INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IDFC BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, in so far as applicable to banks, and the Guidelines issued by the Reserve Bank of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 1 of Schedule 18 to the financial statements which describes the demerger of financial undertaking of IDFC Limited in to the Bank in accordance with the Scheme of Arrangement under section 391-394 of the Companies Act, 1956 approved by Hon'ble Madras High Court vide its order dated June 25, 2015.

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, 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, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

   c) 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.

d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

e) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

f) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

g) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2016 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 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements – Refer Schedule 17/D-11 and Schedule 18- Note 51 to the 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 – Refer Schedule 17/D-11 and Schedule 18- Note 51 to the financial statements;

   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 performed select relevant procedures at 19 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 and 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 : April 26, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1.h under 'Report on Other Legal and Regulatory Requirements' 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 BANK LIMITED** ("the Bank") as at 31st March, 2016 in conjunction with our audit of the 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 ("the Guidance Note"). 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 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 based on our audit. We conducted our audit in accordance with 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 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 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 and other applicable regulations. 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.

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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 31st March, 2016, 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.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : April 26, 2016

BALANCE SHEET

AS AT MARCH 31, 2016

	SCHEDULE NO.	AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
CAPITAL AND LIABILITIES			
Capital	1	33,926,233	500
Employees' stock options outstanding	1a	33,235	-
Reserves and surplus	2	102,366,054	(25,849)
Deposits	3	82,190,453	-
Borrowings	4	479,138,308	-
Other liabilities and provisions	5	42,044,422	25,857
TOTAL		739,698,705	508
ASSETS			
Cash and balances with Reserve Bank of India	6	19,008,369	-
Balances with banks and money at call and short notice	7	10,030,700	500
Investments	8	200,911,792	-
Advances	9	456,994,297	-
Fixed assets	10	6,728,549	-
Other assets	11	46,024,998	8
TOTAL		739,698,705	508
Contingent liabilities	12	729,367,008	-
Bills for collection		-	-
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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai | April 26, 2016

For and on behalf of the Board of Directors of
IDFC Bank Limited

Anil Baijal
Chairman

Rajiv B. Lall
Founder Managing Director & CEO

Abhijit Sen
Director

Vikram Limaye
Director

Sunil Kakar
Chief Financial Officer

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2016

		SCHEDULE NO.	YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED OCTOBER 21, 2014 TO MARCH 31, 2015 (₹ IN THOUSANDS)
I	**INCOME**			
	Interest earned	13	36,488,324	-
	Other income	14	4,031,974	-
TOTAL			40,520,298	-
II	**EXPENDITURE**			
	Interest expended	15	28,015,025	-
	Operating expenses	16	5,105,816	25,858
	Provisions and contingencies	18.28	2,730,924	(9)
TOTAL			35,851,765	25,849
III	**NET PROFIT/(LOSS) FOR THE YEAR / PERIOD (I-II)**		4,668,533	(25,849)
	Balance in profit and loss account brought forward from previous year / period		(25,849)	-
	Profit brought forward on demerger of Financing Undertaking of IDFC Limited	18.1	11,962,952	-
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		16,605,636	(25,849)
V	**APPROPRIATIONS :**			
	Transfer to statutory reserve	18.30	1,180,000	-
	Transfer to investment reserve	18.30	-	-
	Transfer to capital reserve	18.30	825,000	-
	Transfer to special reserve	18.30	1,450,000	-
	Proposed dividend (includes tax on dividend)		1,021,380	-
	Balance in profit and loss account carried forward		12,129,256	(25,849)
TOTAL			16,605,636	(25,849)
VI	**EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 10 PER SHARE)**	18.44		
	Basic (₹)		2.34	(516.98)
	Diluted (₹)		2.34	(516.98)
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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai | April 26, 2016

For and on behalf of the Board of Directors of
IDFC Bank Limited

Anil Baijal
Chairman

Rajiv B. Lall
Founder Managing Director & CEO

Abhijit Sen
Director

Vikram Limaye
Director

Sunil Kakar
Chief Financial Officer

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

	SCHEDULE NO.	YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED OCTOBER 21, 2014 TO MARCH 31, 2015 (₹ IN THOUSANDS)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit / (loss) before taxes		7,157,630	(25,858)
Adjustments for:			
Depreciation on fixed assets	16 (V)	407,453	-
Provision for depreciation in value of investments	18.28	40,215	-
Amortisation of premium on held to maturity investments		69,224	-
Provision / (write back) for non performing advances	18.28	(169,925)	-
Additional specific provisions	18.28	314,450	-
Provision on unhedged foreign currency exposure	18.28	81,740	-
Loss on sale of fixed assets (net)	14 (IV)	318	-
Provision / (write back) for restructured assets	18.28	(29,403)	-
Other provisions and contingencies	18.28	4,637	-
Adjustments for:			
(Increase)/decrease in investments		(89,874,280)	-
(Increase)/decrease in advances		(37,743,150)	-
Increase/(decrease) in deposits		82,190,453	-
(Increase)/decrease in other assets		(5,007,525)	-
Increase/(decrease) in other liabilities and provisions		6,991,682	25,858
Direct taxes paid		(2,309,682)	-
Net cash flow used in operating activities (A)		(37,876,163)	-
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1,790,485)	-
Proceeds from sale of fixed assets		5,740	-
(Increase)/decrease in held to maturity investments		73,495,580	-
Net cash generated from investing activities (B)		71,710,835	-
C. CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)		(88,069,071)	-
Proceeds from issue of share capital		70,358,165	500
Payment of dividend		-	-
Net cash (used in) / generated from financing activities (C)		(17,710,906)	500
Net increase in cash and cash equivalents (A+B+C)		16,123,766	500
Cash and cash equivalents on demerger of Financing Undertaking of IDFC Limited*		12,914,803	-
Cash and cash equivalents at the beginning of the year		500	-
Cash and cash equivalents at the end of the year		29,039,069	500
Notes to the Cash Flow Statement:			
Represented by :			
Cash and Balances with Reserve Bank of India	6	19,008,369	-
Balances with Banks and Money at Call and Short Notice	7	10,030,700	500
Cash and cash equivalents at the end of the year		29,039,069	500

* Cash flow from operations, investing and financing activities excludes movement in assets and liabilities on demerger of Financing Undertaking acquired by the Bank from IDFC Limited. The net cash and cash equivalent acquired on demerger is reflected separately, in addition to net increase in cash and cash equivalents due to banking operations from October 1, 2015 to March 31, 2016.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J. Mehta
Partner
(Membership No. 48791)

For and on behalf of the Board of Directors of
IDFC Bank Limited

Anil Baijal
Chairman

Rajiv B. Lall
Founder Managing Director & CEO

Abhijit Sen
Director

Vikram Limaye
Director

Sunil Kakar
Chief Financial Officer

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

Mumbai | April 26, 2016

SCHEDULE 1 CAPITAL

	AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
AUTHORISED CAPITAL		
5,000,000,000 (Previous Year - 5,000,000,000) equity shares of ₹ 10 each	50,000,000	50,000,000
EQUITY SHARE CAPITAL		
Issued, subscribed and paid-up capital *^		
3,392,623,336 (Previous Year - 50,000) equity shares of ₹ 10 each, fully paid up	33,926,233	500
TOTAL	33,926,233	500

* During the year, 1,594,020,668 equity share were issued to shareholders of IDFC Limited on demerger of Financing Undertaking of IDFC Limited and 1,797,462,668 equity shares were issued to IDFC Financial Holding Company Limited - Non-operative Financial Holding Company.

^ Includes 1,090,000 equity shares alloted pursuant to the exercise of options under the IDFC Bank Limited Employee Stock Option Scheme.

SCHEDULE 1a EMPLOYEES' STOCK OPTIONS OUTSTANDING

	AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
Employee stock option outstanding*	33,235	-
TOTAL	33,235	-

* Includes ₹ 6.56 crore on demerger of Financing Undertaking of IDFC Limited as reduced by ₹ 3.24 crore transferred to General Reserve on exercise of ESOPs (refer note 18.1).

SCHEDULE 2 RESERVES AND SURPLUS

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	**STATUTORY RESERVES**		
	Opening balance	-	-
	Additions during the year (refer note 18.30)	1,180,000	-
	Deduction during the year	-	-
	Closing balance	1,180,000	-
II	**CAPITAL RESERVES**		
	Opening balance	-	-
	Additions during the year (refer note 18.30)*	825,000	-
	Deduction during the year	-	-
	Closing balance	825,000	-
	* Represents profit on sale of investments in held to maturity category, net of taxes, and transfer to Statutory reserve.		
III	**SHARE PREMIUM**		
	Opening balance	-	-
	Additions during the year*	79,912,414	-
	Deduction during the year	-	-
	Closing balance	79,912,414	-
	* Includes ₹ 2,753.98 crore on demerger of Financing Undertaking of IDFC Limited (refer note 18.1)		

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
IV	**GENERAL RESERVE**		
	Opening balance	-	-
	Additions during the year@	6,869,384	-
	Deduction during the year	-	-
	Closing balance	6,869,384	-
	@ Includes ₹ 683.70 crore on demerger of Financing Undertaking of IDFC Limited (refer note 18.1)		
V	**SPECIAL RESERVE**		
	Opening balance	-	-
	Additions during the year (refer note 18.30)	1,450,000	-
	Deduction during the year	-	-
	Closing balance	1,450,000	-
VI	**BALANCE IN PROFIT AND LOSS ACCOUNT ^**	12,129,256	(25,849)
	^ Includes ₹ 1,196.30 crore on demerger of Financing Undertaking of IDFC Limited (refer note 18.1)		
TOTAL (I+II+III+IV+V+VI)		102,366,054	(25,849)

SCHEDULE 3 DEPOSITS

				AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
A	**I**	**DEMAND DEPOSITS**			
		(i)	From banks	244,340	-
		(ii)	From others	3,450,406	-
	II	**SAVINGS BANK DEPOSITS**		755,961	-
	III	**TERM DEPOSITS**			
		(i)	From banks	3,430,411	-
		(ii)	From others	74,309,335	-
TOTAL (I+II+III)				82,190,453	-
B	I	Deposits of branches in India		82,190,453	-
	II	Deposits of branches outside India		-	-
TOTAL				82,190,453	-

SCHEDULE 4 BORROWINGS

			AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	**BORROWINGS IN INDIA**			
	(i)	Reserve Bank of India	-	-
	(ii)	Other banks ^	34,864,080	-
	(iii)	Other institutions and agencies $	377,403,771	-
II	**BORROWINGS OUTSIDE INDIA***		66,870,457	-
TOTAL (I+II)			479,138,308	-
Secured borrowings included in I and II above			-	-

^ Borrowings from banks include long term infrastructure bonds of ₹ 356.50 crore (Previous Year Nil).

$ Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 9,597.50 crore (Previous Year Nil) and Bonds under section 80CCF of the Income tax Act, 1961 of ₹ 2,325.22 crore (Previous Year Nil)

* Borrowings outside India include External Commercial Borrowings (ECB) of ₹ 6,467.46 crore (Previous Year Nil).

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5 OTHER LIABILITIES AND PROVISIONS

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	Bills payable	145,844	-
II	Inter-office adjustments (net)	-	-
III	Interest accrued	27,782,372	-
IV	Proposed dividend (includes tax on dividend)	1,021,380	-
V	Contingent provision against standard assets	3,318,668	-
VI	Others (including provisions) *	9,776,158	25,857
TOTAL		42,044,422	25,857

* Includes payable on derivative contracts of ₹ 325.15 crore (Previous Year Nil), provision for expenses of ₹ 210.43 crore (Previous Year Nil) and funded interest term loan provision of ₹ 202.77 crore (Previous Year Nil).

SCHEDULE 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	CASH IN HAND (INCLUDING FOREIGN CURRENCY NOTES)	116,137	-
II	BALANCES WITH RESERVE BANK OF INDIA:		
	(i) In current accounts	18,892,232	-
	(ii) In other accounts	-	-
TOTAL (I+II)		19,008,369	-

SCHEDULE 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	**IN INDIA**		
	(i) Balance with banks		
	(a) In current accounts	361,464	500
	(b) In other deposit accounts	-	-
	(ii) Money at call and short notice		
	(a) With banks	3,000,000	-
	(b) With other institutions	4,168,904	-
TOTAL		7,530,368	500
II	**OUTSIDE INDIA**		
	(i) In current accounts	181,232	-
	(ii) In other deposit accounts	-	-
	(iii) Money at call and short notice	2,319,100	-
TOTAL		2,500,332	-
GRAND TOTAL (I+II)		10,030,700	500

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 8 INVESTMENTS (NET OF PROVISIONS)

			AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	**INVESTMENTS IN INDIA IN :**			
	(i)	Government securities*	116,922,672	-
	(ii)	Other approved securities	-	-
	(iii)	Shares (includes equity and preference shares)	5,055,646	-
	(iv)	Debentures and bonds	58,946,875	-
	(v)	Investment in subsidiaries / joint ventures	-	-
	(vi)	Others (venture capital fund, commercial papers, certificate of deposits, security receipts etc.)	19,986,599	-
TOTAL INVESTMENTS IN INDIA			200,911,792	-
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)			200,911,792	-

* Net of repo borrowing of ₹ 9,637.43 crore (Previous Year Nil) under the liquidity adjustment facility (LAF)

SCHEDULE 9 ADVANCES (NET OF PROVISIONS)

					AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
A	(i)	Bills purchased and discounted			3,598,547	-
	(ii)	Cash credits, overdrafts and loans repayable on demand			8,949,905	-
	(iii)	Term loans			444,445,845	-
TOTAL					456,994,297	-
B	(i)	Secured by tangible assets*			294,731,581	-
	(ii)	Covered by bank / government guarantees $			23,362,264	-
	(iii)	Unsecured			138,900,452	-
TOTAL					456,994,297	-
C	**I**	Advances in India				
		(i)	Priority sector		22,376,638	-
		(ii)	Public sector		26,611,011	-
		(iii)	Banks		525,956	-
		(iv)	Others		407,480,692	-
TOTAL					456,994,297	-
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 (C I+C II)					456,994,297	-

The above advances are net of provisions of ₹ 1,615.91 crore towards non-performing advances, provision ₹ 303.35 crore against funded interest term loans classified as non-performing advances, specific provision of ₹ 780.91 crore on restructured assets, specific provision on identified advances of ₹ 1,267.45 crore against risk of possible slippages and provision of ₹ 0.37 crore for diminution in fair value of restructured assets.

* Includes advances against book debts

$ Includes advances against LCs issued by banks

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 10 FIXED ASSETS

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	**PREMISES**		
	Gross block		
	At cost at the beginning of the year	-	-
	Additions on demerger of Financing Undertaking of IDFC Limited	3,100,830	-
	Additions during the year	326,531	-
	Deductions during the year	-	-
TOTAL		3,427,361	-
	Depreciation		
	As at the beginning of the year	-	-
	Accumulated depreciation on demerger of Financing Undertaking of IDFC Limited	(412,858)	-
	Charge for the year	(54,114)	-
	Deductions during the year	-	-
	Depreciation to date	(466,972)	-
	Net block of premises	2,960,389	-
II	**OTHER FIXED ASSETS (INCLUDING FURNITURE AND FIXTURES)**		
	Gross block		
	At cost at the beginning of the year	-	-
	Additions on demerger of Financing Undertaking of IDFC Limited	811,982	-
	Additions during the year	3,364,093	-
	Deductions during the year	(10,172)	-
TOTAL		4,165,903	-
	Depreciation		
	As at the beginning of the year	-	-
	Accumulated depreciation on demerger of Financing Undertaking of IDFC Limited	(340,659)	-
	Charge for the year	(353,340)	-
	Deductions during the year	4,114	-
	Depreciation to date	(689,885)	-
	Net block of other fixed assets (including furniture and fixtures)	3,476,018	-
III	**CAPITAL WORK-IN-PROGRESS (INCLUDING CAPITAL ADVANCES)***	292,142	-
GRAND TOTAL (I+II+III)		6,728,549	-

* Includes ₹ 219.23 crore on demerger of Financing Undertaking of IDFC Limited; of which ₹ 210.61 was subsequently capitalised.

SCHEDULE 11 OTHER ASSETS

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	Inter-office adjustments (net)	-	-
II	Interest accrued	8,745,966	-
III	Tax paid in advance / tax deducted at source (net of provisions)	4,156,607	-
IV	Stationery and stamps	12	-
V	Non banking assets acquired in satisfaction of claims	-	-
VI	Others*	33,122,413	8
TOTAL (I+II)		46,024,998	8

* Includes Deferred Tax Asset (net) of ₹ 1,684.05 crore (Previous Year ₹ ß crore) (refer note 18.27), receivables on derivative contracts of ₹ 347.43 crore (Previous Year Nil) and application money pending allotment of ₹ 275.00 crore (Previous Year Nil).

SCHEDULE 12 CONTINGENT LIABILITIES

		AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
I	**Claims against the bank not acknowledged as debts**	1,432,238	-
II	**Liability for partly paid investments**	4,242,482	-
III	**Liability on account of outstanding forward exchange and derivative contracts :**		
	(a) Forward Contracts	399,058,585	-
	(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	234,278,073	-
	(c) Foreign currency options	36,517,210	-
TOTAL (a+b+c)		669,853,868	-
IV	**Guarantees given on behalf of constituents**		
	In India	24,714,487	-
	Outside India	-	-
V	**Acceptances, endorsements and other obligations**	26,349,676	-
VI	**Other items for which the bank is contingently liable (capital commitments)**	2,774,257	-
GRAND TOTAL (I+II+III+IV+V+VI)		729,367,008	-

SCHEDULE 13 INTEREST EARNED

		YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED MARCH 31, 2015 (₹ IN THOUSANDS)
I	Interest / discount on advances / bills	23,514,136	-
II	Income on investments *	12,342,818	-
III	Interest on balances with Reserve Bank of India and other inter-bank funds	72,994	-
IV	Others **	558,376	-
TOTAL		36,488,324	-

* Includes interest on investments of ₹ 44.20 crore for the period 1.4.2015 to 30.9.2015, prior to commencement of banking operations.

** Includes interest on income tax refunds amounting to ₹ 24.42 crore (Previous Year Nil).

SCHEDULE 14 OTHER INCOME

		YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED MARCH 31, 2015 (₹ IN THOUSANDS)
I	Commission, exchange and brokerage	677,423	-
II	Profit / (loss) on sale of investments (net)^	3,506,752	-
III	Profit / (loss) on revaluation of investments (net)	-	-
IV	Profit / (loss) on sale of premises and other fixed assets (net)	(318)	-
V	Profit / (loss) on exchange / derivative transactions (net)	(169,541)	-
VI	Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	-	-
VII	Miscellaneous Income	17,658	-
TOTAL		4,031,974	-

^ Includes profit on sale of investments of ₹ 47.61 crore for the period 1.4.2015 to 30.9.2015, prior to commencement of banking operations.

SCHEDULE 15 INTEREST EXPENDED

		YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED MARCH 31, 2015 (₹ IN THOUSANDS)
I	Interest on deposits	628,083	-
II	Interest on borrowings from Reserve Bank of India / inter-bank borrowings	5,508,159	-
III	Others	21,878,783	-
TOTAL		28,015,025	-

SCHEDULE 16 OPERATING EXPENSES $

		YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED MARCH 31, 2015 (₹ IN THOUSANDS)
I	Payments to and provisions for employees	2,566,275	-
II	Rent, taxes and lighting	561,923	-
III	Printing and stationery	26,826	43
IV	Advertisement and publicity	87,035	-
V	Depreciation on bank's property	407,453	-
VI	Directors' fees, allowance and expenses	11,260	-
VII	Auditors' fees and expenses	14,793	84
VIII	Law charges	30,384	-
IX	Postage, telegrams, telephones etc.	110,617	-
X	Repairs and maintenance	145,217	-
XI	Insurance	47,524	-
XII	Other expenditure*	1,096,509	25,731
TOTAL		5,105,816	25,858

$ Includes operating expenses of ₹ 0.60 crore for the period 1.4.2015 to 30.9.2015, prior to commencement of banking operations.

* Includes professional fees of ₹ 61.90 crore, software cost of ₹ 15.22 crore and travelling cost of ₹ 13.70 crore.

17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

A. BACKGROUND

IDFC Bank Limited ("the Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, to the grant of the universal banking license issued by the Reserve Bank of India ('the RBI') 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 ('Scheme of Arrangement'), by the Hon'ble Madras High Court vide its order dated June 25, 2015 and on fulfilment of all conditions specified under the Scheme and final banking license, the Bank has commenced its Banking operations on October 1, 2015, mainly in Commercial & Wholesale, Personal & Business Banking and Bharat (rural) Banking business. The Bank is regulated by the RBI and governed under the Banking Regulation Act, 1949. The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited since November 6, 2015.

Under the Scheme of Arrangement, the Financing Undertaking of IDFC Limited was demerged into the Bank with effect from October 1, 2015. The Financing Undertaking as defined under the Scheme of Arrangement included lending and financing business undertaking of IDFC Limited including project finance (fund based and non fund based), fixed income and treasury. Financing Undertaking comprises of all oustanding loans and deposits, borrowings, investments, current assets, sundry debtors, all debts, liabilities including contingent liabilities, licenses, approvals, tax credit, properties - movable and immovable, plant and machinery, furniture and fixtures, office equipment, software and licenses, insurance, policies, all contracts, agreements, collateral, all staff and employees employed in connection with Financing Undertaking etc.

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, in so far as applicable to banks, 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 on the date of purchase 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 constant Yield-to-Maturity ('YTM') 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 for.

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'), 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 YTM rates published by FIMMDA.
- 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.
- 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 in case the latest balance sheet is not available.
- 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 are valued as per NAV as provided by the Reconstruction Company (RC) / Securitization Company (SC) on a half yearly basis.
- 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 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.

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.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is marked to market 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 (excluding 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 for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

In respect of repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account. Costs thereon are accounted for as interest expense. In respect of reverse repo transactions under LAF and MSF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted for as interest income.

17.2 ADVANCES

In accordance with the RBI guidelines, advances are classified as performing and non-performing. These advances are stated net of specific provisions, provisions for funded interest term loan classified as non-performing advances, claims received from Export Credit Guarantee Corporation of India Ltd. (ECGC) and provisions in lieu of diminution in the fair value of restructured asset. Non-Performing advances 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 extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on identified advances in infrastructure sector which are classified as standard advances as these are not non-performing advances.

17.3 PROVISIONS / WRITE OFF ON LOANS AND OTHER CREDIT FACILITIES

(a) On legacy advances - loans acquired on demerger of Financing Undertaking of IDFC Limited

In addition to the minimum provisioning level prescribed by RBI, IDFC Limited on a prudent basis made provisions on specific advances in infrastructure sector that are not NPAs ('identified advances') but had reason to believe risk of possible slippages on the basis of the extant environment or specific information or current pattern of servicing. These provisions being specific in nature are netted off from gross advances.

At each Balance Sheet date, these provisions are reviewed and reassessed to determine their adequacy.

(b) On loans and other credit facilities disbursed after commencement of banking operations

The Bank makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. The provision on standard advances is not reckoned for arriving at net NPAs. The provisions towards standard advance is not netted from gross advance but shown separately as "Contingent Provisions against Standard Assets" under "Other Liabilities".

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI.

In case of corporate loans, provision is made for substandard and doubtful assets at the rates prescribed by the RBI. Loss assets and the unsecured portion of doubtful assets are provided / written off as per the extant RBI guidelines or higher as approved by the management. Provision on retail loans and advances, subject to minimum provisioning requirement of the RBI are assessed at borrower level, on the basis of ageing of loans based on internal provisioning policy of the Bank.

The Bank considers an account as restructured where the Bank for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Necessary provision for diminution in the fair value of a restructured account is made in accordance with the RBI guidelines.

Under the RBI guidelines, with a view to ensuring more stake of promoters in reviving stressed accounts and provide banks with enhanced capabilities to initiate change of ownership in accounts which fail to achieve the projected viability milestones, banks may, at their discretion, undertake a 'Strategic Debt Restructuring (SDR)' by converting loan dues to equity shares. The invocation of SDR is not treated as restructuring for the purpose of asset classification and provisioning norms. On completion of conversion of debt to equity as approved under SDR, the existing asset classification of the account, as on the reference date, continues for a period of 18 months from the reference date. Thereafter, the asset classification is as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. In addition, under the guidelines, the Bank is required to build provisions such that, by the end of the 18 month period from the reference date, the Bank holds provision of at least 15 per cent of the residual loan.

In order to further enhance banks' ability to bring in a change in ownership of borrowing entities which are under stress primarily due to operational/ managerial inefficiencies despite substantial sacrifices made by the lending banks, the RBI has permitted banks to upgrade the credit facilities extended to borrowing entities whose ownership has been changed outside SDR, to 'Standard' category upon such change in ownership, subject to conditions. On such change in ownership of the borrowing entities, credit facilities of the concerned borrowing entities may be upgraded as 'Standard'. However, the quantum of provision held by the bank against the said account as on the date of change in ownership of the borrowing entities shall be revsered only when all the outstanding loan/facilities of the borrowing entities perform satisfactorily during the 'specified period'.

In accordance with the RBI guidelines, accelerated provision is made on advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC). Accelerated provision is also made on advances which are erstwhile SMA-2 accounts with Aggregate Exposure (AE) of ₹ 1,000 million or above and Joint Lenders' Forum (JLF) is not formed or they fail to agree upon a common Corrective Action Plan (CAP) within the stipulated time frame. In addition as an incentive for banks to communicate their decision on the agreed CAP in a time bound manner wherein penal provisioning norms have been stipulated for the Bank, subject to certain conditions.

Provision on loans and advances restructured / rescheduled is made in accordance with the applicable RBI guidelines. In respect of non-performing loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period (as prescribed by the RBI) subject to satisfactory performance of the account during the period. A restructured loan is upgraded to the standard category when satisfactory payment performance is evidenced during the specified period and after the loan reverts to the normal level of standard asset provisions / risk weights.

Amounts recovered against debts written off in earlier years are recognised in the Profit and Loss Account and included under Other Income.

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.

17.4 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 advances as defined in para 2 above, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified advances is reversed and recognised on cash basis.

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 recognised as income on completion of the significant act / milestone and when right to recovery 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 when due, unless the Bank is uncertain of ultimate collection.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period. Underwriting fees is recognised as income on closure of issue and revenue can be reliably measured. 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, net of taxes and transfer to Statutory Reserves, 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. Losses are recognised in the Profit and Loss Account.

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 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 gain on sale of Non-Performing Assets to Securitisation Company (SC) / Reconstruction Company (RC), excess provision will be reversed on sale of NPA in the year in which amount is received and shortfall if any is charged to the Profit and Loss Account. If sale is against issuance of SRs / PTCs by SC / RC, the sale will be recognised at lower of redemption value of SRs / PTCs and net book value of financial asset sold. Upon realisation of proceeds on redemption of SR / PTC, the gain and shortfall is recognised in the Profit and Loss Account.

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. However, in accordance with the RBI guidelines, in case of non - performing loans sold to SC / RC, the Bank can reverse the excess provision in Profit and Loss Account in the year in which amounts are received.

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 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) at the inception of the transaction itself. Hedge swaps and funding swaps are not subjected to marked to market, unless underlying transactions are marked to market. In such cases swaps are marked to market with the resultant gain or loss recorded as an adjustment to the market value of the underlying transactions.

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. 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. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. 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’. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter.

As per the RBI guidelines on ‘Prudential Norms for Off balance Sheet Exposures of Banks’, a standard asset provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. Realised gain / loss arise when the derivatives expire or mature or when the underlying trading assets / liabilities are sold.

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.

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 :

ASSETS	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.

All fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of installation.

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.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets 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 Employee Stock Option Scheme - IDFC 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.

In addition, against each outstanding employee stock of options granted by IDFC Limited to its employees, equivalent options of IDFC Bank Limited were granted under the Scheme of Arrrangement. The price of these options are determined by multiplying the existing grant price of the options granted by IDFC Limited to its employess under the IDFC Limited Employee Stock Option Scheme by the proportion that the net worth of the Financing Undertaking bears to the total net book value of IDFC Limited immediately prior to the effectiveness of the Scheme of Arrangement.

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 / fair value 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 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 paid to the employees and charged to the Profit and Loss Account for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

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. 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 share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end, 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 SEGMENT REPORTING

The disclosure relating to segment information is in accordance with the guidelines issued by RBI and Accounting Standard as notified.

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 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.

18 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Amounts in notes forming part of the financial statements for the year ended March 31, 2016 are denominated in ₹ crore to conform with the extant RBI guidelines.

18.1 IDFC Bank Limited (''the Bank") was incorporated as a Company under the Companies Act, 2013 on October 21, 2014. The Bank commenced its Banking operations on October 1, 2015, post receipt of final banking license by the RBI. Accordingly, figures for the previous period / year is not comparable since Banking operations were not carried out during the previous period / year. In addition, RBI guidelines on Disclosure in Financial Statements - 'Notes to Accounts' is not applicable for the period / year ended March 31, 2015.

Pursuant to the Scheme of Arrangement, the Financing Undertaking of IDFC Limited was demerged in the Bank with effect from October 1, 2015. Accordingly assets amounting to ₹ 66,237.46 crore and liabilities amounting to ₹ 60,002.90 crore resulting in net assets amounting to ₹ 6,234.56 crore along with contingent liabilities of ₹ 285.63 crore, capital commitment of ₹ 840.05 crore and notional principal of derivative contract of ₹ 13,903.57 crore pertaining to the Financing Undertaking were transferred from IDFC Limited to the Bank and in consideration, equity shares of the Bank, in the ratio of 1:1 have been issued to the shareholders of IDFC Limited equivalent to 47% of the equity shareholding of IDFC Bank 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.

Details of net assets acquired by the Bank on demerger of Financing Undertaking of IDFC Limited are as under:

	(₹ IN CRORE)
Cash and balances with Reserve Bank of India	2.55
Balances with banks and money at call and short notice	1,190.07
Investments	18,464.25
Advances*	41,936.63
Fixed assets	535.16
Other assets	4,108.80
	66,237.46
Less: Borrowings	56,720.74
Other liabilities and provisions	3,282.16
	60,002.90
NET ASSETS	6,234.56

* The above advances are net of provisions, of which provisions of ₹ 2,500.00 crore were created by IDFC Limited on specific advances, based on the policy approved by the Board of Directors of IDFC Limited and approval of the RBI.

In accordance with the accounting treatment, as defined under the Scheme of Arrangement, the Bank has recorded the assets and liabilities at the respective book values as appearing in the books of the Financing Undertaking of IDFC Limited at the close of business of the day immediately preceding the Appointed date i.e. September 30, 2015. The Bank has credited Share Capital by the aggregate face value of the new equity shares issued to the shareholders of IDFC Limited i.e. 1,594,020,668 shares of ₹ 10 each. The excess of net assets over face value of new equity shares allotted are credited to respective reserves in the same proportion as debited in the books of IDFC Limited and to stock option outstanding account by an equivalent amount debited by IDFC Limited to stock option outstanding account as detailed below.

	(₹ IN CRORE)
Share Capital	1,594.02
Share Premium	2,753.98
General Reserve	683.70
Balance in Profit and Loss Account	1,196.30
Employee Stock Option Outstanding	6.56
	6,234.56

18.2 CAPITAL ADEQUACY

The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below :

PARTICULARS	(₹ IN CRORE) MARCH 31, 2016	MARCH 31, 2015
Tier I capital	13,311.76	-
of which common equity tier I capital	13,311.76	-
Tier II capital	331.87	-
TOTAL CAPITAL	13,643.63	-
Common equity Tier I capital ratio (%)	21.50%	-
Tier I capital ratio (%)	21.50%	-
Tier II capital ratio (%)	0.54%	-
TOTAL CAPITAL RATIO (CRAR) (%)	22.04%	-
Amount of equity capital raised **	3,391.48	0.05
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	-	-

** Includes ₹ 1,594.02 crore of equity share capital issued to shareholders of IDFC Limited on account of demerger and ₹ 1,797.46 crore held by IDFC Financial Holding Company Limited - Non Operative Financial Holding Company.

18.3 BUSINESS RATIOS ** / INFORMATION

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
Interest income as a percentage to working funds $ **	8.42%	-
Non-interest income as a percentage to working funds $ **	0.83%	-
Operating profit as a percentage to working funds $ **&	1.52%	-
Return on assets @ **	1.10%	-
Business per employee # ^ (₹ in crore)	28.78	-
Profit per employee ^ (₹ in crore)	0.22	-

** The Bank has commenced its banking operations from October 1, 2015 and has been in operations only for a period of six months. Accordingly, figures considered for the computation of ratios are for the period October 1, 2015 to March 31, 2016 and ratios stated above are annualized (i.e. by multiplying 366 over actual number of days in operations).

$ Working funds represents average of total assets as reported to the RBI in Form X under Section 27 of the Banking Regulation Act, 1949, during the 6 months of the financial year (i.e. after commencement of banking operations from October 01, 2015).

@ Return on assets is computed based on net asset basis.

Business is the total of net advances and deposits (net of inter-bank deposits).

^ Productivity ratios are based on average employee numbers, which excludes contract staff, intern etc.

& Operating profit is profit for the year before provisions and contingencies.

18.4 INVESTMENTS

I VALUE OF INVESTMENTS :

PARTICULARS	(₹ IN CRORE) MARCH 31, 2016	MARCH 31, 2015
I GROSS VALUE OF INVESTMENTS		
(a) In India	21,285.92	-
(b) Outside India	-	-
II PROVISIONS FOR DEPRECIATION		
(a) In India	(1,194.74)	-
(b) Outside India	-	-
III NET VALUE OF INVESTMENTS (I- II)		
(a) In India	20,091.18	-
(b) Outside India	-	-

II Movement of provisions held towards depreciation on investments (including provision towards non-performing investments)

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Opening balance	-	-
Add: Provisions transferred on demerger of Financing Undertaking of IDFC Limited	869.27	-
Add: Transfer due to conversion of loans into investments	321.45	-
Add: Provisions made during the year	6.30	-
Less: Write-off / (write-back) of excess provisions during the year	(2.28)	-
Closing balance	1,194.74	-

18.5 REPO TRANSACTIONS

In accordance with the RBI guidelines, accounting of repo / reverse repo transactions (in face value terms) excludes those done with the RBI. Following are the details of the repo / reverse repo transactions deals done during the years ended March 31, 2016 and March 31, 2015 :

YEAR ENDED MARCH 31, 2016 (₹ IN CRORE)

PARTICULARS		MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	OUTSTANDING AS ON MARCH 31, 2016
SECURITIES SOLD UNDER REPO					
i	Government securities	-	12,042.72	5,897.02	-
ii	Corporate debt securities	-	-	-	-
SECURITIES PURCHASED UNDER REVERSE REPO					
i	Government securities	-	1,918.06	847.67	415.00
ii	Corporate debt securities	-	-	-	-

YEAR ENDED MARCH 31, 2015 (₹ IN CRORE)

PARTICULARS		MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	OUTSTANDING AS ON MARCH 31, 2016
SECURITIES SOLD UNDER REPO					
i	Government securities	-	-	-	-
ii	Corporate debt securities	-	-	-	-
SECURITIES PURCHASED UNDER REVERSE REPO					
i	Government securities	-	-	-	-
ii	Corporate debt securities	-	-	-	-

Outstanding repo and deals with the RBI under Liquidity Adjustment Facility / Marginal Standing Facility as of March 31, 2016 were ₹ 9,637.43 crore (Previous Year Nil). There were no outstanding reverse repo deals with the RBI under Liquidity Adjustment Facility/ Marginal Standing Facility as of March 31, 2016 (Previous Year: Nil).

18.6 NON-SLR INVESTMENT PORTFOLIO

I ISSUER COMPOSITION OF NON SLR INVESTMENTS AS AT MARCH 31, 2016 :

(₹ 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	384.80	2.50	-	-	-
ii	Financial institutions	3,186.14	2,254.65	-	-	830.46
iii	Banks	245.91	48.90	-	-	197.02
iv	Private corporates	4,630.25	4,556.90	-	386.39	1,957.96
v	Subsidiaries / joint ventures	-	-	-	-	-
vi	Others	1,145.50	1,145.50	-	-	1,145.50
vii	Provision held towards depreciation	(1,193.70)				
TOTAL		8,398.90	8,008.45	-	386.39	4,130.94

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition of non SLR investments as at March 31, 2015 :

(₹ 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	-	-	-	-	-
ii	Financial institutions	-	-	-	-	-
iii	Banks	-	-	-	-	-
iv	Private corporates	-	-	-	-	-
v	Subsidiaries / joint ventures	-	-	-	-	-
vi	Others	-	-	-	-	-
vii	Provision held towards depreciation	-				
TOTAL		-	-	-	-	-

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

II NON PERFORMING NON-SLR INVESTMENTS:

(₹ IN CRORE)

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
Opening balance of Non performing Non-SLR investments	-	-
Additions on account of demerger of Financing Undertaking	90.65	-
Transfer on account of conversion of loans into investments	321.45	-
Additions during the year	-	-
Reductions during the year	(0.01)	-
Closing balance of Non performing Non-SLR investments	412.09	-
Total provisions held	412.09	-

18.7 During the year ended March 31, 2016, 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.

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Market value of investments held in HTM category	10,170.83	-
Excess of book value over market value for which provision is not made	-	-

18.8 FORWARD RATE AGREEMENT / INTEREST RATE SWAP (IRS)

PARTICULARS		(₹ IN CRORE)	
		AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
i	The notional principal of swap agreements	19,621.00	-
ii	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	194.87	-
iii	Collateral required by the bank upon entering into swaps	-	-
iv	Concentration of credit risk arising from the swaps	-	-
v	The fair value of the swap book	170.21	-

The nature and terms of the IRS as on March 31, 2016 are set out below :

(₹ IN CRORE)

NATURE	NO. OF DEALS	NOTIONAL PRINCIPAL	BENCHMARK	TERMS
Hedging	86	3,471.00	INROIS	Receive Fixed/Pay Float
Hedging	5	500.00	INRINBMK	Receive Fixed/Pay Float
Hedging	17	1,250.00	INRMIOIS	Receive Fixed/Pay Float
Trading	3	150.00	INRMIFOR	Trading Positions
Trading	245	14,250.00	INROIS	Trading Positions
TOTAL	356	19,621.00		

18.9 EXCHANGE TRADED INTEREST RATE DERIVATIVES

		(₹ IN CRORE)	
		MARCH 31, 2016	MARCH 31, 2015
i	Notional principal amount of exchange traded interest rate derivatives undertaken during the year Bond Futures	1,592.18	-
ii	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, Bond Futures	54.52	-
iii	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" Bond Futures	54.52	-
iv	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" Bond Futures	(0.34)	-

18.10 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. 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.

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 :

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)

PARTICULARS			MARCH 31, 2016	
			CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES
1	DERIVATIVES (NOTIONAL PRINCIPAL AMOUNT)			
	(a)	For hedging	7,090.95	5,221.00
	(b)	For trading	40,218.92	14,454.52
2	MARKED TO MARKET POSITIONS			
	(a)	Asset (+)	540.80	194.94
	(b)	Liability (-)	(375.69)	(25.08)
3	CREDIT EXPOSURE		1,479.21	347.46
4	LIKELY IMPACT OF ONE PERCENTAGE CHANGE IN INTEREST RATE (100*PV01)			
	(a)	On hedging derivatives	10.59	152.91
	(b)	On trading derivatives	0.20	72.38

PARTICULARS			(₹ IN CRORE)	
			MARCH 31, 2016	
			CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES
5	**MAXIMUM AND MINIMUM OF 100*PV01 OBSERVED DURING YEAR**			
	a.	On hedging		
	-	minimum	10.59	143.48
	-	maximum	22.09	174.82
	b.	On trading		
	-	minimum	0.18	1.57
	-	maximum	0.22	72.38

PARTICULARS			(₹ IN CRORE)	
			MARCH 31, 2015	
			CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES
1	**DERIVATIVES (NOTIONAL PRINCIPAL AMOUNT)**			
	(a)	For hedging	-	-
	(b)	For trading	-	-
2	**MARKED TO MARKET POSITIONS**			
	(a)	Asset (+)	-	-
	(b)	Liability (-)	-	-
3	**CREDIT EXPOSURE**		-	-
4	**LIKELY IMPACT OF ONE PERCENTAGE CHANGE IN INTEREST RATE (100*PV01)**			
	(a)	On hedging derivatives	-	-
	(b)	On trading derivatives	-	-
5	**MAXIMUM AND MINIMUM OF 100*PV01 OBSERVED DURING YEAR**			
	a.	On hedging		
	-	minimum	-	-
	-	maximum	-	-
	b.	On trading		
	-	minimum	-	-
	-	maximum	-	-

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.

18.11 ASSET QUALITY

PARTICULARS				AS AT MARCH 31, 2016 (₹ IN CRORE)	AS AT MARCH 31, 2015
I	**NET NPAS TO NET ADVANCES (%)**			2.39%	-
II	**MOVEMENT OF GROSS NPAS :**				
	a.	Opening balance		-	-
	b.	Additions on demerger of Financing Undertaking of IDFC Limited		1,467.30	-
		Additions during the year		1,957.60	-
	c.	Reductions during the year			
		-	Upgradation	(65.90)	-
		-	Transfer due to conversion of loans into investments	(283.45)	-
		-	Recoveries (excluding recoveries made from upgraded accounts)	(17.25)	-
		-	Technical / prudential write-offs	-	-
		-	Write-offs other than technical / prudential write-offs	-	-
	d.	Closing balance		3,058.30	-
III	**MOVEMENT OF NET NPAS :**				
	a.	Opening balance		-	-
	b.	Additions on demerger of Financing Undertaking of IDFC Limited		453.45	-
		Additions during the year		734.98	-
	c.	Reductions during the year :		(49.39)	-
	d.	Closing balance		1,139.04	-
IV	**MOVEMENT OF PROVISIONS FOR NPAS (EXCLUDING PROVISIONS ON STANDARD ASSETS) :**				
	a.	Opening balance		-	-
	b.	Additions during the year			
		Provisions transferred on demerger of Financing Undertaking of IDFC Limited		1,013.85	-
		Provisions debited to Profit and Loss Account		0.26	-
		Provisions on downgrade of restructured advances to sub standard		1,084.35	-
		Specific provisions on identified advances		138.00	-
	c.	Reductions during the year :			
		Provisions transfer to non-performing investments on conversion		(283.45)	-
		Transfer to Restructured on upgradation		(16.50)	-
		Write-back on recovery / upgradation		(17.25)	-
	d.	Closing balance		1,919.26	-

18.12 PARTICULARS OF ACCOUNTS RESTRUCTURED

Details of loans subjected to restructuring during the year ended March 31, 2016 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, 2015 (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1a	Restructured accounts on demerger of Financing Undertaking of IDFC Limited	No. of borrowers	-	-	-	-	-	-	-	-	-	-	16	6	2	-	24	16	6	2	-	24
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	3,747.72	1,112.01	104.94	-	4,964.67	3,747.72	1,112.01	104.94	-	4,964.67
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	37.87	-	37.87	-	-	37.87	-	37.87
		Provision there on	-	-	-	-	-	-	-	-	-	-	2,087.54	764.35	55.50	-	2,907.39	2,087.54	764.35	55.50	-	2,907.39
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	1	-	-	-	1
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	394.81	-	-	-	394.81	394.81	-	-	-	394.81
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	82.51	-	-	-	82.51	82.51	-	-	-	82.51
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-	-	1	-	(1)	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	65.81	-	(65.94)	-	(0.13)	65.81	-	(65.94)	-	(0.13)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	37.87	-	(37.87)	-	-	37.87	-	(37.87)	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	15.54	-	(16.50)	-	(0.96)	15.54	-	(16.50)	-	(0.96)
4	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(29.68)	0.25	-	-	(29.43)	(29.68)	0.25	-	-	(29.43)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	5.66		-	-	5.66	5.66	-	-	-	5.66
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	-	-	-	-	-	-	-	-	-	-	(3)	3	-	-	-	(3)	3	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(1,612.85)	1,612.85	-	-	-	(1,612.85)	1,612.85	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(1,084.35)	1,084.35	-	-	-	(1,084.35)	1,084.35	-	-	-
7	Write-offs / recoveries of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	(2)	-	-	(3)	(1)	(2)	-	-	(3)
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(32.81)	(299.20)	-	-	(332.01)	(32.81)	(299.20)	-	-	(332.01)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(1.88)	(299.20)	-	-	(301.08)	(1.88)	(299.20)	-	-	(301.08)
8	Restructured Accounts as on March 31, 2016 (closing figures) *	No. of borrowers	-	-	-	-	-	-	-	-	-	-	14	7	1	-	22	14	7	1	-	22
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	2,533.00	2,425.91	39.00	-	4,997.91	2,533.00	2,425.91	39.00	-	4,997.91
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	37.87	-	-	-	37.87	37.87	-	-	-	37.87
		Provision there on	-	-	-	-	-	-	-	-	-	-	1,105.02	1,549.50	39.00	-	2,693.52	1,105.02	1,549.50	39.00	-	2,693.52

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

18.12 PARTICULARS OF ACCOUNTS RESTRUCTURED

Details of loans subjected to restructuring during the year ended March 31, 2015 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, 2014 (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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, 2015	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Write-offs / recoveries of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2015 (closing figures) *	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

18.13 SPECIFIC PROVISION

The Bank holds on a prudent basis, provisions on identified advances in infrastructure sector that were extended by IDFC Limited and acquired by the Bank on demerger of Financing Undertaking, that are not non-performing (as on balance sheet date), on the basis of extant environment or specific information on risk of possible slippages or current pattern of servicing.

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Opening balance	-	-
Addition on demerger of Financing Undertaking of IDFC Limited	1,374.00	-
Addition during the year	31.45	-
Transfer to provisions on NPA	(138.00)	-
Closing balance	1,267.45	-

18.14 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 given below:

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Opening balance of technical / prudential written- off accounts	-	-
Add : Technical / prudential write-offs during the year	-	-
Less : Recoveries made from previously technical / prudential written-off accounts during the year	-	-
Closing balance of technical / prudential write off	-	-

18.15 THE BANK SELLS LOANS THROUGH SECURITISATION AND DIRECT ASSIGNMENT. THE DETAILS ON SECURITISATION AND DIRECT ASSIGNMENT ACTIVITY OF THE BANK ARE MENTIONED IN THE BELOW TABLES:

Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

Particulars	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
No. of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

Details of book value of investments in security receipts

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Backed by NPAs sold by the bank as underlying*	175.30	-
Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	21.13	-
TOTAL	196.43	-

* NPAs were sold by IDFC Limited, security receipts forming part of the Financing Undertaking were transferred to the Bank on demerger.

Disclosures relating to securitisation

PARTICULARS				(₹ IN CRORE)	
				MARCH 31, 2016	MARCH 31, 2015
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	121.91	-
	b	On-balance sheet exposures			
		i	Exposure to own securitizations		
			First loss	-	-
			Others	-	-
		ii	Exposure to third party securitisations		
			First loss	-	-
			Others	0.14	-

Disclosures relating to loans sold through direct assignment

PARTICULARS			(₹ IN CRORE)	
			MARCH 31, 2016	MARCH 31, 2015
1	Total amount of assets sold through direct assignment during the year		125.21	-
2	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	414.95	-

18.16 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD

During the year / period ended March 31, 2016 and March 31, 2015 there were no non-performing financial assets purchased / sold by the Bank from / to other banks / FIs / NBFCs (excluding securitisation / reconstruction companies).

18.17 PROVISIONS ON STANDARD ASSETS

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Provisions on standard assets	331.87	-

18.18 EXPOSURE TO REAL ESTATE SECTOR

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
1 Direct exposure		
i Residential mortgages	609.64	-
of which housing loans eligible for inclusion in priority sector advances	588.16	-
ii Commercial real estate	2,518.87	-
iii Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	0.14	
b. Commercial real estate	-	-
2 Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	2,041.96	-
Others	206.58	-
TOTAL EXPOSURE TO REAL ESTATE SECTOR	5,377.19	-

18.19 EXPOSURE TO CAPITAL MARKET

Particulars	(₹ in crore)	
	March 31, 2016	March 31, 2015
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	1,694.83	-
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	250.00	-
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	-	-
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	567.72	-
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)	1,453.90	-
TOTAL EXPOSURE TO CAPITAL MARKET	3,966.45	-

18.20 RISK CATEGORY WISE COUNTRY EXPOSURE

(₹ IN CRORE)

RISK CATEGORY	MARCH 31, 2016		MARCH 31, 2015	
	EXPOSURE (NET)	PROVISION HELD	EXPOSURE (NET)	PROVISION HELD
Insignificant	18.12	-	-	-
Low	-	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
TOTAL	18.12	-	-	-

18.21 MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

A maturity pattern of certain items of assets and liabilities as at March 31, 2016 :

(₹ IN CRORE)

PARTICULARS	DAY 1	2 DAYS TO 7 DAYS	8 DAYS TO 14 DAYS	15 DAYS TO 28 DAYS	29 DAYS 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	74.30	590.53	195.09	496.49	4,943.40	352.58	807.81	757.87	0.28	0.70	8,219.05
Advances	33.77	47.99	67.92	287.81	1,173.80	1,983.58	2,783.28	11,783.64	10,681.25	16,856.39	45,699.43
Investments	13.24	3,065.91	37.36	92.99	2,210.71	208.45	1,146.92	2,879.48	4,026.52	6,409.60	20,091.18
Borrowings	-	64.94	3.70	-	1,280.43	869.27	3,330.41	10,725.73	7,951.51	23,687.84	47,913.83
Foreign Currency assets	26.93	231.92	0.01	0.02	51.01	311.36	-	66.26	-	-	687.51
Foreign Currency liabilities *	1.03	6.16	7.19	14.26	725.77	662.60	70.99	2,059.43	1,656.51	2,222.66	7,426.60

* Includes ECB borrowings of ₹ 6,120.20 crores. The FX risk arising out of these borrowings 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, 2015 :

(₹ IN CRORE)

PARTICULARS	DAY 1	2 DAYS TO 7 DAYS	8 DAYS TO 14 DAYS	15 DAYS TO 28 DAYS	29 DAYS 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	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

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.

18.22 DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE BANK

During the years ended March 31, 2016 and March 31, 2015, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by the RBI.

18.23 UNSECURED ADVANCES

During the years ended March 31, 2016 and March 31, 2015 there are unsecured advances of ₹ 3,651.52 crore and ₹ Nil respectively for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

18.24 DISCLOSURE OF PENALTIES IMPOSED BY RBI

During the year ended March 31, 2016 and March 31, 2015, the RBI has not imposed any penalty on the bank.

18.25 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) :

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Provident fund	8.12	-
Superannuation fund	0.54	-
Pension fund	0.79	-

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) :

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Current service cost	1.14	-
Interest on defined benefit obligation	0.56	-
Expected return on plan assets	(0.48)	-
Net actuarial losses / (gains) recognised in the year	0.80	-
Past service cost	-	-
Losses / (gains) on Curtailment & Settlements	-	-
Losses / (gains) on Acquisition / Divestiture	2.23	-
Effect of the limit in Para 59(b)	-	-
Total included in “employee benefit expense” [schedule 16(I)]	4.25	-
Actual return on plan assets	0.36	-

Balance Sheet

Details of provision for gratuity :

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Fair value of plan assets	25.43	-
Present value of funded obligations	(26.68)	-
Present value of unfunded obligations	-	-
Unrecognised Past Service Cost	-	-
Amount not recognised as an Asset (limit in Para 59 (b))	-	-
Net (Liability) / Asset	(1.25)	-
AMOUNTS IN BALANCE SHEET		-
Liabilities	1.25	-
Assets	-	-
Net Liability (included under schedule 5 – other liabilities)	1.25	-

Changes in the present value of the defined benefit obligation are as follows :

Particulars	(₹ in crore)	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	-	-
Current service cost	1.14	-
Interest cost	0.56	-
Actuarial losses / (gains)	0.68	-
Past service cost	-	-
Actuarial losses / (gains) due to Curtailment	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed on acquisition / (settled on divestiture)	25.26	-
Benefits paid	(0.96)	-
Closing defined benefit obligation	26.68	-

Changes in the fair value of plan assets are as follows :

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Opening fair value of plan assets	-	-
Expected return on plan assets	0.48	-
Actuarial gains / (losses)	(0.12)	-
Asset distributed on settlement	-	-
Contributions by employer	3.00	-
Assets acquired on acquisition / (distributed on divestiture)	23.03	-
Benefits paid	(0.96)	-
Closing fair value of plan assets	25.43	-
Expected Employers Contribution Next Year	2.00	-

Experience adjustments :

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Defined benefit obligations	26.68	-
Plan assets	25.43	-
Surplus / (deficit)	(1.25)	-
Experience adjustments on plan liabilities	0.51	-
Experience adjustments on plan assets	(0.12)	-

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets :

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
Government securities	42.03%	-
Bonds, debentures and other fixed income instruments	38.17%	-
Deposits and money market instruments	9.63%	-
Equity shares	10.17%	-

Principal actuarial assumptions at the balance sheet date:

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Discount rate (p.a.)	8.00%	-
Expected rate of return on plan assets (p.a.)	9.00%	-
Salary escalation rate (p.a.)	8.00%	-

18.26 SEGMENT REPORTING

Business Segments :

The business of the Bank is divided into three segments : Treasury, Corporate / Wholesale Banking and Retail 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 and capital market deals. 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 consist 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 consist 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.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as taxes (including deferred tax), prepaid expenses, provision for expenses etc. 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.

Segmental results for the year ended March 31, 2016 are set out below :

PARTICULARS						(₹ IN CRORE)
	TREASURY	CORPORATE/ WHOLESALE BANKING	RETAIL BANKING	OTHER BANKING BUSINESS	UNALLOCATED	TOTAL
Revenue (i)	3,193.15	2,410.83	10.39	-	24.42	5,638.79
Less : inter segment revenue (ii)	-	-	-	-	-	(1,586.76)
Total Revenue (i-ii)						4,052.03
Segment Results before tax	420.27	580.20	(118.81)	-	(165.90)	715.76
Less: Provision for tax	-	-	-	-	(248.91)	(248.91)
Net Profit						466.85
Total Segment assets	25,103.91	45,503.19	768.89	-	2,593.88	73,969.87
Total Segment liabilities	23,490.93	36,329.26	320.70	-	196.43	60,337.32
Net assets	1,612.98	9,173.93	448.19	-	2,397.45	13,632.55
Capital expenditure for the year	2.70	57.59	27.29	-	281.48	369.06
Depreciation on fixed assets for the year	0.69	8.08	4.59	-	27.39	40.75

Segmental results for the year ended March 31, 2015 are set out below :

PARTICULARS	TREASURY	CORPORATE/ WHOLESALE BANKING	RETAIL BANKING	OTHER BANKING BUSINESS	UNALLOCATED	TOTAL (₹ IN CRORE)
Revenue (i)	-	-	-	-	-	-
Less : inter segment revenue (ii)	-	-	-	-	-	-
Total Revenue (i-ii)						-
Segment Results before tax	-	-	-	-	2.58	2.58
Less: Provision for tax	-	-	-	-	-	-
Net Profit						2.58
Total Segment assets	-	-	-	-	0.05	0.05
Total Segment liabilities	-	-	-	-	2.58	2.58
Net assets	-	-	-	-	(2.53)	(2.53)
Capital expenditure for the year	-	-	-	-	-	-
Depreciation on fixed assets for the year	-	-	-	-	-	-

Geographic segments

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

18.27 DEFERRED TAX

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under :

PARTICULARS	MARCH 31, 2016 (₹ IN CRORE)	MARCH 31, 2015
Deferred tax assets on account of provisions for loan losses	1,584.87	-
Deferred tax assets on account of provision for diminution in value of investments	162.98	-
Deferred tax assets on account of other contingencies	53.71	ß
Deferred tax assets (A)	1,801.56	ß
Deferred tax liabilities on account of depreciation on fixed assets	67.36	-
Others [special reserve under section 36(1)(viii) of Income Tax Act, 1961]	50.15	-
Deferred tax liabilities (B)	117.51	-
Net Deferred tax assets (A-B)	1,684.05	ß

18.28 PROVISIONS AND CONTINGENCIES

'Provisions and contingencies' shown under the head expenditure in Profit and Loss Account comprise of :

PARTICULARS	MARCH 31, 2016 (₹ IN CRORE)	MARCH 31, 2015
Provision made towards income tax		
Current tax *	214.25	-
Deferred tax	34.67	ß
	248.92	ß
Provisions for depreciation on investment	4.02	-
Provision / (write back) towards non-performing advances	(16.99)	-
Provision / (write back) for restructured assets	(2.94)	-
Provision for unhedged foreign currency exposure	8.17	-
Additional specific provisions	31.45	-
Provision and other contingencies	0.46	-
TOTAL	273.09	ß

* net of tax adjustment of prior years of ₹ 43.81 crore relating to Financing Undertaking of IDFC Limited

18.29 FLOATING PROVISIONS

	PARTICULARS	(₹ IN CRORE)	
		MARCH 31, 2016	MARCH 31, 2015
a	Opening balance in the floating provisions account	-	-
b	The quantum of floating provisions made in the accounting year	-	-
c	Amount of draw down made during the accounting year	-	-
d	Closing balance in the floating provisions account	-	-

18.30 DRAW DOWN FROM RESERVES

The Bank has not undertaken any draw down from reserves during the year.

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 Bank has transferred ₹ 118.00 crore to Statutory Reserve for the year.

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. During the financial year, the Bank did not have any excess provision in the AFS / HFT category and hence there was no transfer to IRA.

iii **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 ₹ 82.50 crore being profit on sale of investments in the HTM category net of applicable taxes and transfer to statutory reserve.

iv **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) of the entity. During the year, the Bank has transferred an amount of ₹ 145.00 crores to Special Reserve.

18.31 DISCLOSURE OF COMPLAINTS

A. COMPLAINTS BY CUSTOMERS / STAKEHOLDERS / BONDHOLDERS

i **Customer complaints :**

	PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
a	No. of complaints pending at the beginning of the year / period	-	-
b	No. of complaints received during the year / period	-	-
c	No. of complaints redressed during the year / period	-	-
d	No. of complaints pending at the end of the year / period	-	-

ii **Investors complaints :**

	PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
a	No. of complaints pending at the beginning of the year / period	-	-
b	No. of complaints received during the year / period	249	-
c	No. of complaints redressed during the year / period	249	-
d	No. of complaints pending at the end of the year / period	-	-

iii Retail bondholder's complaints :

PARTICULARS		MARCH 31, 2016	MARCH 31, 2015
a	No. of complaints pending at the beginning of the year / period	-	-
b	No. of complaints received during the year / period	4,969	-
c	No. of complaints redressed during the year / period	4,969	-
d	No. of complaints pending at the end of the year / period	-	-

B. AWARDS PASSED BY THE BANKING OMBUDSMAN

PARTICULARS		MARCH 31, 2016	MARCH 31, 2015
a	No. of unimplemented awards at the beginning of the year / period	-	-
b	No. of awards passed by the banking ombudsmen during the year / period	-	-
c	No. of awards implemented during the year / period	-	-
d	No. of unimplemented awards at the end of the year / period	-	-

18.32 DISCLOSURE OF LETTERS OF COMFORT (LOCS) ISSUED BY BANKS

The Bank has not issued any Letter of Comfort during the years ended March 31, 2016 and March 31, 2015.

18.33 BANCASSURANCE BUSINESS

Details of income earned from bancassurance business are as under:

NATURE OF INCOME		(₹ IN CRORE)	
		MARCH 31, 2016	MARCH 31, 2015
1	For selling life insurance policies	-	-
2	For selling non-life insurance policies	-	-
3	For selling mutual fund products	-	-
4	Others	-	-
TOTAL		-	-

18.34 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

i Concentration of deposits

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Total Deposits of twenty largest depositors	5,476.01	-
Percentage of deposits of twenty largest depositors to total deposits of the bank	66.63%	-

ii Concentration of advances *

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Total advances to twenty largest borrowers	22,579.30	-
Percentage of advances to twenty largest borrowers to total advances of the bank	40.60%	-

* 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 *

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Total exposure to twenty largest borrowers / customers	24,139.79	-
Percentage of exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	33.34%	-

* 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

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Total exposure to top four NPA accounts	2,127.12	-

v Intra-group exposures

Intra-group exposures in accordance with RBI guidelines are as follows :

NATURE OF INCOME		(₹ IN CRORE)	
		MARCH 31, 2016	MARCH 31, 2015
i	Total amount of intra-group exposures	1,945.22	-
ii	Total amount of top-20 intra-group exposures	1,945.22	-
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	2.69%	-
iv	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

18.35 UNHEDGED FOREIGN CURRENCY EXPOSURE

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.

During the year ended March 31, 2016, the Bank has made incremental provision of ₹ 8.17 crore and held incremental capital of ₹ 22.55 crore towards borrowers having unhedged foreign currency exposures.

18.36 SECTOR-WISE ADVANCES

SECTOR	(₹ IN CRORE) MARCH 31, 2016		
	OUTSTANDING TOTAL ADVANCES	GROSS NPAS	% OF GROSS NPAS TO TOTAL ADVANCES IN THAT SECTOR
A PRIORITY SECTOR *			
i Agriculture and allied activities	15.48	-	-
ii Advances to industries sector eligible as priority sector lending, of which :^	1,614.53	-	-
Loans to MFI for on-lending	889.49	-	-
Loans to HFC for on-lending	725.00	-	-
iii Trade and Services	26.56	-	-
iv Personal loans, of which :	581.09	-	-
Housing	581.09	-	-
SUB TOTAL (A)	2,237.66	-	-
B NON PRIORITY SECTOR *			
i Agriculture and allied activities	-	-	-
ii Industry, of which ^	45,787.45	3,058.30	6.68%
Infrastructure- Energy	20,662.52	2,395.09	11.59%
Infrastructure- Transport	10,864.52	64.14	0.59%
Infrastructure- Communication	9,457.92	183.16	1.94%
iii Trade and services	1,620.68	-	-
iv Personal loans, of which : ^	21.63	-	-
Housing	21.48	-	-
SUB TOTAL (B)	47,429.76	3,058.30	6.45%
TOTAL (A)+(B)	49,667.42	3,058.30	6.16%

* Since the Bank commenced its banking operations on October 1, 2015, the norms relating to Priority Sector Lending under the RBI guidelines were not applicable as on March 31, 2016.

^ Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

(₹ IN CRORE)

SECTOR	MARCH 31, 2016		
	OUTSTANDING TOTAL ADVANCES	GROSS NPAS	% OF GROSS NPAS TO TOTAL ADVANCES IN THAT SECTOR
A PRIORITY SECTOR			
i Agriculture and allied activities	-	-	-
ii Advances to industries sector eligible as priority sector lending	-	-	-
iii Trade and Services	-	-	-
iv Personal loans	-	-	-
SUB TOTAL (A)	-	-	-
B NON PRIORITY SECTOR			
i Agriculture and allied activities	-	-	-
ii Industry	-	-	-
iii Trade and services	-	-	-
iv Personal loans	-	-	-
SUB TOTAL (B)	-	-	-
TOTAL (A)+(B)	-	-	-

18.37 OVERSEAS ASSETS, NPAs AND REVENUE

(₹ IN CRORE)

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
Total assets	-	-
Total NPAs	-	-
Total revenue	-	-

18.38 OFF-BALANCE SHEET SPVs SPONSORED

Off-balance sheet SPVs sponsored as on March 31, 2016 and March 31, 2015

(₹ IN CRORE)

NAME OF THE SPV SPONSORED	MARCH 31, 2016		MARCH 31, 2015	
	DOMESTIC	OVERSEAS	DOMESTIC	OVERSEAS
Nil	-	-	-	-

18.39 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. Ajay Sondhi	Chairman
Mr. Anil Baijal	Member
Ms. Veena Mankar	Member
Mr. Vinod Rai	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 Bank has under the guidance of the Board and the Nomination and Remuneration Committee, follows compensation practices intended to drive pay for performance within the framework of prudent risk management.

Specific principles and objectives of IDFC Bank remuneration policy and design include :

i Help attract and retain employees :

- Pay elements and structure to be market competitive
- Flexibility and agility in approach to design / review structure
- Differentiate market through benefit programs that build and reinforce organization values and loyalty
- Reward meritocracy, with differentiation based on performance

ii Foster a culture of authentic service and prudent risk taking :

- Reward programs to be designed to incentivize
- Superior and consistent customer service and
- Specifically discourage miss-selling, thereby help build trust and faith of customers
- Rewards not just based on quantitative (financial) parameters alone; but also on how performance is achieved, including process adopted, prudent judgement and controls exercised
- Reward good behaviour and organizational stewardship, that conserves franchise reputation
- Revenue producers will not determine compensation for risk managers and other control functions
- Compensation programs to be overlaid with requisite conformity to the RBI guidelines.

iii Emphasize alignment with our stated Bank Values of Balance, Collaboration, Drive and Honesty :

- Compensation program design to promote, measure and reward excellence on these key organization values
- Short term and long term incentives, and staff recognition framework to specifically incorporate metrics on these

iv Evaluate and Reward Performance over Time

- Program design to ensure balance between short term versus long term financial performance and health of the organization
- Drive long term commitment and ownership for decisions through LTI and/or equity awards with deferred vesting schedule

v Balance between market competitiveness and internal alignment

- Pay levels to be referenced to the 66th percentile of Indian Private Sector banks
- Aspire to stay best-in-class within competitive cost parameters; balance between basic and lifestyle benefits
- Internal pay parity for roles staffed with employees with similar skills and seasoning

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 and the 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 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. Furthermore, material risk takers will not be put on any guaranteed bonus framework. Performance evaluation of individuals in Credit and Risk, and Control functions will have requisite line of independence to revenue making senior management personnel.

d Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration :

While the bank is yet to have a first performance review cycle having started its operations only on October 1, 2015, 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 will comprise of a combination of fixed salary, cash bonus and ESOPs, in a mix that ensures appropriate alignment with RBI guidelines and long term value creation and stability of the Bank. Further, total pay levels will be referenced against 66th 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 will be incorporated and published to the staff over the next 12 months. For senior levels and material risk taker roles, remuneration package will represent a mix of fixed pay, cash bonus and ESOP in a manner that ensures deferred vesting schedule of ESOPs. 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 at this juncture primarily has an annual cash bonus process and ESOPs. The ESOP scheme has been designed with a view to ensure an appropriate risk balanced remuneration architecture. Further, for junior roles in front-line sales where quarterly formulae based incentive programs get rolled-out, there will be requisite emphasis on risk and control parameters. We are piloting the first such quarterly plan for junior roles in a specific business area (Bharat Banking), where there is adequate emphasis on risk / collections and compliance to set-out processes.

Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors and other Key Risk Takers.

PARTICULARS			MARCH 31, 2016	MARCH 31, 2015
a	i	Number of meetings held by the Remuneration Committee during the financial year	5	-
	ii	Remuneration paid to its members (sitting fees) (₹)	400,000	-
b	Number of employees having received a variable remuneration award during the financial year		-	-
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		-	-
g	Total amount of deferred remuneration paid out in the financial year		NA	-
h	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		NA	-
i	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments		NA	-
j	Total amount of reductions during the financial year due to ex-post explicit adjustments		NA	-
k	Total amount of reductions during the financial year due to ex-post implicit adjustments		NA	-

18.40 CREDIT DEFAULT SWAPS

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2016 and March 31, 2015.

18.41 TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Opening balance of amounts transferred to DEAF	-	-
Add : Amounts transferred to DEAF during the year	-	-
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

18.42 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.

Currently the Liquidity Coverage Ratio is significantly higher than minimum regulatory threshold. 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 borrowings viz Bonds and ECBs. Further the reliance on retail deposits and CASA is minimal as of now. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. Bank expects the LCR to reduce in the coming quarters primarily on account of growth in advances and increased focus on raising retail deposits.

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 disclosures

(₹ IN CRORE)

	PARTICULARS		MARCH 31, 2016		MARCH 31, 2015
		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)	-	8,421.95	-	-
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which :	93.86	9.11	-	-
	i Stable deposits	5.53	0.28	-	-
	ii Less stable deposits	88.32	8.83	-	-
3	Unsecured wholesale funding, of which :	1,598.75	1,555.79	-	-
	i Operational deposits (all counterparties)	-	-	-	-
	ii Non-operational deposits (all counterparties)	-	-	-	-
	iii Unsecured debt	1,598.75	1,555.79	-	-
4	Secured wholesale funding	-	-	-	-
5	Additional requirements, of which :	431.33	431.33	-	-
	i Outflows related to derivative exposures and other collateral requirements	431.33	431.33	-	-
	ii Outflows related to loss of funding on debt products	-	-	-	-
	iii Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	829.20	829.20	-	-
7	Other contingent funding obligations	7,369.63	368.48	-	-
8	TOTAL CASH OUTFLOWS	-	3,193.91	-	-

(₹ IN CRORE)

PARTICULARS	MARCH 31, 2016		MARCH 31, 2015	
	TOTAL UNWEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UNWEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
CASH INFLOWS				
9 Secured lending (e.g.reverse repos)	830.76	-	-	-
10 Inflows from fully performing exposures	-	-	-	-
11 Other cash inflows	2,066.02	1,574.63	-	-
12 TOTAL CASH INFLOWS	2,896.78	1,574.63	-	
		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE
TOTAL HQLA		8,421.95		-
Total Net Cash Outflows		1,689.10		-
Liquidity coverage ratio (%)		498.61%		-

18.43 RELATED PARTY DISCLOSURE :

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below :

A. ULTIMATE HOLDING COMPANY

IDFC Limited

B. HOLDING COMPANY

IDFC Financial Holding Company Limited

C. FELLOW SUBSIDIARIES

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC AMC Trustee Company Limited

IDFC Finance Limited

IDFC Foundation

IDFC Infra Debt Fund Limited

IDFC Projects Limited

IDFC Securities Limited

IDFC Trustee Company Limited

IDFC Capital (USA) Inc.

IDFC Capital (Singapore) Pte. Ltd.

IDFC Investment Advisors Limited

IDFC Investment Managers (Mauritius) Limited

IDFC Securities Singapore Pte. Limited

D. ASSOCIATES

i **Direct**

Feedback Infra Private Limited

Millennium City Expressway Private Limited

ii **Indirect (through fellow subsidaries)**

Jetpur Somnath Tollways Private Limited

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited

India PPP Capacity Building Trust

E. KEY MANAGEMENT PERSONNEL

Dr. Rajiv B. Lall (Founder Managing Director & Chief Executive Officer)

F. RELATIVES OF KEY MANAGEMENT PERSONNEL:

Tara Lall, Ambika Lall, Indrani Gangadhar, Kishen Behari Lall, Bunty Chand, Reena Khanna

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.

The significant transactions between the Bank and related parties for year ended March 31, 2016 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 Expense :**

  IDFC Limited ₹ 2.11 crore (Previous Year Nil); IDFC Financial Holding Company Limited ₹ 1.58 crore (Previous Year Nil); IDFC Finance Limited ₹ 0.46 crore (Previous Year Nil).

- **Interest income earned :**

  Feedback Infra Private Limited ₹ 3.96 crore (Previous Year Nil); Millennium City Expressways Private Limited ₹ 20.03 crore (Previous Year Nil).

- **Receiving of services :**

  IDFC Securities Limited ₹ 5.92 crore (Previous Year Nil); IDFC Alternatives Limited ₹ 1.77 crore (Previous Year Nil).

- **Rendering of services :**

  IDFC Securities Limited ₹ 6.55 crore (Previous Year Nil); IDFC Asset Management Company Limited ₹ 0.91 crore (Previous Year Nil).

- **Managerial Remuneration :**

  Rajiv B. Lall ₹ 1.92 crore (Previous Year Nil).

- **Sale of investments :**

  IDFC Infra Debt Fund Limited ₹ 108.83 crore (Previous Year Nil).

- **Profit on sale of Investments :**

  IDFC Infra Debt Fund Limited ₹ 1.03 crore (Previous Year Nil).

- **Purchase of fixed assets :**

  IDFC Securities Limited ₹ 0.34 crore (Previous Year Nil).

- **Placement of security deposits :**

  IDFC Alternatives Limited ₹ 1.77 crore (Previous Year Nil).

- **Advance repaid :**

  Millennium City Expressways Private Limited ₹ 8.26 crore (Previous Year Nil).

- **Sell down of loans :**

  IDFC Infra Debt Fund Limited ₹ 125.21 crore (Previous Year Nil).

- **Deposits with the Bank :**

  IDFC Limited ₹ 218.97 crore (Previous Year Nil); IDFC Financial Holding Company Limited ₹ 44.23 crore (Previous Year Nil); IDFC Infra Debt Fund Limited ₹ 102.39 crore (Previous Year Nil).

- **Investment of related party in the Bank :**

  IDFC Financial Holding Company Limited ₹ 7,030.07 crore (Previous Year Nil).

- **Other receivables (net) :**

  IDFC Securities Limited ₹ 0.75 crore (Previous Year Nil).

- **Other payables (net) :**

  IDFC Securities Limited ₹ 1.18 crore (Previous Year Nil).

The details of the transactions of the Bank with its related party during the year ended March 31, 2016 are given below :

(₹ IN CRORE)

PARTICULARS	RELATED PARTY				
	ULTIMATE HOLDING COMPANY	HOLDING COMPANY	FELLOW SUBSIDIARY COMPANIES	ASSOCIATES	KEY MANAGEMENT PERSONNEL
Interest expense	2.11	1.58	0.81	0.08	0.01
Interest income earned	-	-	-	23.99	-
Investment of related party in the Bank	-	-	-	-	1.20
Sale of investments	-	-	108.83	-	-
Profit on sale of Investments	-	-	1.03	-	-
Managerial Remuneration	-	-	-	-	1.92
Purchase of fixed assets	-	-	0.37	-	-
Sale of fixed assets	-	-	0.02	-	-
Placement of security deposits	-	-	1.77	-	-
Advance repaid	-	-	-	8.26	-
Sell down of loans	-	-	125.21	-	-
Receiving of services	-	-	8.40	-	-
Rendering of services	0.29	-	8.40	-	-

The balances payable to / receivable from the related parties of the Bank as on March 31, 2016 are given below:

(₹ IN CRORE)

PARTICULARS	RELATED PARTY				
	ULTIMATE HOLDING COMPANY	HOLDING COMPANY	FELLOW SUBSIDIARY COMPANIES	ASSOCIATES	KEY MANAGEMENT PERSONNEL
Deposits with the Bank	218.97	44.23	165.57	8.54	0.64
Advances	-	-	-	469.11	-
Investment of the Bank	-	-	-	214.09	-
Investment of related party in the Bank	-	7,030.07	-	-	1.20
Other receivables (net)	-	-	0.75	-	-
Other payables (net)	-	-	1.21	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2016 are given below:

(₹ IN CRORE)

PARTICULARS	RELATED PARTY				
	ULTIMATE HOLDING COMPANY	HOLDING COMPANY	FELLOW SUBSIDIARY COMPANIES	ASSOCIATES	KEY MANAGEMENT PERSONNEL
Deposits with the Bank	427.45	44.47	166.71	8.72	0.64
Advances	-	-	-	477.43	-
Investment of the Bank	-	-	-	214.09	-
Investment of related party in the Bank	-	7,030.07	-	-	1.20
Other receivables (net)	0.21	-	2.04	-	-
Other payables (net)	0.73	-	3.04	-	-

The details of the transactions of the Bank with its related party during the year ended March 31, 2015 are given below :

PARTICULARS	RELATED PARTY (₹ IN CRORE)				
	ULTIMATE HOLDING COMPANY	HOLDING COMPANY	FELLOW SUBSIDIARY COMPANIES	ASSOCIATES	KEY MANAGEMENT PERSONNEL
Receiving of services	2.58	-	-	-	-
Investment of related party in the Bank	0.05	-	-	-	-

The balances payable to / receivable from the related parties of the Bank as on March 31, 2015 are given below:

PARTICULARS	RELATED PARTY (₹ IN CRORE)				
	ULTIMATE HOLDING COMPANY	HOLDING COMPANY	FELLOW SUBSIDIARY COMPANIES	ASSOCIATES	KEY MANAGEMENT PERSONNEL
Other payables (net)	2.58	-	-	-	-
Investment of related party in the Bank	0.05	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2015 are given below:

PARTICULARS	RELATED PARTY (₹ IN CRORE)				
	ULTIMATE HOLDING COMPANY	HOLDING COMPANY	FELLOW SUBSIDIARY COMPANIES	ASSOCIATES	KEY MANAGEMENT PERSONNEL
Other payables (net)	2.58	-	-	-	-
Investment of related party in the Bank	0.05	-	-	-	-

18.44 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 are 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, 2016	MARCH 31, 2015
BASIC		
Weighted average number of equity shares outstanding (in crore)	199.14	0.01
Net Profit after Tax (₹ in crore)	466.85	(2.58)
Basic earning per share (₹)	2.34	(516.98)
DILUTED		
Weighted average number of equity shares outstanding (in crore)	199.45	0.01
Net Profit after Tax (₹ in crore)	466.85	(2.58)
Diluted earning per share (₹)	2.34	(516.98)
Nominal value of shares (₹)	10.00	10.00

18.45 MOVEMENT IN STOCK OPTIONS GRANTED UNDER THE IDFC BANK LIMITED - ESOS 2015 IS AS UNDER:

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
Outstanding as at beginning of the period / year	-	-
Add: Grants on demerger of Financing Undertaking of IDFC Limited	32,210,878	-
Add: Fresh grant during the period / year	45,440,500	-
Less: Exercised during the period / year	1,090,000	-
Less: Lapsed / forfeited during the period / year	1,910,217	-
Outstanding as at the end of the period / year	74,651,161	-

18.46 UNCLAIMED SHARES

Details of unclaimed shares as of March 31, 2016 and March 31, 2015 are as follows :

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
Aggregate number of shareholders at the beginning of the year	-	-
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	-	-
Aggregate number of shareholders with Unclaimed shares due to demerger of Financing Undertaking to IDFC Bank Limited	100	-
Total outstanding shares in Unclaimed Suspense Account due to demerger of Financing Undertaking to IDFC Bank Limited	28,453	-
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders at the end of the year	100	-
Total outstanding shares in Unclaimed Suspense Account at the end of the year	28,453	-

18.47 LEASES

In accordance with Accounting Standard 19 on 'Leases' as notified under the Accounting Standards specfied under Section 133 of the 2013 Act, the following disclosures in respect of operating leases are made:

(This comprise of office premises / branches / ATMs taken on lease.)

PARTICULARS		(₹ IN CRORE)
	MARCH 31, 2016	MARCH 31, 2015
Future lease rentals payable as at the end of the year :		
Not later than one year	94.91	-
Later than one year and not later than five years	270.52	-
Later than five years	132.83	-
Total of minimum lease payments recognised in the Profit and Loss Account for the year	42.36	-
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.

18.48 OTHER FIXED ASSETS

The movement in fixed assets capitalised as application software is given below :

PARTICULARS]		(₹ IN CRORE)
	MARCH 31, 2016	MARCH 31, 2015
COST		
At the beginning of the year	-	-
Additions during the year	253.39	-
Additions on demerger of Financing Undertaking of IDFC Limited	15.93	-
Deductions during the year	-	-
TOTAL (I)	269.32	-
DEPRECIATION		
Accumulated depreciation at the beginning of the year	-	-
Depreciation charge for the year	22.14	-
Depreciation transfer on demerger of Financing Undertaking of IDFC Limited	14.72	-
TOTAL (II)	36.86	-
NET VALUE (I-II)	232.46	-

18.49 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.

18.50 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 ₹ 200.25 crore and outstanding of ₹ 200.21 crore as on March 31, 2016 (Previous Year Nil).

18.51 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 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.

18.52 The figures of ₹ 50,000 or less have been denoted by ß.

For and on behalf of the Board of Directors of
IDFC Bank Limited

Anil Baijal
Chairman

Rajiv B. Lall
Founder Managing Director & CEO

Abhijit Sen
Director

Vikram Limaye
Director

Sunil Kakar
Chief Financial Officer

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

Mumbai | April 26, 2016