MANAGEMENT DISCUSSION AND ANALYSIS

Your Bank was incorporated on October 21, 2014, as a Public Limited Company under the Companies Act, 2013. Universal Banking License was granted by the Reserve Bank of India ('RBI') to the Bank on July 23, 2015. We started banking operations on October 01, 2015.

MACROECONOMIC ENVIRONMENT

India's macro economy exhibited stability through the year, aided by the sharp declines in global oil and commodity prices. But a second year of poor monsoons had a drag effect on rural incomes, depressing rural and overall consumption demand. Inflation and the twin deficits-current account deficit and the fiscal deficit-were well under control through the year, giving regulators a stronger hand in managing the growth-inflation dynamics.

Despite pressures on the public exchequer from arrears arising out of the 7th Pay Commission and the outgo on account on One-Rank-One-Pay ('OROP') recommendations, the Government stood steadfast by the path of fiscal consolidation, with a stated target of 3.5% of FD / GDP. The Government has committed to channelizing savings from targeted subsidies etc. into public spending on infrastructure projects, principally roads and railways.

The investment push from the Government sector holds hope for a revival in the economic cycle, even as private sector investment remains subdued for a variety of reasons. There are some signs of green shoots of revival in the economy, but these remain vulnerable to policy shocks. Despite the global head winds, India is estimated to have grown at 7.6% in FY16, the highest growth registered by any country in 2016.

GROWTH-INFLATION DYNAMICS GET BETTER

The Central Statistical Organisation ('CSO') has put the advance estimate for real GDP growth in FY16 at 7.6%, higher than 7.2% in FY15. However, in nominal terms, GDP decelerated to 8.6% in FY16 from 10.8% in FY15, due to deflationary pressures. On the production side, growth in FY16 was led by agriculture (Gross Value Added in agriculture increased by 1.1%, while for industry it increased by 7.3%). Poor monsoons for the second year in a row dampened agricultural incomes, thereby casting a long shadow on rural demand. For the services sector, GVA growth decelerated to 9.2% in FY16 compared to a strong 10.3% growth in FY15 with lower Government expenditures and lower growth in trade, hotels, transport, communication and financial, real estate and business services segments.

In FY16, industrial production was flat with manufacturing growth averaging at 2.2% (2.3% last year). The drag came from lacklustre investment demand from the private sector, reflected in capital goods production continuing to exhibit negative growth of (-)2%. Further, a modest 3.3% growth in consumer goods production in FY16, reflected sluggish consumption demand, expectedly from rural India. Notably, consumer durables production bucked the trend with a relatively robust growth of 12% in FY16, reflecting more robust demand in urban markets, fuelled in part by rapid growth in consumer debt. Personal loans from the banking sector grew on average by 17% in the period under review. This was in sharp contrast with bank lending to industry which grew by a meagre 5.7% in April-February 2015–16.

On the inflation front, the pressures seem to have relented. Headline Consumer Price Index ('CPI') inflation remained more or less contained in FY16, averaging at 4.9% (6% in FY15). Favourable base effects even led to a drop in headline CPI inflation in July and August 2015 to sub-4% levels. As the base effect wore off, CPI inflation rose till January 2016, before easing off again to end in March 2016 at 4.8%. Even as headline CPI inflation fell, inflation persisted on the services side, such as in areas of 'Household goods and services', 'Healthcare', 'Education' and 'Recreation and Amusement'.

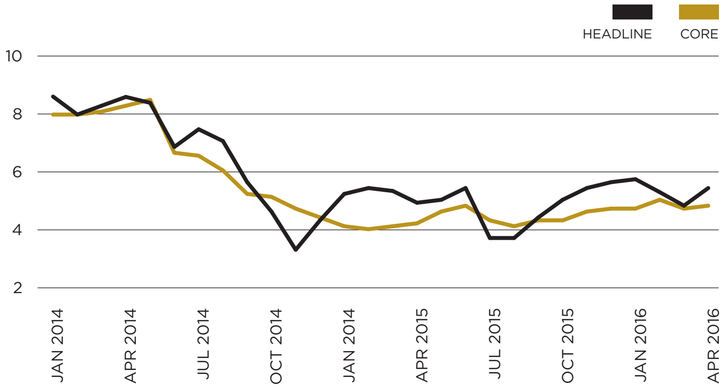
Core CPI inflation averaged at 4.5% in FY16 (5.6% in FY15) with the drop coming from 'Transport and Communication', which in turn reflected in reductions in petrol and diesel prices. Food inflation witnessed some swings in FY16 with volatility in price of pulses and vegetables. Headline Wholesale Price Index ('WPI') inflation remained in the negative zone through FY16, averaging at (-) 2.5% (2.1% in FY15).

Principally, the drag came from the 'Fuel and Power' group where inflation averaged at (-)11.5% compared to (-)0.6% average in FY15.

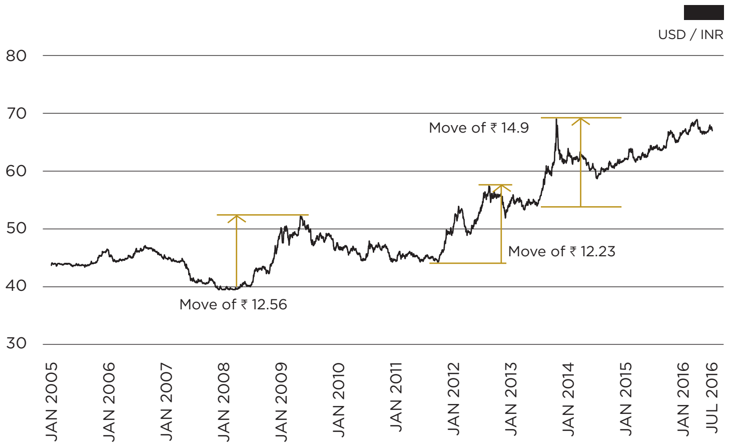
MONETARY POLICY, LIQUIDITY AND G-SEC YIELDS

The rigidities in the monetary transmission mechanism showed up in contrast during the year. Despite the Reserve Bank of India's accommodative stance through the year—with the repo rate being cut by a cumulative 75 basis points— from 7.50% at the beginning of FY16 to 6.75% by September 29, 2015—the median of the base lending rate of banks dropped by just 30 bps. Reserve Bank of India ('RBI') started to shift its focus of monetary action towards ensuring that the impediments faced by banks in transmitting rates were removed. This found greater expression in the April 05, 2016 monetary policy whereby repo

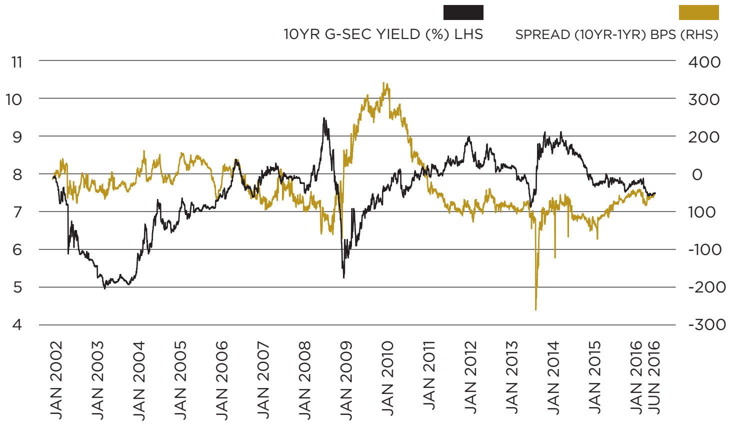
A HEADLINE AND CORE CPI



B USD-INR IN A CHANNEL POINTING NORTH



C MOVEMENTS IN THE 10-YEAR BENCHMARK YIELD AND SPREADS



rate was reduced by 25 bps to 6.50% and the existing Liquidity Adjustment Framework ('LAF') was revised. Under the new system, the RBI will work towards bringing it to a 'neutral' mode and provide more 'durable' liquidity (via build up on net foreign exchange assets or net domestic assets Open Market Operations ('OMO') purchases of Government rupee securities) as a first line action. Short-term liquidity needs will subsequently be fine-tuned through LAF. Daily Cash Reserve Ratio ('CRR') maintenance was reduced to 90% from 95% while the gap between reverse repo rate and repo rate was reduced by 50 bps to 50 bps. This along with other measures such as the move towards Marginal Cost of Funds based Lending Rate ('MCLR') and linking of small savings rate to Government security yields should ensure better transmission from the banking system.

While money market liquidity was adequate in the initial part of the year, it started to tighten post advance tax outflows in mid-September. A mix of factors such as slowing pace of Government expenditure, higher currency demand (high currency in circulation sustained till the close of the FY16) and an uptick in credit growth relative to deposit growth in the January–March quarter of FY16, led to tight liquidity conditions, that sustained through to the end of the fiscal. The 10-year benchmark yield opened the year at 7.74% and moved up to 8% with rupee weakness, global bond market sell-off and fears of another weak monsoon. After the 50 bps cut in repo rate by the RBI on 29 September, 2015, the 10-year yield fell to its lowest during the year to a range of 7.50–7.55%. G-sec yields tended to move higher in the build-up to the Union Budget with fears that the Government may deviate from its fiscal consolidation path as it absorbs higher salary payments on account of the Pay

A key highlight of the banking sector in 2015–16 fiscal was a renewed focus on asset quality. As on September 2015, net NPAs of the banking sector was at 2.8% (up from 1.5% in FY13) while the ratio of restructured standard assets to gross advances was at 6.2%.

Commission awards. As the Union Budget stuck to the fiscal consolidation roadmap and with the help of OMO purchases by the RBI to ease liquidity conditions, 10-year yield closed FY16 at 7.47%.

EXTERNAL ACCOUNTS AND CURRENCY DYNAMICS

Current Account Deficit ('CAD') remained comfortable as a significant drop in global crude oil prices helped contract imports. From 4.7% in FY13, CAD / GDP ratio fell to 1.7% in FY14 and further to 1.4% in FY15. For FY16, in the April-December period of FY16, CAD was comfortable at $ 22 billion (1.4% of GDP) compared to $26.2 billion (1.7% of GDP in the corresponding period of FY15). While oil imports had totalled $117 billion in the nine month period ended December of FY15, the same was at $71.7 billion in the same period in FY16. However, CAD correction was muted by a fall in the exports, reflecting a general slump in global trade. On a Balance of Payment ('BoP') basis, exports totalled $245 billion in April–December period of FY15 compared to $200.5 billion in the same period in FY16. Accretion of invisible receipts in the first nine months of FY16 dropped to $83.6 billion against $87.2 billion in the same period of the previous fiscal. Even as CAD was comfortable, the BoP position deteriorated in the April-December period of FY16. This was primarily due to significantly weaker capital flows at US$37.8 billion in the first nine months of FY16 compared to US$59.3 billion in the same period last year, with the drag mainly coming from much lower Foreign Portfolio flows.

Broadly, USD / INR maintained a depreciating trend through FY16 on account of fears of US monetary policy normalisation and other global risk-aversion sentiments—such as devaluation of the Chinese Renminbi and a large sell-off in the Chinese equity markets. Domestically, weaker export growth and also lower portfolio flows impacted the USD / INR trends. USD / INR was at around 62.19 in the beginning of the year, traded at its weakest at 68.71 closer to end-February 2016, before finally ending the FY16 at 66.25. Thus, over the year, USD / INR witnessed a depreciation of around 6.5%.

REFORMS IN THE BANKING SECTOR

A key highlight of the banking sector in 2015–16 fiscal was a renewed focus on asset quality. As on September 2015, net Non- Performing Advances ('NPAs') of the banking sector were at 2.8% (up from 1.5% in FY13) while the ratio of restructured standard assets to gross advances was at 6.2%. For the first time ever, the RBI conducted a concurrent audit of banks called the Asset Quality Review ('AQR') and gave each bank a list of accounts which had to be classified as Non-Performing Loans ('NPLs') by March 2017.

The main objective of this direct intervention was to ensure that banks clean their balance sheets by 2016–17. The AQR related clean-up has resulted in banks' NPLs rising sharply by 30% sequentially for the quarter ending December 31, 2015, and further in the quarter ended March 2016. During the year, RBI gave banks more options to resolve stressed loans including the scheme on Strategic Debt Restructuring ('SDR') where banks can get in a new promoter for a stressed company by converting debt into equity.

Another significant initiative announced by the Government for revival of power distribution companies was the Ujwal DISCOM Assurance Yojna ('UDAY') Scheme. Under this plan, state-owned banks were able to convert their loans to Distribution Companies ('DISCOMs') into higher rated Government bonds which helped address concerns on the ability of DISCOMs to repay banks. Ten states have signed up for the scheme with total debt of ₹ 2 trillion of which ₹ 1 trillion has already been converted to bonds in FY16 while ₹ 0.5 trillion will be converted in FY17. Under INDRADHANUSH, a scheme to improve the efficiency of state-owned banks, the Government laid down a long-term capitalization plan under which public sector banks would get capital infusion of ₹ 700 billion over four years.

The banking landscape in India is also changing with the RBI providing in-principle approval to 10 small finance banks and 11 payment banks. Small finance banks will offer basic banking services and lend to un-served and under-served sections including small business units, small and marginal farmers, micro and small industries and entities in the unorganized sector. On the other hand, payments banks will offer basic savings, deposit, payment and remittance services to people without access to the formal banking system. It has also floated the idea of allowing more differentiated banks, such as wholesale banks. Further, RBI proposes to allow Non-Banking Financial companies ('NBFCs'), experienced individuals, and companies that are not part of large conglomerates to seek bank licences on tap.

Further, in a first step towards consolidation of the banking sector, the State Bank of India has proposed a merger of five associate banks—State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore—and the Bharatiya Mahila Bank, with itself, to emerge as a financial behemoth. The effort is to create a large lender with scale to fulfil the funding needs of a growing economy.

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE AND STATE OF AFFAIRS

Your Bank was incorporated on October 21, 2014, as a Company under the Companies Act, 2013. The Universal banking license was granted by the Reserve Bank of India ('RBI') to the Bank on July 23, 2015, and pursuant to the filing and approval of the Scheme of Arrangement under Section 391–394 of the Companies Act, 1956, between IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors ('Demerger Scheme') by the Hon'ble Madras High Court, vide its order dated June 25, 2015 and on fulfilment of all conditions for the banking license as well as those specified under the Demerger Scheme, your Bank commenced its banking operations on October 01, 2015.

Pursuant to the Demerger Scheme, net assets amounting to ₹ 6,234 crore were transferred from IDFC Limited to your Bank, and in consideration, equity shares of your Bank, in the ratio of 1:1 have been issued to the shareholders of IDFC Limited. In addition, shares were issued to the Non-operative Financial Holding Company, IDFC Financial Holding Company Limited, in compliance with RBI Guidelines for licensing of new banks in the private sector.

Financial Results of your Bank before commencing banking operations (i.e. for the period ended September 30, 2015) and after commencing banking operations (i.e. for the period October 01, 2015, to March 31, 2016) are on the facing page.

FINANCIAL PERFORMANCE OF YOUR BANK AFTER COMMENCEMENT OF BANKING OPERATIONS

In its first six months of banking operations, your Bank has successfully and steadily diversified its business mix and added new revenue streams. It has expanded its reach to serve new customer segments both on the retail as well as wholesale side of the business, and is thus well positioned to build a sustainable banking franchise. Customer acquisition has gained traction, led by diversification of products. Total number of customers was at 16,440 by the close of the financial year.

The financial performance of your Bank during the half year ended March 31, 2016, was healthy with total net revenues (net interest income plus other income) of ₹ 1,159 crore. Your Bank reported Net Interest Margin ('NIM') of 2.05% (NIM on loans is 2.95%) backed by net interest income of ₹ 808 crore. Other income stood at ₹ 351 crore, comprising trading gains of ₹ 256 crore, fees and commission income of ₹ 68 crore and other income of ₹ 27 crore. Your Bank exhibited robust growth in both funded and non-funded businesses. Generation of fee-based income has been remarkably robust, reflecting the introduction of new offerings, mostly non-funded products. This is an important matrix to track the diversification of the business away from infrastructure and term lending.

Operating expenses stood at ₹ 510 crore, out of which HR related cost was of ₹ 269 crore. During the year, your Bank continued to make substantial investments in human capital, information technology and branch infrastructure. Your Bank had a total headcount of 2,405 employees at the end of fiscal. Moreover, your Bank opened 60 new branches, 11 new ATMs and 33 new Micro ATMs, which resulted in higher cost to income ratio of 44.01%.

Total provisions and contingencies were of ₹ 242 crore, out of which, provision for tax stood at ₹ 218 crore. In addition to the minimum provisioning level prescribed by RBI, your Bank on a prudent basis, makes provisions on specific advances in infrastructure sector that are not NPAs ('identified advances') but has reason to believe risk of possible slippages on the basis of the extant environment or specific information or current pattern of servicing. During the year, your Bank made additional specific provision of ₹ 31 crore.

In its maiden half year of banking operations, your Bank reported a profit before tax of ₹ 625 crore and after providing income tax of ₹ 218 crore, the net profit after tax stood at ₹ 407 crore for the half year ended March 31, 2016. Your Bank enhanced its shareholder's value by delivering healthy financial return ratios. Basic earnings per share was ₹ 1.20, Return on Equity ('ROE') was 6.04% and Return on Assets ('ROA') stood at 1.10%.

As at March 31, 2016, your Bank's total balance sheet was of ₹ 73,970 crore. The retail depository franchise and overall depository franchise showed healthy growth. Total deposits of your Bank stood at ₹ 8,219 crore and net advances at ₹ 45,699 crore. Total deposits of your Bank comprise Current Account, Savings Account ('CASA') deposits of ₹ 445 core, term deposits of ₹ 4,263 crore and certificate of deposits of ₹ 3,511 crore.

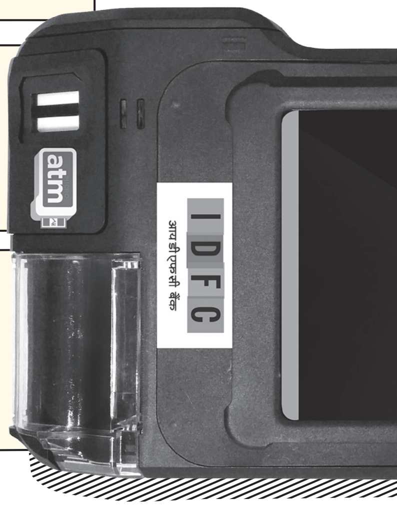
IDFC BANK FINANCIAL RESULTS

BEFORE & AFTER COMMENCING BANKING OPERATIONS

(₹ IN CRORE)

The financial performance of your Bank during the half year ended March 31, 2016, was healthy with total net revenues (net interest income plus other income) of ₹ 1,159 crore.

	FOR THE PERIOD APRIL 01, 2015 TO SEPTEMBER 30, 2015	FOR THE PERIOD OCTOBER 01, 2015 TO MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2016
OPERATING INCOME	**92**	**1,159**	**1,251**
Net interest income	92	808	900
Non-interest income	–	351	351
Fee and commission	–	68	68
Trading gains	–	256	256
Other income	–	27	27
OPERATING EXPENSES	**1**	**510**	**511**
HR cost	–	269	269
Other operating expense	1	241	242
PRE-PROVISION OPERATING PROFIT	**91**	**649**	**740**
Provision and contingencies	–	24	24
PROFIT BEFORE TAX	**91**	**625**	**716**
Tax	31	218	249
PROFIT AFTER TAX	**60**	**407**	**467**



The gross advances of your Bank were ₹ 49,667 crore and after reducing provisions of ₹ 3,968 crore, your Bank reported net advances of ₹ 45,699 crore. As on March 31, 2016, total credit (funded + non-funded book) was of ₹ 53,580 crore and funded credit (net advances + NCDs) was ₹ 48,474 crore.

As on March 31, 2016, your Bank had restructured loans of ₹ 4,998 crore and provisions of ₹ 2,694 crore thereon. The gross NPAs and net NPAs of your Bank stood at ₹ 3,058 crore and ₹ 1,139 crore respectively. The ratio of gross NPA to gross advances was 6.16%, and net NPA ratio stood at 2.39%. The overall size and volume of the stressed asset book did not grow; therefore there has been no deterioration in asset quality of your Bank.

CAPITAL ADEQUACY

As on March 31, 2016, your Bank's Capital Adequacy Ratio ('CAR') under Basel III was 22.04% (minimum regulatory requirement of 13%) and Tier I CAR was 21.50%. Your Bank is extremely well capitalised and has a AAA credit rating.

LAUNCH OF IDFC BANK

IDFC group brings a deep understanding of credit risk management, relationships in the large corporates space, a large balance sheet and very substantive equity capital. Importantly, it has introduced a new banking architecture that features interplay of technology, customer engagement and a new service mindset.

IDFC Bank's vision is to deliver banking anytime, anywhere, at scale, by using technology to relentlessly drive efficiency and set new standards of customer experience and convenience. Our aim is to build an institution that stands the test of time, an institution that is committed to serving all stakeholders, including our customers, community, country and colleagues, not just shareholders.

Your Bank opened for business on October 01, 2015, with 23 branches and a state-of-the-art digital banking platform. It was among the few banks to start wholesale and retail operations simultaneously – true to the concept of a universal bank.

Your Bank was formally inaugurated by the Prime Minister Shri Narendra Modi at a ceremony at 7 Race Course in New Delhi. IDFC Bank, thus, became the first bank in the history of India to be declared open by a sitting Prime Minister.

Within 35 days of starting operations, your Bank listed on the Bombay Stock Exchange and National Stock Exchange. No bank in the history of corporate India has listed within such a short time of commencing business. This was another industry first. The listing is recognition of the high standards of corporate governance, fiduciary responsibility and exemplary efforts by the management in ensuring that all compliance and regulatory guidelines were adhered to.

Since launch, your Bank has harnessed technology to introduce innovative products such as the Business Experience Platform ('BXP'), the state-of-the-art corporate internet banking portal, and an inter-operable Aadhar-enabled Micro ATM. These products, coupled with the Bank's relationships and robust experience of its teams, will help expand share of wallet within the Bank's existing infrastructure client base. More importantly, it will also enable the Bank to diversify and grow its business & customer base beyond infrastructure progressively towards the mass retail space.

IDFC Bank was profitable in its maiden year of operations. To support a further scale-up of its business, your Bank has also acquired the best talent.

THE OPPORTUNITY FOR IDFC BANK

Banking is at the cusp of a new era – that of disruption, encouraged by an unprecedented change in customer behaviour.

Banks are today operating in an environment where use of smartphones, coupled with the ubiquitous internet connectivity, has led to an incredible rise in online purchasing and transacting. The rapidly increasing availability of e-commerce platforms has resulted in a tipping point in customer acceptability, of buying things online without touching or feeling them. These factors have led to the emergence of a customer ecosystem that has embraced new ways of paying, managing finances and banking.

The regulatory architecture for banking has also started to reflect a new openness and flexibility. Acceptance of Aadhar-based authentication, the confluence of the Jan Dhan, Aadhar and Mobile, use of Business Correspondents to build last mile financial access, launch of the United Payment Interface – is evidence that the way banking was traditionally done, is now set for a change.

This presents an excellent opportunity for a new age bank that has the capability to gain market share through disruption, using technology and by leveraging service.

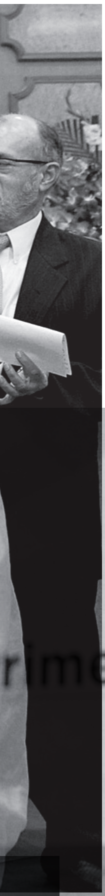
Your Bank is determined to take forward the IDFC legacy – of serving the nation.

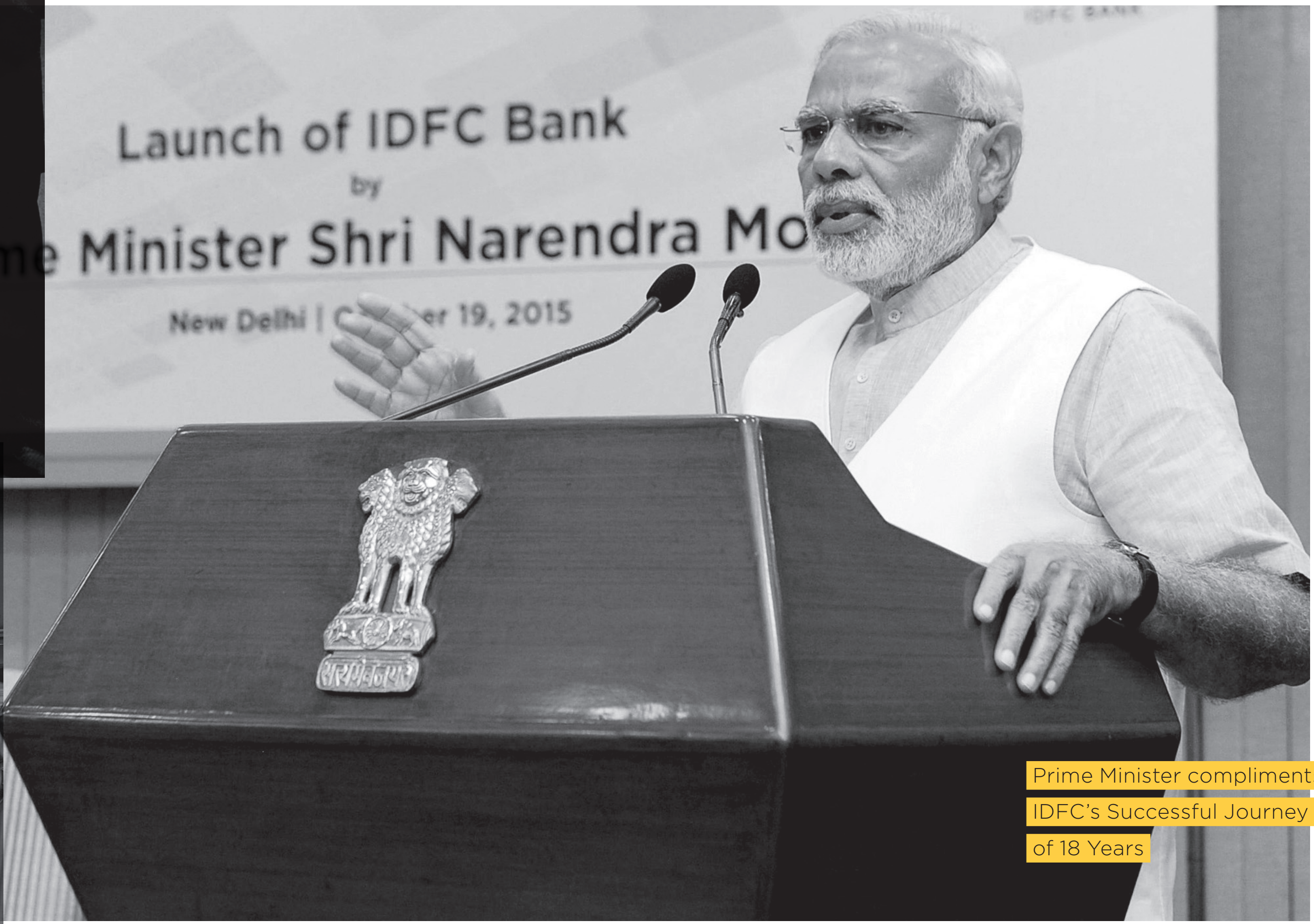
Our goal is, step by step, to build a mass retail bank. A Bank that goes much beyond servicing just the needs of the country's infrastructure sector, being our historical sector of focus, to focus particularly on the needs of mid-market, small business, the self-employed and the wider retail customer base in our cities and in underserved communities of rural India.

Your Bank was formally inaugurated by the Prime Minister Shri Narendra Modi at a ceremony at 7 Race Course in New Delhi. IDFC Bank, thus, became the first bank in the history of India to be declared open by a sitting Prime Minister.

Prime Minister
Shri Narendra Modi
inaugurates IDFC Bank

IDFC Bank Listing
ceremony at BSE





Prime Minister compliments
IDFC's Successful Journey
of 18 Years

BUSINESS REVIEW

COMMERCIAL AND WHOLESALE BANKING

Commercial Banking

Large corporates are spoilt for choice. Smaller firms are still relatively under-banked. True to its vision of serving all stakeholders, IDFC Bank has identified Commercial Banking as a key growth area. As your Bank builds its franchise, it aims to be the 'Bank of Choice' for Commercial Banking clients.

IDFC Bank's Commercial Banking business comprises:

i. Middle Market Group ('MM') &
ii. Small & Medium Enterprises Group ('SME')

Middle Market Group: This Group has a pan-India presence, with dedicated relationship and product teams. A full-service organisation enables the front line staff to anticipate and meet client needs. Our aim is to build long term relationships and help create the large corporates of tomorrow.

Your Bank is uniquely positioned to offer an integrated corporate banking and financial advisory proposition to our high-growth clients.

Small & Medium Enterprises Group:

This Group caters primarily to working capital requirements of the fast growing trading and manufacturing entities in the SME Segment. These are largely owner-manager driven businesses with unique requirements. We have a dedicated team of Relationship Managers ('RMs') supporting such enterprises. As these entities grow, we would like to partner with them by offering more sophisticated products and services based on their needs. We intend to grow our all-India footprint for this segment in a calibrated manner over the medium term.

Wholesale Banking

IDFC Bank's Wholesale Banking business caters to the needs of large corporate customers.

In this space, IDFC Bank will build on its inherited strength of serving the needs of the infrastructure sector. Our aim is to now supplement our traditional term lending and project finance expertise with the full range of banking products & solutions of our infrastructure clients. Additionally, we now have the opportunity to expand our presence in non-infrastructure segments.

During the year, the Wholesale Banking business made significant strides by building on our established reputation as a corporate bank by introducing the full range of banking solutions, backed up with innovative technology.

The Wholesale Bank is setting new service standards by working closely with customers to co-create customer solutions to serve their working capital, trade finance, cash management, corporate linked finance and term financing requirements. The Bank's digital technology platform enabled it to respond to client requirements in a far more user-friendly and meaningful way.

During the year, your Bank was successful in transforming its loan book (largely long term infrastructure assets), which it inherited from IDFC Limited, into a mix of funded and non-funded assets book spread across infrastructure and non-infrastructure segment.

The Bank's technology-backed offerings and robust expertise in structuring solutions for corporates, supported the diversification of the loan book. With the slowdown in fresh capital expenditure and capacity addition, infrastructure and non-infrastructure corporates were open to refinancing their existing portfolios to benefit from lower interest rates and cost efficiencies.

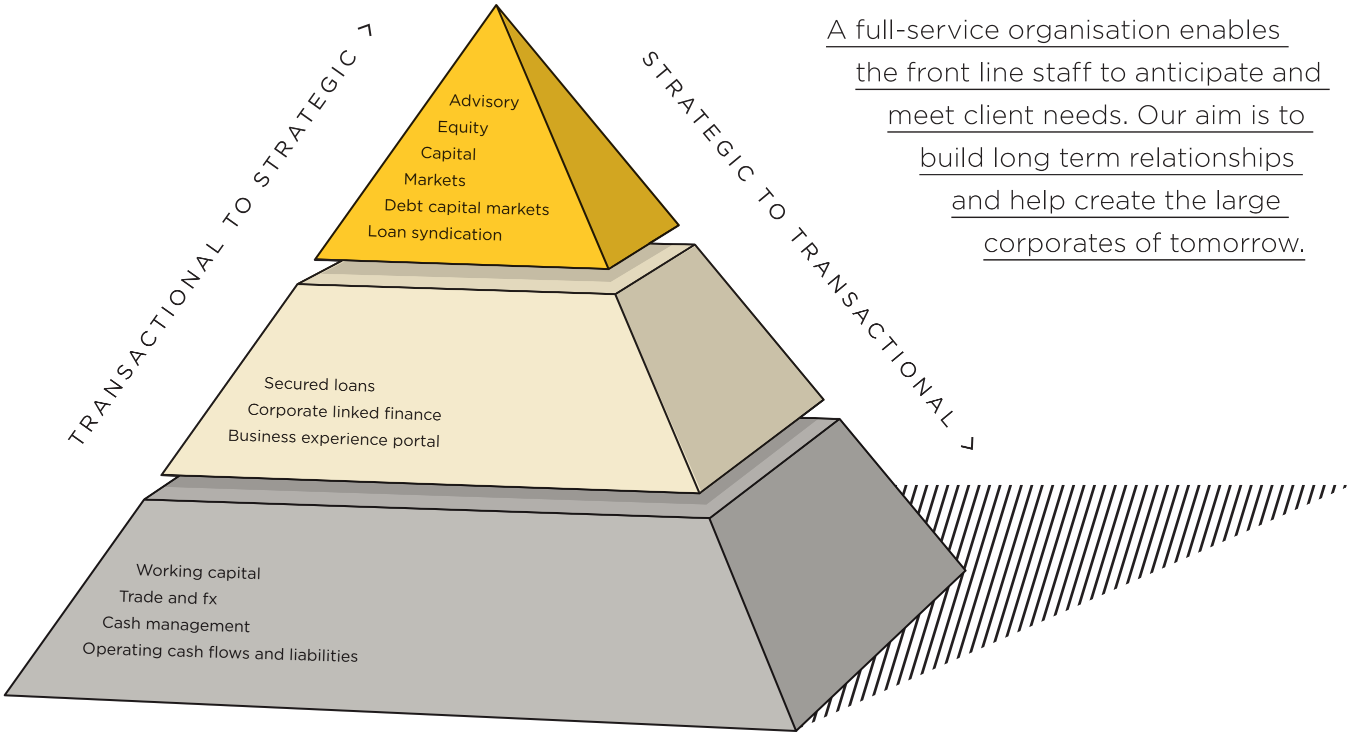
Going forward, your Bank intends to build a strong non-funded book by aggressively pursuing opportunities and through differentiated product offerings. It also expects a robust pipeline of relationships from across Debt Capital Market ('DCM'), trade finance, working capital financing and selective investment banking mandates. Given IDFC Bank's focus on technology, it is seeing significant traction in adding new non-infra clients to the portfolio.

Overall, the Bank believes that there would be opportunities in large corporate space in the short to medium term, triggered by several growth-oriented policies of the Government, including ease of doing business, initiatives to unlock project profitability and increased Government spending on infrastructure.

Robust system for early identification and management of stress

Your Bank has effectively put in place a robust system for management of stressed assets inherited from IDFC Limited, to deal with the concerned borrowers and take proactive steps that enhance your Bank's position with respect to security, asset coverage, improvement in the likelihood of recovery and actual recovery.

Your Bank has identified the problem areas affecting the assets / investments and has, subsequent to a detailed internal analysis and understanding of the account with the promoter / management, effectively implemented meaningful exit options in certain cases. It has also taken steps for restructuring and improving liquidity in others.



MIDDLE MARKET GROUP

A full-service organisation enables the front line staff to anticipate and meet client needs. Our aim is to build long term relationships and help create the large corporates of tomorrow.

Treasury

The Bank's Treasury carries out Financial Markets business for its clients apart from managing Asset liability gaps (Asset Liability Management function) and Investments of the Bank. For its clients, the Financial Markets group provides solutions to meet (a) their interest rates & foreign exchange conversion and risk hedging needs and (b) their debt capital markets financing needs. Treasury manages asset-liability mismatches and interest rate sensitivities of the Bank's portfolio by utilizing various market investments, money markets and permitted derivative products. It also ensures that the Bank meets its regulatory requirements on Cash Reserve Ratio ('CRR') and Statutory Liquidity Ratio ('SLR') through efficient liquidity management and sovereign bonds position management.

Another key area of opportunity was the DCM segment, where the Bank leveraged its well-established presence in bond markets to grow the DCM business. The DCM business has been credited with putting together some unique bond offering solutions which have been accepted by both our issuer clients and the wholesale bond investors' community.

Transaction Banking

Your Bank's Transaction Banking Group ('TBG') is the driving force behind the conceptualization and seamless delivery of solutions and services. The Group specialized in core finance areas like Corporate Current Accounts, Cash Management Services, Trade Finance & Services, Supply Chain (Corporate Linked Finance - CLF) and Capital Markets & Escrow Services.

Your Bank exceeded customer expectations by offering an efficient transaction banking desk, continuously expanding its product suite and has been able to deliver superior services as evident from customer feedback.

The TBG team has introduced an innovative corporate banking solution - the BXP - that offers a seamless experience to corporate customers. It is a key differentiator for your Bank in the Transaction Banking space.

Your Bank is uniquely positioned to offer an integrated corporate banking and financial advisory proposition to our high-growth clients.

CONSUMER BANKING

Your Bank's goal for Consumer Banking is to set new industry benchmarks for simplicity of service and customer orientation. It is our belief that technology can help deliver more personalized and better quality service at scale to a customer base particularly in our cities, that is shifting rapidly to conducting banking transactions outside of the branch.

In the first phase our consumer banking foray will focus on India's top 5-8 cities by delivering multi-channel user friendly access to customers, that relies on fewer physical branches. Our 'click-and-mortar' model combines state of the art branches with an easy-to-use digital platform & doorstep and 'Banker on Call' services.

This combination will allow the customer to choose to be serviced either through a branch, through the internet or through his phone. It will allow customers to transact seamlessly across all touch points making their banking experience simpler, more personalised and accessible.

Your Bank has ensured that a banker is available 24/7 to all customers. Our very own Banker-on-Call unit is staffed with trained bankers and is equipped to deal with any query, at any time. The service is available even on public holidays. Customer calls are thus answered by our bankers, not an Interactive Voice Response ('IVR'). This unit has received considerable appreciation from customers for its problem solving approach, and customer centricity.

We believe that real growth in economic activity and job creation in business can come from Small and Medium Enterprises ('SME'). India is a nation of entrepreneurs. This segment, however, does not have adequate access to banking services, even for the simplest of requirements. Your Bank intends to create access and simplify banking for this segment significantly. We are rolling out solutions that are intuitive and will meet their most pressing needs.

On the lending side, your Bank has launched an innovative mortgage product called the 'Short N Sweet' Home Loan. This offering enables customers to save interest versus a traditional home loan. It has elicited a robust response from customers. This offering will be further enhanced and a range of new products, including personal loans, will be launched in the new financial year.

BHARAT BANKING

IDFC Bank is the first universal bank in India to adopt a differentiated service strategy for catering to people in rural and semi-urban locations, through intensive use of technology.

The goal of Bharat Banking is to deliver banking anywhere, anytime in a simple, 'no-nonsense' way. Its concept involves creating hub branches with an ecosystem of access points and an ambulatory sales force. This unique distribution model is intended to substantially increase financial access in India's vast hinterland.

Bharat Banking will enable inclusive growth in the following ways:

INNOVATING A PUBLIC PAYMENT INFRASTRUCTURE

Your Bank is creating a network of Micro ATMs in villages that will provide real-time connectivity in the most inaccessible and financially excluded areas. This is supported by extensive outreach by the branch staff, to ensure last mile financial access.

The Bank's Micro ATM - the first-of-its-kind - functions like a 'Bank in a Box'. An innovative device, it is inter-operable and enables customers of all banks to transact at any time of the day or night. It uses multiple identifiers including Aadhaar, mobile and account numbers for authentication. As the ATM is positioned outside the branch premises, it is within easy reach of citizens. The device can also be used for opening a bank account.

Your Bank is expanding this unique Micro ATM initiative to establish the public payments infrastructure in the country – one that will benefit citizens in the remotest places as well as in semi-urban locations. It simplifies 'digital banking' to citizens who are new to the concept and works in locations where connectivity is a concern.

In addition to being used for banking transactions, bill payment, mobile / DTH recharges, the Micro ATM will serve as a two-way payment channel between the Government and citizens, facilitating Direct Benefit Transfers to citizens, and for tax and utility payments by citizens to the Government. Thus, your Bank is helping create an innovative public payment infrastructure that is completely cashless.

TRANSFORMING BHARAT, ONE DISTRICT AT A TIME

Under Bharat Banking, we are building a contiguous distribution network, such that the Bank's services will be made available to every village or at several access points in the same village.

CUSTOMIZED PRODUCTS:

Your Bank's first product was the Joint Liability Group loan for women, called Sakhi Shakti, aimed at enhancing livelihoods. With this, Bharat Banking has started with serving customers at the bottom of the pyramid. To deepen financial inclusion, your Bank is placing a special focus on segments such as marginal farmers, micro enterprises and the self-employed.

PERSONALIZED SERVICE

Our bankers reach out with the help of hand held technology to serve customers in places where they reside - doorstep banking in the truest sense.

COMMUNITY ENGAGEMENT

Entwined into our Bharat Banking offering is community engagement, because we believe that districts can be transformed only when individual lives stand improved. This ties in with our legacy of building the nation - now, serving the community.

Members of your Bank's staff support the IDFC Foundation in implementing its initiatives, which include 'Digishala', 'Shwetdhara' and 'Nayantara' – so far successfully launched in Madhya Pradesh. 'Digishala' is a computer education programme for primary school children. The Bank's staff supports Digishalas in 18 schools.

'Shwetdhara' helps improve the income levels of small and marginal farmers engaged in dairy activities. This is done through permanent cattle care centres and cattle camps.

'Nayantara' aims to eradicate preventable blindness through improved access to eye care.

GOVERNMENT BANKING

IDFC Bank's Government Business Group works closely with Government entities to advise and assist them in formulating solutions that support their complex cash management and accounting needs using customised technology platforms.

Your Bank has also been appointed as one of the receiving offices of the newly launched Sovereign Gold Bond Scheme managed by RBI. This would be an important avenue for the Bank to reach out to retail customer segments and help the Government in the success of this scheme.

RISK

IDFC 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. 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 ('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.

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 quarterly.

Credit Risk

The 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 and their appropriate pricing, as well as their mitigation.

Your Bank has rigorously adhered to the RBI mandated prudential norms on provisioning of stressed assets and has adopted a stringent approach in taking aggressive provisioning which is aimed at preserving and protecting shareholder value. We believe that the required steps have been taken in arresting further deterioration of economic value and rehabilitating stressed assets. With these measures, the Bank is well positioned to harness any improvement in the Indian economy.

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 monitored by the Market Risk Group. Several models and their tools are used to support the continuous monitoring of such risks. The tools, models and underlying risk factors are reviewed periodically to enhance their effectiveness.

The Bank's Micro ATM—
the first-of-its-kind—
functions like a
'Bank in a Box'

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.

Operational Risk

The objective of operational risk management is to manage and control operational risk in a cost effective manner within targeted levels as defined in the risk appetite. Operational risks at the enterprise wide level are overseen by a Group Operational Risk Management Committee while the Operational Risk Management group is engaged in continuous collection and assimilation of data related to operational risk. Such inputs are regularly analysed to highlight any critical risks and to engage with the concerned business units to effectively mitigate these.

Information Technology and Information Security Risk

Given that the Bank's expansion strategy is more digital oriented, Information Technology risk is identified as a material risk for the Bank. The Bank strives to continuously improve its IT systems, with appropriate contingency plans in case of any unforeseen events that affect the server's functionality. Unplanned downtimes in the systems or software, licensing fees of captive applications, information security breaches and the level of automation in the systems are key factors in our risk assessment. The Information Security Group ('ISG') is an independent group that oversees risks related to information technology and operates under the Information Security Management System framework ('ISMS') framework aligned with RBI guidelines and the ISO 27001 standard.

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.

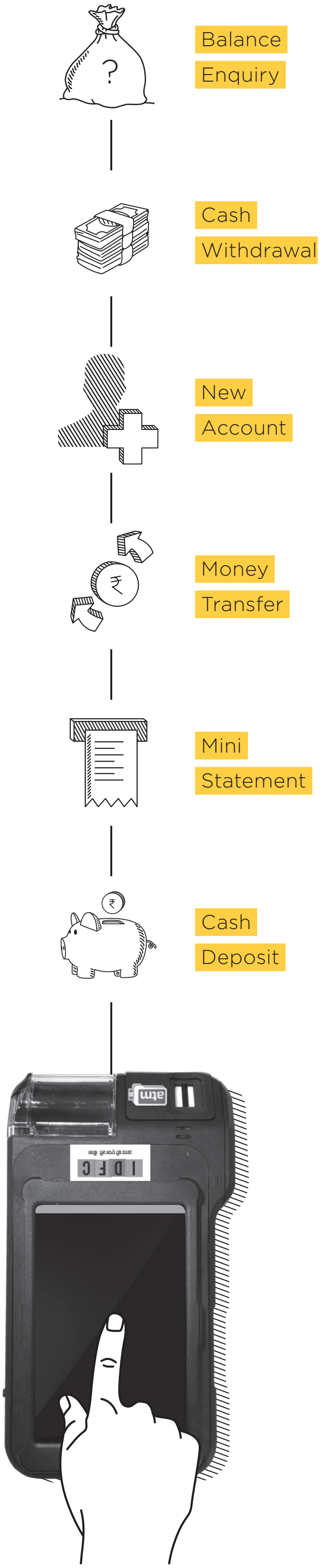
In accordance with the RBI guidelines on Basel III, the Bank adopts the standardized approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk. Capital management practices are designed to maintain a risk reward balance, while ensuring that businesses are adequately capitalised to absorb the impact of stress events.

Internal Capital Adequacy Assessment Process ('ICAAP')

The Internal Capital Adequacy Assessment Process ('ICAAP') forms an integral part of the Supervisory Review Process ('SRP') under Pillar 2 of the Basel II Framework. SRP under the Basel II Framework (pillar II) 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. Capital planning under ICAAP takes into account the demand for capital from businesses for their growth plans and ensures that the Bank is adequately capitalised for the period ahead and holds sufficient buffers to withstand stress conditions. The ICAAP framework thus assists in aligning capital levels with the risks inherent in the business and growth plans.

Stress Testing

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.



Your Bank's People Agenda is guided by five themes - culture, diversity, learning, sense of community and people orientation. These are the key underlying philosophies that your Bank follows in acquiring, managing and nurturing talent.

OPERATIONS

The Operations function at your Bank has been designed to deliver a superior and differentiated customer experience. Your Bank has developed technology-enabled processes that minimize paper flow and ensure seamless processing with minimal manual intervention.

Commercial & Wholesale Banking Operations ('CWBO') provide transaction and accounting execution for all corporate banking products to all client segments in the Bank. It ensures superior client service and delivery for these. With a view to giving focussed service to corporate clients, dedicated wholesale branches have been established with experienced staff. The client servicing team is built to provide targeted service to clients and has experienced client focussed bankers with versatility across different products.

With technology being a key focus area of the Bank, the implementation team plays an important role in the delivery of our market leading BXP – a user friendly, intelligent and interactive digital banking solution that enables a corporate, for the first time, to perform trade, treasury, forex and cash operations on its own – on one platform.

TECHNOLOGY

Your Bank has taken up the challenge of leveraging technology, both cutting edge as well as time tested , to acquire and service customers through the channel of their choice and time preference. The technology team has put in place the foundation for a digital bank—in line with its intent of delivering customer experience that is quite 'unlike any other bank'.

Digitisation and operational excellence to reduce costs are the core tenets that drive technology investments and the solutions adopted by your Bank are reflective of that. They are designed to give a multi-channel experience to customers with concepts such as Banker-on-Call, video conferencing; straight through processing with minimal human intervention and agile and flexible platforms. The section on specific businesses elaborates the unique customer experience resulting from the Bank's superior and integrated technology solutions.

To ensure customer data security, your Bank has invested in leading technology solutions that are in sync with fast paced digital innovation seen in the industry. Governance and control is an area of focus with systems being deployed for internal audit automation, anti-money laundering, negative name screening, asset-liability management and compliance management from day zero along with requisite processes.

Your Bank plans to build on digital innovation with upcoming models servicing business-to-business, business-to-consumer and peer-to-peer requirements.

IDFC Bank's technology strategy converges with trends around social collaboration, mobility, cloud-computing and big data analytics. Some key achievements in 2015–16 include:

- 80 applications in production as on March 31
- Facilitated technology needs resulting from IDFC Ltd. and IDFC Bank Ltd. demerger
- Deployed in a year, the technology footprint that is similar to a bank that has been in existence for over 10 years
- BXP—our state-of-the-art and innovative corporate internet banking portal is a unique solution for corporate customers
- Retail Internet Banking—a highly responsive solution that is fully-functional, yet nimble enough to accommodate future development efforts
- Single repository of all customer information—demographics and collaterals
- Micro ATM based solution for our Bharat Banking business.

HUMAN RESOURCES

Your Bank's People Agenda is guided by five themes - culture, diversity, learning, sense of community and people orientation. These are the key underlying philosophies that your Bank follows in acquiring, managing and nurturing talent. We believe that putting these into play will help build a winning organization and motivate our people to transform banking for the better.

CULTURE TOPS OUR PEOPLE AGENDA

It is central to the Bank's hiring strategy. The culture of your Bank is spelt out in its values: Balance, Collaboration, Drive and Honesty. Your Bank has used sophisticated assessment processes, psychometrics tests and third party assessments for senior level hires, to ensure that employees across the hierarchy are aligned with the articulated cultural position of the Bank.

WE WOULD LIKE TO BUILD AN ORGANIZATION THAT IS TRULY DIVERSE AND INCLUSIVE

It includes both gender diversity as well as talent from outside the traditional banking sphere. This, we believe, will bring greater transparency and empowerment. A healthy mix of talent will inspire efficient work practices and we expect will improve the quality of service.

Your Bank is driving a lot of initiatives aimed at making it an attractive workplace for women. Your Bank has hired women from management institutes including an all-women batch coming from the academia route. About 60-70% of our management trainees are women. A focussed intervention around this area, we believe, will give the Bank a unique and truly diversified workforce and thereby a competitive edge.

DRIVING A LEARNING CULTURE IS KEY ASPECT OF OUR PEOPLE AGENDA

At IDFC Bank we are committed to 'reimaging banking'; hence the emphasis to re-skill and re-orient new hires around this strategy is critical. As the Bank ramps up its workforce, strengthening this ability to take talent from industry and redirect their thinking would be a very large part of the People Agenda to achieve our objective of 'reimaging banking'.

REPLACING PROCESS ORIENTATION WITH PEOPLE ORIENTATION– TURNING THE TRADITIONAL MIND SET ON ITS HEAD

The entire design framework of employee facing processes and systems is designed around the thought of employee experience. Routine HR processes and data analysis are being digitized, thereby enabling the HR team to focus on the qualitative aspects of its function—such as employee engagement, experience and assessment. The same philosophy will be rolled out for performance management, compensation and benefits.

BUILDING A SENSE OF COMMUNITY INTERNALLY

It is a theme that flows from the culture and values journey. Various interaction tools have been deployed to encourage employees to connect, collaborate and communicate – irrespective of where they are placed geographically.

ENVIRONMENT & SOCIAL POLICY AND APPRAISAL PROCESS

Over the past few decades, there is increasing awareness and sensitivity towards addressing the environmental and social impact of business.

IDFC Bank has framed an environment and social policy and environment and social risk management framework for all our businesses.

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

IDFC Bank has developed and adopted an exclusion list comprising sectors where it will not engage in any financing activity. For the purpose of financing activities, IDFC Bank has also identified sensitive sectors which have a potentially high impact on the environment and communities, and where the Bank may have to deal with critical E&S issues.

Digishala—the 3-year project has been successfully rolled out in 18 Government schools, impacting over 7,000 children.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Bank has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported correctly. Such internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. These are designed to ensure that financial and other records are reliable for preparing financial information and other reports and for maintaining regular accountability of the Bank's assets. Internal Audit Department provides independent and objective assurance to the Audit Committee of the Board of Directors ('ACB') and Management of the organization on the design and operating effectiveness of internal controls and risk management framework. Internal Audit Department presents their findings on a quarterly basis to the Audit Committee.

IDFC INSTITUTE

Your Bank has established IDFC Institute, an independent, not-for-profit, think / do tank, with a mandate to investigate issues of economic development and growth, keeping in mind their political context.

Specifically, the IDFC Institute will identify and provide solutions to bottlenecks that hold back rapid and inclusive economic development in India, as it makes the transition from a low-income, state-led economy to prosperous, market-based one.

With a focus on the political economy of implementation, the Institute provides quality, in-depth and actionable research and recommendations to multiple stakeholders, including Government, academia and civil society. Through its research and partnerships with those who implement, the IDFC Institute seeks to develop toolkits for execution and fresh perspectives on difficult problems.

IDFC Institute's work currently focuses on:

a. Facilitating the country's rural-to-urban transition
b. Jobs and livelihood creation, with particular focus on the transition from informal to formal sectors, and farm to non-farm activities
c. Building the vital state and governance capacity to facilitate these transitions.

In addition, the Institute convenes the IDFC Institute Dialogues and IDFC Institute Conversations as private and off-the-record platforms to foster cutting edge and innovative thinking in an informal setting, focused on the 'what' and 'how' of policy formulation and implementation.

CORPORATE SOCIAL RESPONSIBILITY ('CSR') & IDFC FOUNDATION

Social engagement and community development has been a way of life at IDFC Bank.

CSR is a key element of our Bank's philosophy. Initiatives to benefit local communities are carefully woven into the fabric of our business. These initiatives are carried out through IDFC Foundation, a not-for-profit organisation, dedicated to bringing about change at the grass root level. Dedicated initiatives include focussed interventions in the areas of health, education and livelihood creation.

IDFC Foundation's initiatives will increasingly be focussed in areas where the Bank establishes its operations. The Bank's staff is closely involved in implementing IDFC Foundation's initiatives at locations where the intervention is in the vicinity of its branches. To engage with the local communities, IDFC Foundation in conjunction with the Bank has identified requirements such as digital education for children, vision care, and cattle care for livelihood enhancement.

Some recent initiatives include:

NAYANTARA: VISION CARE

A 2001 survey estimated a prevalence of 10.8% in India, while the global prevalence

Shwetdhara is an initiative set up with the objective of helping small and marginal farmers improve their income from dairy development activities.

The Bank's staff is closely involved in implementing IDFC Foundation's initiatives at locations where the intervention is in the vicinity of its branches. To engage with the local communities.

of blindness is 0.7%. We decided to focus on reducing preventable blindness in rural India. To improve access to good quality eyecare by qualified medical professionals, IDFC Foundation, in partnership with Seva Sadan Eye Hospital Trust in Bhopal has launched 'Nayantara' - A programme to provide free diagnosis and vision care in all districts, we serve as a Bank.

DIGISHALA: DIGITAL EDUCATION IN SCHOOLS

In the first month of the Bank's operations, IDFC Foundation initiated a pilot project for promoting digital literacy amongst school students in Hoshangabad district of Madhya Pradesh in partnership with Pratham InfoTech Foundation ('PIF'), a non-profit organisation. The 3-year project has been successfully rolled out in 18 Government schools, impacting over 7,000 children.

Aside from digital education, IDFC Foundation also focusses on need-based interventions. For example, two schools in Sangakheda, MP, have been adopted for upgrading physical infrastructure, thereby helping the village in its aim to become a model village under the Government's Pradhan Mantri Aadarsh Gram Yojna.

SHWETDHARA: CATTLE CARE PROJECT

Shwetdhara is an initiative set up with the objective of helping small and marginal farmers improve their income from dairy development activities. Such healthcare interventions are carried out at permanent cattle care centres exclusively set up for the purpose, equipped with a para-vet who covers the villages nearby, treats cattle, provides vaccination and medical care for cattle. In areas not covered by cattle care centres, the Foundation organises regular cattle care camps throughout the year. IDFC Foundation has partnered with one of India's premier animal husbandry organizations, J K Trust, for delivering this programme.

MASOOM: NIGHT SCHOOL TRANSFORMATION IN MUMBAI

IDFC Foundation has been supporting Masoom, an organization working towards improving education in night schools of Mumbai through a 'Night School Transformation Program'. The grant

extended by IDFC Foundation covered a large part of the administrative expenses of Masoom and has helped improve its organizational performance and program delivery. Over three years, Masoom has been able to scale up its interventions to 30 night schools, impacting the life of about 3,500 students.

SNEHA: SUPPORTING MATERNAL AND NEWBORN HEALTH IN MUMBAI

IDFC Foundation has been supporting the Society for Nutrition, Education and Health Action ('SNEHA') since June 2012 through grants and capacity building for its 'Maternal & Newborn Health Beyond Boundaries' program. Under this program, referral systems have been established between healthcare facilities for safe deliveries. SNEHA has partnered with 104 health facilities (hospitals, maternity homes and health posts) in four Municipal Corporations of Mumbai Metropolitan Region. About 1 lakh pregnant women with normal conditions and 20,000 with high risk and emergency conditions have benefitted from the program. The referral linkages have also significantly contributed in saving lives of 2,164 pregnant women.

COMMUNITY DEVELOPMENT IN MEGHALAYA

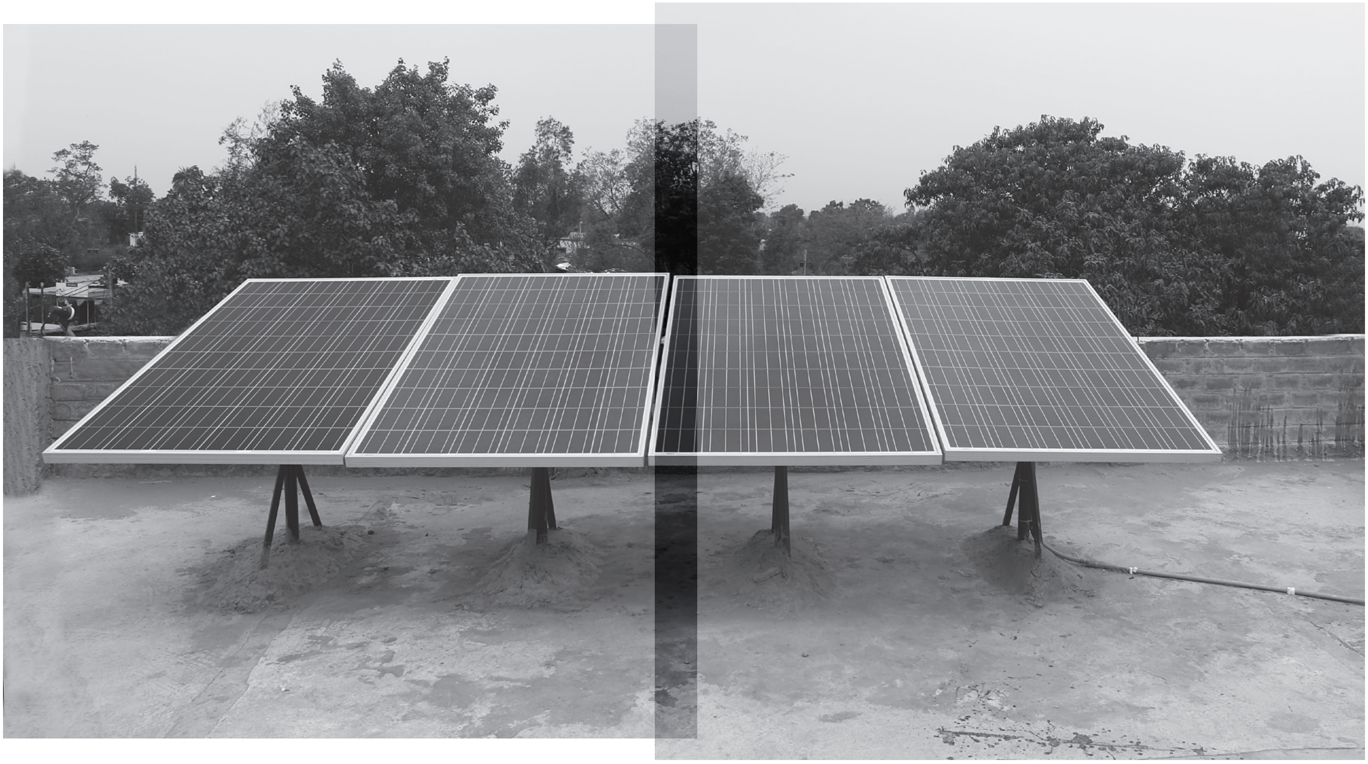
As part of its engagement with the Government and the community in Meghalaya, IDFC Foundation commissioned a Solar Street Lighting Project in Mawlynnong Village. Named Asia's Cleanest Village, Mawlynnong attracts a large number of tourists; up to 500 a day during peak season. Inaugurated in May 2015, the project has had a positive impact on both tourism and life in general.

This project now has become a benchmark for Public-Private-Community Partnerships for the Meghalaya Government to replicate in other rural areas. The project has also been included under Salient Features of Mawlynnong Village in the Good Practice Document showcased by the Ministry of Panchayati Raj.

IDFC Foundation has been supporting Masoom, an organization working towards improving education in night schools of Mumbai through a 'Night School Transformation Program'.

PRIMARY EDUCATION IN RAJASTHAN

This initiative is aimed at improving the learning levels of students studying in 60 Government primary schools (Classes I to V) in Ramgarh and Kishangarh Bas blocks of Alwar district, Rajasthan. This is being done in partnership with the District Authority, Alwar District and Ibtada (an NGO based in Alwar, Rajasthan). The program involves a 'whole-school approach' targeting holistic improvements across a set of intervention areas. These include development of specialized remedial packages for students who are lagging, training of Government school teachers for improved teaching techniques and better school management, building leadership qualities among school children, and capacity building of the local community for playing a greater role in School Management Committees ('SMCs'). The program is expected to benefit 8,000 students over 3 years.



Solar panels installed for use at all Bharat Banking branches

SETTING UP CENTRE OF EXCELLENCE, TEXTILE MUSEUM AND VISION CENTRE IN ALMORA, UTTARAKHAND

In September 2015, IDFC Foundation committed to providing grant support to Panchacholi Women Weavers ('PWW') as a partner for setting up centres of excellence for women across five districts of Almora, Rudraprayag, Uttarkashi, Bageshwar and Pithoragarh in Uttarakhand. The grant was made in order to develop handlooms as a means of sustainable livelihood for women.

IMPROVING EARLY CHILD CARE AND EDUCATION IN UTTARAKHAND

IDFC Foundation partnered with Sesame Workshop India Trust ('SWIT') for improving preschool literacy and hygiene awareness for over 1.5 lakh children in 6000 Government-run primary care centres. This involved training master trainers and specialists and monitoring the training of Anganwadi workers. It also comprised developing content to be taught and encouraging Anganwadi workers to use the latest pedagogical tools and training concepts. The final report on the outcome of the project has been shared with the state Government.

IMPROVED CITY SYSTEMS IN URBAN CENTRES

The year marked the successful initiation of an advocacy project for improved city systems in India with Janaagraha, a Bangalore-based non-profit organisation that works towards transforming quality of life in India's cities and towns. IDFC Foundation supported Janaagraha through grants and assistance for its Transforming Quality of Life in Indian Cities & Towns programme from 2015–16 fiscal to 2017–18. The project aims to benefit a total of 3.4 crore population in three years from 21 major cities in India, comprising capital cities of 16 major states chosen based on population and coverage of states.

CANCER TREATMENT FOR UNDERPRIVILEGED

IDFC Foundation recognises that health care expenses are well known to drag families into poverty. In the absence of any insurance and social security system, ailments like cancer sink millions into poverty each year due to high cost and often long-drawn course of treatment and relapse. Charitable hospitals in India play an important role in reducing the burden on families that cannot afford high quality cancer treatment. Kamala Nehru Memorial Hospital ('KNMH') & Regional Cancer Centre in Allahabad is a premier charitable hospital in India that addresses the cost of cancer treatment for the underprivileged. Last year, IDFC Foundation provided a grant to KNMH towards the cost of running and maintain equipment used in providing radiation therapy to needy cancer patients. Our support is likely to benefit at least 800 new patients involving at least 20,000 sittings over the course of a year. Several families will benefit financially from the reduced cost of treatment.