holding Company Limited are now entities with significant influence and certain entities has ceased to be related parties of the Bank (refer note 18.01). All transactions with fellow subsidiaries and indirect associate companies have been disclosed till existence of related party relationship.

The significant transactions between the Group and related parties for year ended March 31, 2019 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- **Interest on Deposits :**

IDFC Financial Holding Company Limited ₹ 2.55 crore (Previous Year ₹ 6.72 crore); IDFC Securities Limited ₹ 1.87 crore (Previous Year ₹ 1.23 crore); Dr. Rajiv Lall ₹ 1.06 crore (Previous year ₹ 0.58 crore); IDFC Foundation ₹ 1.31 crore (Previous Year ₹ 2.01 crore); Infrastructure Development Corporation (Karnataka) Limited ₹ 1.00 crore (previous year ₹ 0.95 crore)

- **Interest on Advances :**

Millennium City Expressways Private Limited ₹ 19.76 crore (Previous Year ₹ 24.64 crore).

- **Fees for services received :**

IDFC Securities Limited ₹ 10.06 crore (Previous Year ₹ 37.08 Crore); IDFC Alternatives Limited ₹ 3.02 crore (Previous Year ₹ 3.95 Crore); IDFC Limited ₹ 2.22 crore (Previous Year Nil)

- **Rendering of services :**

IDFC Asset Management Company Limited ₹ 2.23 crore (Previous Year ₹ 1.43 crore); IDFC Alternatives Limited ₹ 5.23 crore (Previous Year ₹ 0.75 Crore).

- **Managerial Remuneration :**

Dr. Rajiv B. Lall ₹ 5.91 crore (Previous Year ₹ 4.04 crore), Mr. V. Vaidyanathan ₹ 1.69 crore (subject to approval from Shareholders) (Previous Year N.A.).

- **Sale of investments :**

IDFC Limited ₹ 15.69 crore (Previous Year Nil).

- Profit on Sale of investments :

IDFC Limited ₹ 5.30 crore (Previous Year Nil).

- **Sale of fixed assets :**

IDFC Limited ₹ 0.21 crore (Previous Year Nil), IDFC Infrastructure Finance Limited ₹ 0.12 crore (Previous Year Nil), IDFC Securities Limited ₹ 0.37 Crore (Previous Year Nil)

- **Purchase of Fixed Assets :**

Delhi Integrated Multi Modal Transit System Limited ₹ 2.48 Crore (Previous Year ₹ 5.25 Crore)

- **Corporate Social Responsibility:**

IDFC Foundation ₹ 20.82 crore (Previous Year ₹ 14.23 crore)

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The details of the transactions of the Bank with its related party during the year ended March 31, 2019 are given below :

(₹ in crore)

Particulars	Related Party			
	Holding Company/ Entities having Significant Influence	Fellow Subsidiary Companies	Associates	Key Management Personnel
Interest expense	3.31	4.30	1.11	1.07
Interest income earned	-	0.02	19.76	-
Sale of investments	15.69	-	-	-
Profit on sale of Investments	5.30	-	-	-
Managerial Remuneration	-	-	-	7.60
Purchase of fixed assets	-	-	2.48	-
Sale of fixed assets	0.21	0.56	-	-
Corporate Social Responsibility	-	20.82	-	-
Advance repaid	-	-	3.49	-
Receiving of services	2.22	13.48	0.04	-
Rendering of services	0.59	7.95	-	-

The balances payable to / receivable from the related parties of the Bank as on March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party			
	Holding Company/ Entities having Significant Influence	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	14.11	-	-	0.35
Interest Accrued on Deposit	0.01	-	-	ß
Advances	-	-	351.00	-
Investment of the Bank	-	-	226.38	-
Investment of related party in the Bank#	-	-	-	-

As at March 31, 2019, IDFC Financial Holding Company Limited holds 1,91,26,70,691 and KMP holds 50,060,556 equity shares of the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party			
	Holding Company/ Entities having Significant Influence	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	338.51	-	-	2.77
Advances	-	-	354.49	-
Investment of the Bank	-	-	226.38	-
Other receivables	0.37	-	-	-

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The details of the transactions of the Group with its related party during the year ended March 31, 2018 are given below :

(₹ in crore)

Particulars	Related Party			
	Holding Company	Fellow Subsidiary Companies	Associates	Key Management Personnel
Interest expense	7.40	3.35	1.25	0.58
Interest income earned	-	0.14	38.02	-
Dividend Income earned	-	-	0.70	-
Investment of related party in the Bank	-	-	-	0.82
Investment in related party by Bank	-	-	8.10	-
Purchase of investments	35.05	-	-	-
Sale of investments	-	100.51	-	-
Managerial Remuneration	-	-	-	4.04
Purchase of fixed assets	-	-	5.25	-
Corporate Social Responsibility	-	14.23	-	-
Advance repaid	-	-	94.72	-
Receiving of services	0.25	42.46	2.19	-
Rendering of services	0.39	7.75	0.20	-
Non fund based exposure (Issued)	-	-	2.74	-

The balances payable to / receivable from the related parties of the Group as on March 31, 2018 are given below:

(₹ in crore)

Particulars	Related Party			
	Holding Company	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	109.43	100.47	13.52	15.40
Interest Accrued on Deposit	0.72	0.52	0.09	0.18
Advances	-	-	417.53	-
Investment of the Bank	-	-	241.43	-
Investment of related party in the Bank**	-	-	-	-
Security Deposit Outstanding	-	1.77	-	-
Other Payable (net)	-	4.27	-	-
Non Fund Based Exposure	-	0.08	9.96	-

** As at March 31, 2018, IDFC Financial Holding Company Limited holds 1,797,512,668 and KMP holds 2,624,286 equity shares in the Bank,

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2018 are given below:

(₹ in crore)

Particulars				Related Party
	Holding Company	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	829.70	111.24	32.05	28.01
Advances	-	13.09	516.38	-
Investment of the Bank	-	-	246.47	-
Security Deposit Outstanding	-	1.77	-	-
Other receivables (net)	1.21	2.97	-	-
Other payables (net)	-	15.38	-	-
Non Fund Based Exposure	-	0.08	9.99	-

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Other Disclosures

18.08 Earning per share ('EPS')

Basic and diluted earnings per equity share are computed in accordance with AS 20 - Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Dilution of equity is on account of stock options granted to employees by the Bank.

Particulars	March 31, 2019	March 31, 2018
Basic		
Weighted average number of equity shares outstanding (in crore)	409.09	340.18
Net Profit after Tax (₹ in crore)	(1,907.88)	879.91
Basic earning per share (₹)	(4.66)	2.59
Diluted		
Weighted average number of equity shares outstanding (in crore)	412.49	341.13
Net Profit after Tax (₹ in crore)	(1,907.88)	879.91
Diluted earning per share (₹)	(4.63)	2.58
Nominal value of shares (₹)	10.00	10.00

Equity shares issued as part of the consideration for the IDFC - CFL Merger are included in the weighted average number of shares as of the appointed date of the merger.

18.09 Unclaimed Shares

Details of unclaimed shares as of March 31, 2019 and March 31, 2018 are as follows :

Particulars	March 31, 2019	March 31, 2018
Aggregate number of shareholders at the beginning of the year	99	100
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	28,253	28,453
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	-	1
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	1
Aggregate number of shareholders at the end of the year	99	99
Total outstanding shares in Unclaimed Suspense Account at the end of the year	28,253	28,253

18.10 Leases

In accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the following disclosures in respect of operating leases are made:

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(This comprise of office premises / branches / ATMs taken on lease.)

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Future lease rentals payable as at the end of the year :		
Not later than one year	144.86	84.19
Later than one year and not later than five years	393.10	222.36
Later than five years	126.82	71.90
Total of minimum lease payments recognised in the Profit and Loss Account for the year	146.05	86.88
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	-	-
Sub-lease payments recognised in the Profit and Loss Account for the year	-	-

The Group has not sub-leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

18.11 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as Intangible assets is given below :

(₹ in crore)

Particulars	March 31, 2019		March 31, 2018	
	Software	Other Intangibles*	Software	Other Intangibles
Cost				
At the beginning of the year	498.39	-	424.97	12.24
Additions on Amalgamation (refer note 18.01)	57.90	2,599.51		
Additions during the year	99.40	-	73.42	-
Deductions during the year	ß	(0.16)	-	(12.24)
Total (i)	**655.69**	**2,599.35**	**498.39**	**-**
Depreciation				
Accumulated depreciation at the beginning of the year	206.34	-	115.52	12.24
Additions on Amalgamation	30.34	0.16	-	-
Depreciation charge for the year (refer note 18.01)	113.86	2,599.35	90.82	-
Deductions during the year	ß	(0.16)	-	(12.24)
Total (ii)	**350.54**	**2,599.35**	**206.34**	**-**
Net Value (i-ii)	**305.15**	**-**	**292.05**	**-**

* Other intangibles includes Goodwill & Brand acquired and arising on amalgamation (refer note 18.01).

18.12 Corporate Social Responsibility (CSR)

i Amount required to be spent by the Group on CSR during the year ₹ 21.60 crores (Previous Year ₹ 14.97 crores).

ii Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 27.04 crores (Previous Year ₹ 15.09 crores), which comprise of following -

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Year ended March 31, 2019

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	27.04	-	27.04

Year ended March 31, 2018

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	15.09	-	15.09

18.13 Dividend Paid

The Board of Directors, in their meeting held on May 10, 2019 have not proposed any dividend. During year ended March 31, 2018 the Bank had proposed dividend of ₹ 0.75 per equity share amounting to ₹ 307.79 crore, inclusive of dividend distribution tax.

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend of ₹ 307.79 crore was approriated from Profit and Loss Account in FY 2018-19.

Dividend paid during the year ended March 31, 2019 represents dividend of ₹ 307.79 crore pertaining to previous year.

18.14 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.15 Disclosure of penalties imposed by RBI

No penalty was imposed by the RBI during the year ended March 31, 2019. In the previous year, the RBI imposed a monetary penalty of ₹ 2 crore on the Holding company for non compliance with para 2.2.1.2 of Master Circular DBR.No.Dir.BC.10/13.03.00/2015-16 dated July 1, 2015 on Loans and Advances - Statutory and Other Restrictions w.r.t appropriate approving authority for granting of loans to any company in which any of the directors of other banks holds substantial interest or is interested as a director or as a guarantor.

18.16 Description of contingent liabilities

i Claims against the Group not acknowledged as debts

The entities under the Group is a party to taxation matters which are in dispute and are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Group.

ii Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Group do not have any profit / loss impact.

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

iii Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An exchange traded currency option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

iv Guarantees given on behalf of constituents

As a part of its banking activities, the Group issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Group will make payments in the event of the customer failing to fulfil its financial or performance obligations.

v Acceptances, endorsements and other obligations

These includes documentary credit issued by the Group on behalf of its customers and bills drawn by the Group's customers that are accepted or endorsed by the Group.

vi Other items

Other items represent estimated amount of contracts remaining to be executed on capital account.

18.17 Statement of Net Assets as per Schedule III to the Companies Act, 2013

Year ended March 31, 2019

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share of profit or (loss)	
	% of total net assets	Amount (₹ in crore)	% of total net loss / (profit)	Amount (₹ in crore)
Holding company				
IDFC FIRST Bank	99.78	18,159.26	101.90	(1,944.18)
Subsidiary				
IDFC Bharat Limited	0.72	130.59	(1.90)	36.30
Associate				
Millennium City Expressways Private Limited	-	-	1.46	(27.86)
Inter-company adjustments	(0.50)	(90.49)	(1.46)	27.86
Total net assets/net profit	**100.00**	**18,199.36**	**100.00**	**(1,907.88)**

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

Period ended March 31, 2018

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share of profit or (loss)	
	% of total net assets	Amount (₹ in crore)	% of total net profit / (loss)	Amount (₹ in crore)
Holding company				
IDFC FIRST Bank	99.88	15,256.54	97.66	859.30
Subsidiary				
IDFC Bharat Limited	1.15	175.01	2.42	21.25
Associate				
Millennium City Expressways Private Limited	-	-	(8.61)	(75.79)
Feedback Infra Private Limited	-	-	0.11	0.93
Inter-company adjustments	(1.03)	(157.44)	8.43	74.22
Total net assets/net profit	**100.00**	**15,274.11**	**100.00**	**879.91**

18.18 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiary have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements.

18.19 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

18.20 The figures of ₹ 50,000 or less have been denoted by ß .

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of **IDFC FIRST Bank Limited**
(formerly IDFC Bank Limited)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date: May 10, 2019
Place: Mumbai

Aashish Kamat
Director
DIN: 06371682

Pankaj Sanklecha
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Basel Pillar III Disclosures

as at March 31, 2019

Pillar 3 disclosures as at March 31, 2019 as per Basel III guidelines of Reserve Bank of India have been disclosed separately on the Bank's website under "Regulatory Disclosures" on the home page.

THE SECTION CONTAINS FOLLOWING DISCLOSURES:

1. **Qualitative and Quantitative disclosures as at March 31, 2019**
    - Scope of Application
    - Capital Adequacy
    - Risk Management at IDFC FIRST Bank
    - Credit Risk - General Disclosure
    - Credit Risk - Disclosure under standardised Approach
    - Market Risk in Trading Book
    - Operational Risk
    - General Disclosure for exposures related to Counterparty Credit Risk
    - Interest rate risk in the Banking Book ('IRRBB')
    - Equities - Disclosure for Banking Book Positions
2. **Leverage Ratio as at March 31, 2019**
3. **Liquidity Coverage Ratio as at March 31, 2019**
4. **Capital Disclosure**
    - Composition of Capital
    - Composition of Capital & reconciliation requirements
    - Main Features of Regulatory Capital Instruments March 31, 2019
    - Terms and Conditions of Equity Shares

The link to this section is http://www.idfcbank.com/regulatory-disclosures.html

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Company Information

Registered Office

KRM Towers, 7th Floor,
No.1, Harrington Road, Chetpet,
Chennai-600 031
Tamil Nadu, India.
Tel: +91 44 4564 4000
Fax: +91 44 4564 4022

Corporate Office

Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400 051
Maharashtra, India.
Tel: +91 22 7132 5500
Fax: +91 22 2654 0354
CIN: L65110TN2014PLC097792
Website: www.idfcfirstbank.com
E-mail: bank.info@idfcfirstbank.com

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants

Solicitors & Advocates

AZB & Partners
Shardul Amarchand Mangaldas & Co.
Wadia Ghandy & Co.

Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai-400 001
Maharashtra, India.
Tel: +91 22 4080 7018
Fax: +91 22 6631 1776

Registrar & Transfer Agent

Karvy Fintech Private Limited
Unit: IDFC FIRST Bank Limited
Karvy Selenium Tower B,
Plot No.31 & 32, Gachibowli,
Financial District,
Nanakramguda, Serilingampally,
Hyderabad–500 032
Telangana, India.
Tel: +91 40 6716 2222
Fax: +91 40 2342 0814
Toll Free: 1800 345 4001
Website: www.karvyfintech.com
E-mail: einward.ris@karvy.com

IDFC FIRST Bank Limited
(formerly IDFC Bank Limited)
Corporate Identity Number: L65110TN2014PLC097792
Email: bank.info@idfcfirstbank.com Website: www.idfcfirstbank.com
Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India
Tel: + 91 22 7132 5500 Fax: +91 22 2654 0354