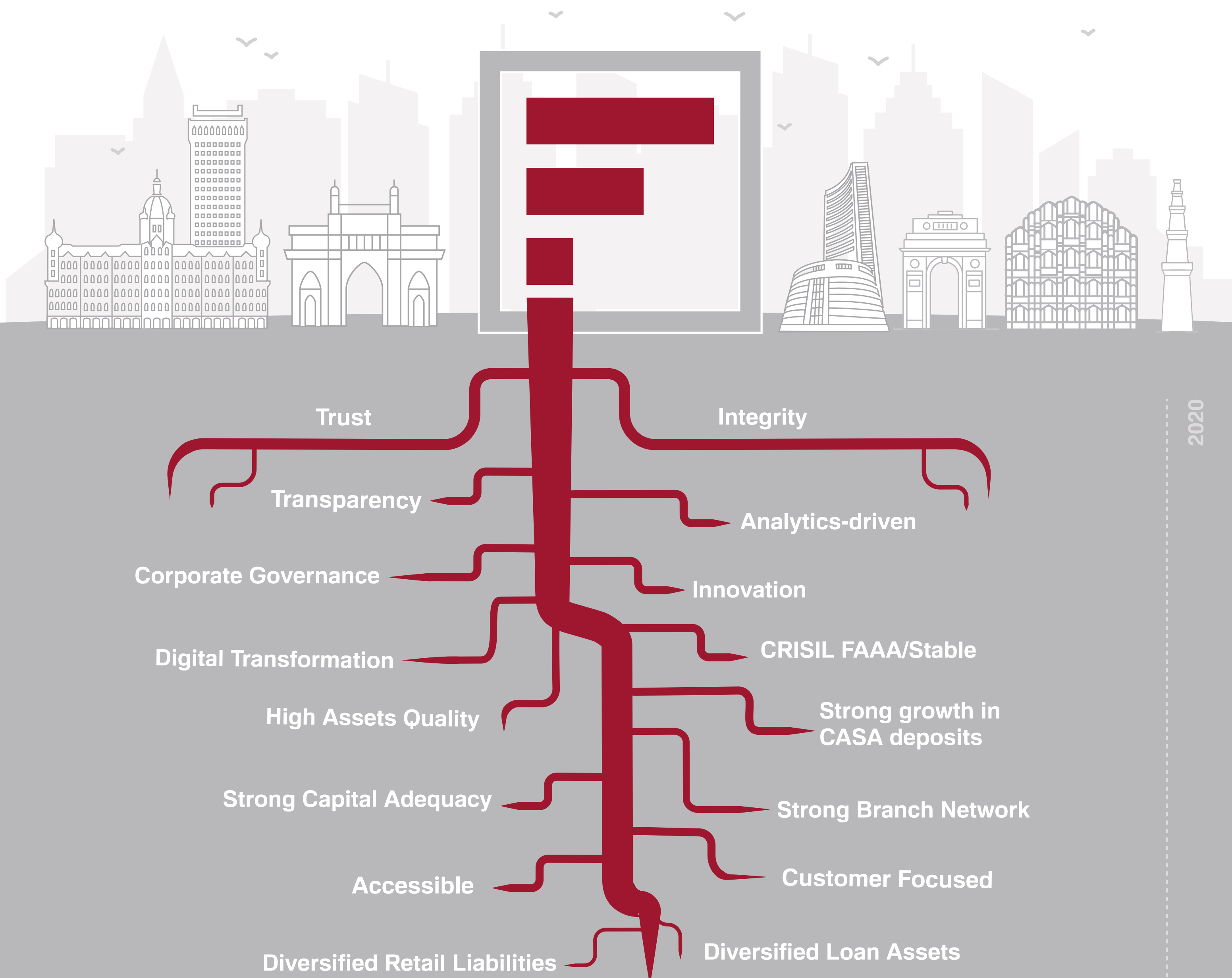
IDFC FIRST Bank

ALWAYS YOU FIRST

BUILDING A STRONG FOUNDATION

FOR SUSTAINABLE GROWTH



STRONGER THE FOUNDATION, HIGHER THE GROWTH

2018

Index

www.idfcfirstbank.com

2019-20 Key Financial and Business Parameters

Figures in [ ] represent the financial and business figures for the financial year ending on March 31, 2019

Funded Assets

₹ **1,07,004** Cr.

[₹ 1,10,400 Cr]

Retailisation in Funded Assets

54%[1]

[37%]

Retail Funded Assets

₹ **57,310** Cr

[₹ 40,812 Cr]

CASA Deposits

₹ **20,661** Cr.

[₹ 7,893 Cr]

CASA Ratio (% of Total Deposits)

31.87%

[11.40%]

Net Interest Margin

FY	Q4
3.62%	**4.24%**
[2.37%	3.03%]

CAR / CET-1

13.38% / 13.30%[2]

[15.47% / 15.27%]

GNPA / NNPA

2.60% / 0.94%

[2.43% / 1.27%]

Yearly Profit After Tax (Loss)

(₹ 2,864 Cr.)

[(₹ 1,944 Cr)]

1 Including the PSL buyout portfolio, the underlying assets are retail loans, the retail assets contribution to overall funded assets stood at 61% as of March 31, 2020.

2 The Bank has raised ₹2,000 crore of fresh equity capital through preferential allotment to marquee investors during the first quarter of FY21. Post which, the total capital adequacy ratio of the Bank has improved to around 15%.

Our Vision

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

Our Mission

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

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

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

Innovative
We constantly strive to innovate in the customer's interest.

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

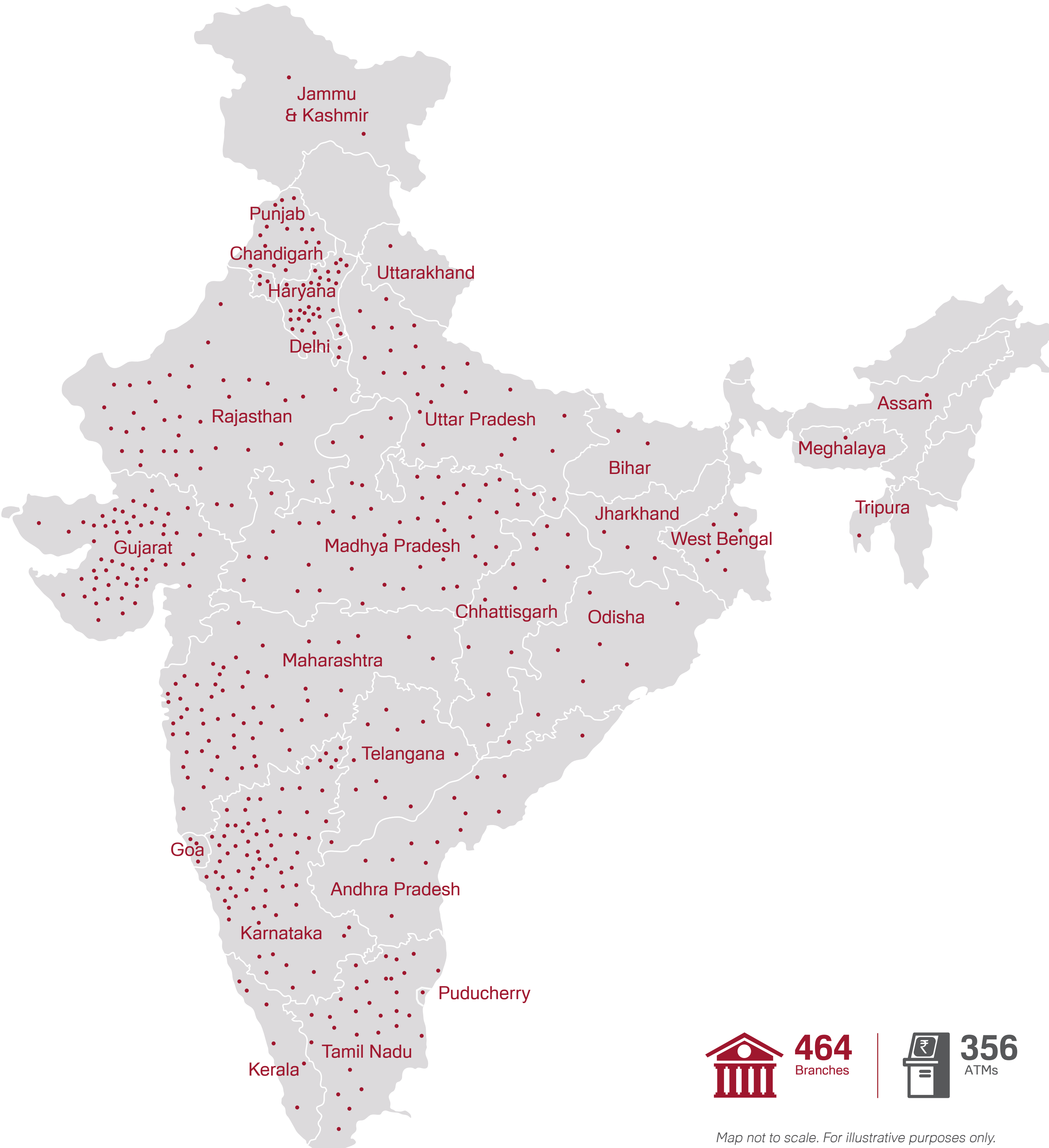
Decisive
We exercise best judgement by making sound and well-informed decisions.

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

#alwaysyoufirst

When IDFC FIRST Bank was formed with the merger between erstwhile Capital First and erstwhile IDFC Bank, we deliberated a lot on what our founding theme should be and finalised on the theme 'Always You First' - where 'You' refers to our customer. This theme cuts across the entire organisation and binds the bank to a single theme.

Increasing footprint



464 Branches | **356** ATMs

Map not to scale. For illustrative purposes only.
All figures are as on March 31, 2020.

Message from the Non-Executive Chairman

A year of transformation

Dear Shareholders,

The world is going through an extraordinary time, as the pandemic hits its businesses, economies and lives.

The world's economic landscape was already fraught with uncertainties, ranging from trade tensions between US and China to Brexit, which led to volatility in global oil prices and financial markets.

For India, the financial year 2019-20 started on a positive note with a landslide victory for the incumbent BJP led government, raising hopes for ongoing reforms. The government did not disappoint on this front and brought about some landmark changes such as a sharp reduction in the corporate and Income Tax rates – both applicable subject to the tax payer agreeing to forego all forms of tax exemption.

However, despite policy actions by both the government and RBI, the uncertainties with regard to the Twin Balance Sheet problem persisted – troubles in the NBFC sector did not dissipate and deleveraging in the corporate sector continued. Core inflation remained on a downward trajectory and the government announced reforms in the agriculture, coal and fertilizer sectors and in regulations pertaining to labour.

The RBI supported the economy with a 110 bps cut in the repo rate starting from April 2019 before pausing post October 2019 as a reaction to the spike in inflation. However, following the COVID-19 crisis, it resumed its rate cut cycle with a 75 bps cut in March 2020 and further 40 bps in May 2020.

From October 1, 2019, the RBI attempted to improve transmission of its policy rate cuts by making it mandatory for banks to link all fresh retail and SME loans to an external benchmark. It has been a consistent endeavor of the RBI to maintain adequate liquidity in the system and they have also announced some targeted long-term repo operations for the banks to enable them to invest in investment grade bonds of NBFCs.

During the year, the banking sector saw significant developments including a mega merger of PSU banks which involved the folding of 10 banks into four. The government announced a substantive recapitalization of PSU banks. The industry also witnessed the first instance of a financial sector entity, a large HFC, being admitted for bankruptcy proceedings. The RBI also acted boldly to provide liquidity support to the banking system to ensure that

> The Bank has come through the merger process very smoothly, strengthening the foundations for a transformed organisation, while navigating pressures of a highly uncertain external economic environment, all at the same time. It is now well positioned - with a strong capital base, superior corporate governance, a disciplined approach to risk, it is focused on growing its retail franchise using new technologies and a relentlessly customer first ethos.
>
> **Dr. Rajiv B Lall**
> Non-Executive Chairman
> IDFC FIRST Bank

there was no systemic contagion from the problems at YES Bank. YES Bank itself had to be rescued with equity infusion from SBI led consortium of stronger banks.

Towards the end of the financial year FY20, in view of economic disruption caused by the pandemic, the RBI announced an interest rate moratorium and ring-fenced banks from the impact of the same by announcing that regulatory forbearance on account of moratoria will not be accounted for as a default.

Looking ahead, the banking sector could see some challenging times. Credit growth has been slowing over time given the risk aversion of lenders and the declining demand from borrowers affected by the economic disruption related to the pandemic. Credit growth slumped to 6.1% by end-March 2020 from 13% in end-March 2019. Balance sheets of banks were on the mend in 2019, but the pandemic could temporarily upend this process.

With most forecasts anticipating a contraction in economic activity due to significant disruptions caused by the pandemic, FY21 is likely to remain a challenging year for the Indian economy and the banking sector.

A year of transformation

IDFC FIRST Bank has started FY21 with a position of strength.

In the year gone by, FY20, the Bank weathered several challenges, some quite unprecedented. Despite this, its performance has been extraordinary.

In its first full year of operations as a merged entity, the Bank has strengthened and significantly transformed its balance sheet. Under the leadership of V Vaidyanathan, the Bank has struck the right balance across all dimensions – from diversifying the liabilities book, retailising assets, improving NIMs and strengthening structural liquidity and improving credit quality.

The Bank has come through the merger process very smoothly, strengthening the foundations for a transformed organisation, while navigating pressures of a highly uncertain external economic environment, all at the same time. It is now well positioned - with a strong capital base, superior corporate governance, a disciplined approach to risk, it is focused on growing its retail franchise using new technologies and a relentlessly customer first ethos.

These are tough times, and during these times, we stand by not only for our customers but also our communities. We are committed to strengthening communities through our social responsibility and philanthropy initiatives.

On behalf of the Board, management and employees, I want to thank shareholders for their continued trust in the Bank.

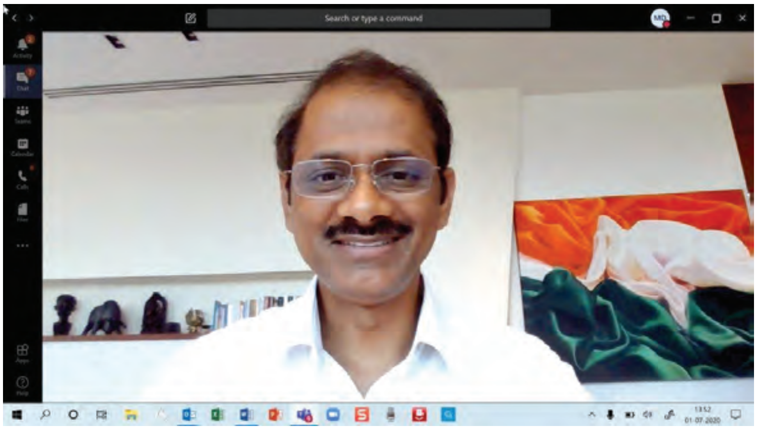
We are building a bank that we expect will stand the test of time. I am confident the Bank's inherent strengths and principles will enable us to endure and thrive.

Best regards,

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

Message from the MD & CEO

Building a Strong Foundation



> Growth, you will agree, is not an issue in India. Mid-teens ROE can be built for sure, most good banks have achieved it. Our incremental margins are strong. Our business is highly scalable. We have a very high level of corporate governance. We focus on the customer. I believe it is inevitable that value will be created in this approach.
>
> V Vaidyanathan
> Managing Director & CEO,
> IDFC FIRST Bank

Dear Shareholders,

It gives me great pleasure to write this note for you on the occasion of the Second Annual Report of the merged entity, IDFC FIRST Bank.

Recap

In last year's report, my note had described the circumstances that led to the creation of IDFC FIRST Bank. To recap briefly, IDFC Limited was a successful institution, which was initially conceptualised for infrastructure financing in 1997, and expanded into investment banking & institutional securities (2007), Mutual Funds (2008), Infrastructure Debt Fund (2015), and after acquiring a banking license in 2015, successfully built corporate banking and had already commenced the build-up of retail banking.

Capital First was founded in 2012, through a PE backed leveraged buyout of an existing NBFC, and was singularly focused on financing small entrepreneurs and consumers who were largely un-banked in this country. The company grew from ₹ 94 crore to ₹ 29,625 crore in 8.5 years, acquired 9 million customers, enjoyed a 5-year CAGR loan growth of 29%, and a five year CAGR of 56% in profits, leading to a net profit of ₹ 327 crore for the year ended on March 31, 2018, the last financial year prior to the merger. The company was first-time credit provider to millions of people.

To recap, in last year's Annual Report, with respect to the Business model of the new bank, I had simplistically said that the high-margin loan business of Capital First (NIM of 8.5%) would be placed atop the low cost liabilities franchise of IDFC Bank. That still holds, but this is an over-simplification intended to drive home the simplicity of the model; that we will be a predominantly retail bank. This does not mean we will exit corporate banking, it's an important business segment for us; it has trade, forex, cash management, salary accounts, treasury and related businesses, our Bank has developed excellent systems for managing these services.

In December 2018, at merger, we defined our mission as "we want to touch the lives of millions of Indians in a positive way by providing high-quality banking products and services to them, with particular focus on aspiring consumers and entrepreneurs of our new India, using contemporary technologies."

A new beginning

We were practically a new bank on merger. We had a new Board of Directors, new management, a renewed focus and drive, and we began building a new brand, IDFC FIRST Bank with new colour, logo and positioning.

Like with anything new, say, a new car, new clothes or shoes, with the newness comes a great deal of energy and excitement. Say, if you are building a new house, you would fuss over flooring, tiles, walls and what they would be made of.

> The financial year 2019-20 was a year of building the foundation for the Bank. This was a year of non-stop, high octane action at our Bank; we completed the merger, integrated two systems, technology, processes and people, re-defined reporting hierarchies, energised the teams, went all out for retail liabilities (up 157%), grew retail loans (up 40%), changed the composition of the balance sheet, reduced dependence on institutional deposits, reduced Top-20 borrower exposure percentages, reduced Top-20 depositor percentages, dealt with unexpected hits on some wholesale banking accounts, appointed a brand ambassador, dealt with COVID-19 and lockdowns, raised ₹ 2,000 crore of equity capital in the midst of the lockdown, and are submitting this annual report to you from behind screens.

You would plan the placement of your living room, bedrooms, children's room, parents' room, study room, prayer room and so on. You would fuss over every input material from the paint to the colour of the tile or marble. The feeling we get at IDFC FIRST Bank today is no different. Every element, from culture, customer first theme, ethics, systems, technology stack, processes, SOPs, governance, grooming, dress codes, and brand colours, we deliberate every one of these.

The year gone by

The financial year 2019-20 was a year of building the foundation for the Bank. This was a year of non-stop, high octane action at our Bank; we completed the merger, integrated two systems, technology, processes and people, re-defined reporting hierarchies, energised the teams, went all out for retail liabilities (up 157%), grew retail loans (up 40%), changed the composition of the balance sheet, reduced dependence on institutional deposits, reduced Top-20 borrower exposure percentages, reduced Top-20 depositor concentration percentages, dealt with unexpected hits on some wholesale banking accounts, appointed a brand ambassador, dealt with COVID-19 and lockdowns, raised ₹ 2,000 crore of equity capital in the midst of the lockdown, and are submitting this annual report to you from behind screens!

I would like to now share with you the key priorities we worked upon, the progress we made in FY19-20, and the outlook going forward.

Financials

In the face of the heightened uncertainly in the corporate business environment, the Bank had to provide for certain Corporate accounts this year. In Q2 FY19 (pre-merger), the Bank had provided for ₹ 518 crore towards certain wholesale banking accounts to P&L. In the merger quarter (Q3 FY19), we had to account for ₹ 2,599 crore of Goodwill, with no impact on Networth. In Q4 FY19, it came to light that two of our legacy wholesale banking accounts, Dewan Housing and Reliance Capital, where we had exposures of ₹ 1,784 crore, were in financial trouble. Though technically they were not yet NPA, we came forward and told the shareholders things as they stood, we did not hide behind client confidentiality or technicalities. We provided 15% of such principal exposure to the P&L and posted a pre-tax loss of ₹ 417 crore in Q4 FY19. In the next quarter (Q1 FY20), their condition deteriorated significantly. We promptly recognised these issues on our books in Q1 FY20, and took the total provision to ₹ 1,097 crore, or 75% of then principal outstanding, which we believed was an appropriate market value for these bonds. We subsequently sold part of these exposures in the market at similar valuations so our estimate on valuation was correct. We also had to provide for a large infrastructure account and posted a loss of ₹ 617 crore. In Q2 FY20, corporate tax rate in India came down to 25%. Our Bank had historically created deferred tax assets (DTA) of about ₹ 2,800 crore which we promptly revalued based on the new corporate tax rate and provided ₹ 750 crore to tax line of the P&L. Further, we also provided for a troubled infrastructure account and reported a loss of ₹ 680 crore in Q2 FY20. In Q3 FY20, following the Hon. Supreme Court decision on the interpretation of their revenue sharing obligations to the Government, we recognised one large telecom exposure as stressed and recognised ₹ 1,622 crore, or 50% of the exposure to the P&L. We also provided for an infrastructure account and posted a loss of ₹ 1,639 crore in Q3 FY 20.

Our Bank has proactively recognised the stress in the corporate loan book in a transparent manner. As mentioned earlier, our Bank was originally an infrastructure lending company converted to a bank. Infrastructure and corporate loans traditionally have been low-yield businesses and our Bank did not have enough pre-provisioning profits to absorb these losses.

We are not proud of these P&L numbers and are working towards structurally improving the profitability of the Bank in a steady manner. But the point also is, that every single time, even under extreme pressure of having to face investors, media and other stakeholders with losses quarter on quarter, we chose straightforwardness and transparency and said it as it was. Last month, I heard one motivational speaker mention a mythological story about Krishna, Balarama and a monster, where a monster howled down Balarama, but Krishna rose bigger than the monster by staring back at him and by dealing with him without fear.

Message from the MD & CEO (Contd.)

He concluded that "if we avoid what we must face, the problem becomes bigger and we become small. If we face the problem and look it in the eye, the problem becomes small and we become bigger".

This also represents one of our foundational philosophies. We will always be straightforward and truthful with our investors and all stakeholders. Our stakeholders can always be rest assured that everything that will be represented by our Bank will be truthful and accurate.

Progress at the Bank

If for a moment, you look beyond the P&L numbers, and focus on the core value drivers of the Bank, you will see the Bank has made tremendous progress in FY19-20.

Our Bank has a unique history. Prior to merger, IDFC Bank was created by a demerger process of a large infrastructure financing institution (funded loan book of ~ ₹ 75,000 crore).

It had loan assets carved out from IDFC Limited, and was funded largely by wholesale liabilities, as it had started commercial operations only in October 2015. Capital First was a medium size NBFC (loan book of ~ ₹ 30,000 crore) and was also funded by wholesale liabilities. Thus, neither institutions had Retail Deposits in any significant measure, but together had a large loan book of ₹ 1,04,660 crore.

Thus, at merger as of December 31, 2018, the Bank had ₹ 1,08,020 crore of Institutional borrowings and institutional deposits and ₹ 10,400 crore of Retail Deposits. So, our first priority was to retailise (diversify) the liabilities of our Bank. Within just a year, we have grown retail liabilities (Retail CASA and Retail Term Deposits) by ₹ 20,710 crore, up 157%, from ₹ 13,214 crore as on March 31, 2019 to ₹ 33,924 crore as on March 31, 2020. Our CASA ratio grew to 31.87% as of March 31, 2020, as compared to 11.40% as of March 31, 2019.

Our Bank enjoys an excellent brand image. Q4 FY20 was, without doubt, the most trying period of our lifetime. Global indices crashed 20-25%, and NYSE shut down at lower circuit breakers, twice in March 2020. Our own stock exchanges were crashing by the day due to COVID-19. There was total panic in the markets. At the same time, news about one private sector bank was quite negative and that bank was put on moratorium by the regulatory authorities. You will be happy to note even in a quarter of such chaos, the Retail Deposits of our Bank grew by ₹ 4,658 crore in Q4 FY20 alone, representing a sequential QoQ growth of 16%. Such is the confidence our Bank enjoys in the market.

Retail Deposits as a percentage of total customer deposits increased from 32.63% as on March 31, 2019 to 58.77% as on March 31, 2020. To build a granular bank with Retail Deposits is one of the foundations for any bank, and we made strong progress on that.

Usage of Retail Deposits

So what did we do with ₹ 20,710 crore of Retail Deposits we raised during the last financial year? You might think we lent it out as any bank would. But no! We used this money to straightaway reduce our borrowings through Certificate of Deposits (CD). Retail Deposits are highly diversified across millions of customers and are stable, while CDs are low-cost short-term borrowings with tenures generally between 30 days to 180 days and usually subscribed by the Mutual Funds. The liabilities side of the Bank became very stable because of this swap we did during the last financial year.

"Our Bank enjoys an excellent brand image. Q4 FY20 was, without doubt, the most trying period of our lifetime. Global indices crashed 20-25%, and NYSE shut down at lower circuit breakers, twice in March 2020. Our own stock exchanges were crashing by the day due to COVID-19. There was total panic in the markets. At the same time, news about one private sector bank was quite negative and that bank was put on moratorium by the regulatory authorities. You will be happy to note even in a quarter of such chaos, the Retail Deposits of our Bank grew by ₹ 4,658 crore in Q4 FY20 alone, representing a sequential QoQ growth of 16%. Such is the confidence our Bank enjoys in the market."

Growth in Retail Assets

We grew retail loan book by 40% from ₹ 40,812 crore as on March 31, 2019 to ₹ 57,310 crore as on March 31, 2020. These are diversified over 9 million customers. To be able to lend millions of small loans with ticket size as low as ₹ 12,000 at scale is one of our strategic capabilities. To build a diversified loan book is one of the foundations for any bank, and we made strong progress on that front. It also goes well with our mission statement of touching millions of lives in a positive way.

So how did we raise funds for growing the retail book by ₹ 16,498 crore if we used all of our incremental deposits to repay CDs? That's where the second part of the strategy comes in.

Reduction in Wholesale Funded Assets

We reduced the Wholesale funded assets book from ₹ 53,649 crore as on March 31, 2019 to ₹ 39,388 crore as on March 31, 2020, down 27 percent. This released ₹ 14,261 crore of funds for us apart from reducing concentration risk.

One of the issues for our Bank has been our infrastructure financing exposures (as part of the wholesale funded assets), which apart from having low margins, are also prone to execution risks, political risks and project completion risks. Say a state government reneges on a PPA agreement, or a demonstration/ protest stalled the completion of road. We deal with depositors' money and are unable to take these risks. I'm happy to state that last year, we have brought down our exposure to infrastructure by 31%, from ₹ 21,459 crore as on March 31, 2019 to ₹ 14,840 crore as on March 31, 2020. At one stage, our Bank had 71.2% of the loan book from infrastructure loans, today this is as low as 13.9%.

Margins

A key feature for any bank is Net Interest Margins (NIM)– what we earn from customers' loans less what we pay to depositors. Strong banks in India have NIM of about 4.2- 4.3%. I'm happy to share with you that under our strategy, our NIM swiftly moved to 4.24% for Q4 FY20. For context, this was 1.56% in Q2 FY19 (pre-merger quarter), so you know profits are not far away.

> Culture is not just about how things get done around here, it's a much longer list such as, about how people conduct themselves in office and in society, how committed they are to the mission, how to resolve conflicts, not using offensive or abusive words, imbibing the organisation's policy that the customer comes first and so on.

Having a bank with strong margins gives us the ability to invest and is one of the foundational capabilities for growth in the future. A corollary to this is Net interest Income (NII) = Interest Earned less Interest paid. You may have wondered how our NII could go up by 40% from ₹ 1,113 crore during Q4 FY19 to ₹ 1,563 crore during Q4 FY20 even though our loan book did not grow. Now you know the answer.

Equity capital

Equity capital is a key foundational element. In June 2020, we raised ₹ 2,000 crore of equity capital which took our capital adequacy to near 15%. With extreme chaos in markets worldwide and in India, most potential institutional investors wanted to stay in their bunkers. Investors had their own redemption pressures to deal with. Also, from their point of view, there was no visibility on the credit losses that may hit because of COVID-19 disruption, and in the chaos, projections were meaningless. Under these circumstances, we got our Board clearances, pitched to potential investors, got legal clearances, secured shareholders' approval and all this just operating from behind video screens. Our Bank raised ₹ 2,000 crore of fresh equity capital from top-notch investors by requesting them to look beyond our current P&L numbers and focus on the core business we are building. We thank you, our new investors, for your trust in us, we will not let you down.

The best part is that we did not even engage an investment banker; these were direct deals by our Bank, and in this process our Bank must have saved about ₹ 30 crore in investment banker fees alone!

Many people believe that this capital has been raised to cushion losses that may accrue because of COVID-19 disruption. Indeed this was an insurance availed by us because of COVID-19, but we hope and believe we may not need to use it as we work our way through the next few quarters.

Culture

Culture is not just about how things get done around here, it's a much longer list such as about how people conduct themselves in office and in society, how committed they are the mission, how to resolve conflicts, not using offensive or abusive words, imbibing the organisation's policy that the customer comes first and so on. For instance, when recently one private sector bank was in the news for wrong reasons, I wrote a mail to all our employees asking them not to chase down that bank's customers to move their deposits to us, and not to talk ill about that bank or about any other bank for that matter. If you have to comment, respect other banks for their work. We educated our staff to say that the regulator is monitoring the situation closely and we are sure the situation will stabilise for them soon. To prey on someone else's customers, particularly, when they are down is not our style and that's not how we want to grow, was the message. I am happy that our employees stuck to this theme entirely.

Message from the MD & CEO (Contd.)

The Bank honoured all offers that were made to new hires before the pandemic, including all lateral hires as well as 550 management trainees even when COVID-19 uncertainty was at its peak. This is in keeping with the Bank's philosophy of honouring its commitments in all circumstances.

So, culture is not a slogan, but it is what is practised day in and day out; and I assure you that we work towards instilling good practices in our people.

> It is not without reason that CRISIL, India's premier rating agency has evaluated and rated our fixed deposit programme FAAA, which is the rating category indicating highest degree of safety. They evaluated all the above factors before assigning us the rating. CRISIL also rated our long-term subordinated unsecured debt at AA stable, the rating for unsecured debt very few banks in India enjoy and that tells you something about the inherent strength of our Bank.

Growth

A number of investors have sought to know when we will see growth at the Bank. I agree we have not grown the overall loan book last year. It's deliberate. Because as mentioned earlier, on the liability side we had low CASA ratio at merger. If we continue to grow the loan book, then this issue of low CASA ratio and low Retail Deposits % will never get fixed. I see it as my responsibility to get all our foundations firmly in place before we start growing the loan book, and retail liabilities is one of the foundational items for a bank. So, we grew retail liabilities instead.

Safety first

Let me share with you a quick instance of the benefit of not growing loan book in FY20. As mentioned earlier, during the last financial year, we raised ₹ 20,710 crore of Retail Deposits but used it all to retire Certificate of Deposits (short term institutional borrowings) of equivalent amount. Our CD book (short term money) came down from ₹ 28,754 crore as on March 31, 2019 to ₹ 7,111 crore as on March 31, 2020, a reduction of ₹ 21,643 crore within a year!

Certificate Deposits	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	YoY%
(₹ Cr)	22,312	28,754	20,058	15,283	12,720	7,111	-75%

It turned out to be very prescient because when COVID-19 struck in March of 2020, which is a once-in-a-century event, suddenly many institutional markets like Insurance companies and Mutual Funds practically froze and stopped investing. CD markets and NCD markets, which was flowing freely until a quarter ago, stalled as Mutual Funds were facing extreme redemption pressures. But we had worked on this matter all through the year, and were well prepared for a crisis, if any. Because we hardly had any significant CD to repay, we were in a comfortable position.

We closed March 31, 2020, with high liquidity, with Liquidity Coverage Ratio of 141%. To sum up this point, safety first is one of our foundational principles, and we demonstrated it during the year in ample measure. I assure you we have a highly stable liabilities platform.

As far as our institutional borrowings are concerned, they are the most stable, as they cannot be called on demand, and are payable on maturity, which are generally between 3-5 years.

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Asset quality

Our Bank maintains high asset quality. Our retail loan book, which is the large and growing proportion of our Bank's book, has seasoned over a large number of credit cycles over 10 years (including both entities' lifetimes). We have strong monitoring and collection capabilities, and strong checks and balances. Our portfolio and processes have been stress-tested through economic problems of 2010-14, Demonetisation (2016), GST implementation (2017). Through a 10-year period including the stress periods mentioned above, our retail Gross and Net NPA have broadly been at 2% and 1% respectively. In January and February 2020, we were experiencing our lowest quarterly retail credit losses in recent times. As far as the impact of COVID-19 on our retail portfolio is concerned, the exact impact on the portfolio is yet to be known, but we are working our way through this;

we have time-tested systems, processes and capabilities. We will share more with you as more clarity emerges.

COVID-19 impact on our business

During April and May 2020, our incremental lending volumes were practically nothing. Our book growth is therefore stalled this quarter. But as things begin to normalise, people will begin consuming again. We are beginning to see that consumption businesses like personal credit, two wheelers etc. have already picked up to about 50-70% of pre-COVID-19 volumes, where ever lockdown is lifted. Demand in SME lending is still low, say 20% of pre-COVID-19 levels. My sense is that we have lost about one year of book growth. Once we see through this phase, then India will be back to its growth phase, and we will be back to our growth ways. We provided moratorium to almost all customers who requested for it. Right now we are actively reaching customers and providing them funding under the Emergency Credit Line Guarantee Scheme from the GOI.

Why 7% on our Savings Deposits make ample sense

Our Bank has a unique history because of two lending institutions merging with each other. Capital First's borrowing cost for Q2 FY19 (quarter prior to the merger) was ~ 8.5%. IDFC Limited borrowings, specifically pertaining to infrastructure and long-term bonds that were transferred into IDFC Bank at de-merger, were at ~ 8.9%. Together, including some other similar borrowings, we are servicing ₹ 43,875 crore (as of March 31, 2020) of such borrowings at ~ 8.6% anyway. Hence seen in this light, 7% is pretty inexpensive money for us and is a positive trade for the Bank! Further, the business lines we have chosen for incremental lending comfortably support these rates.

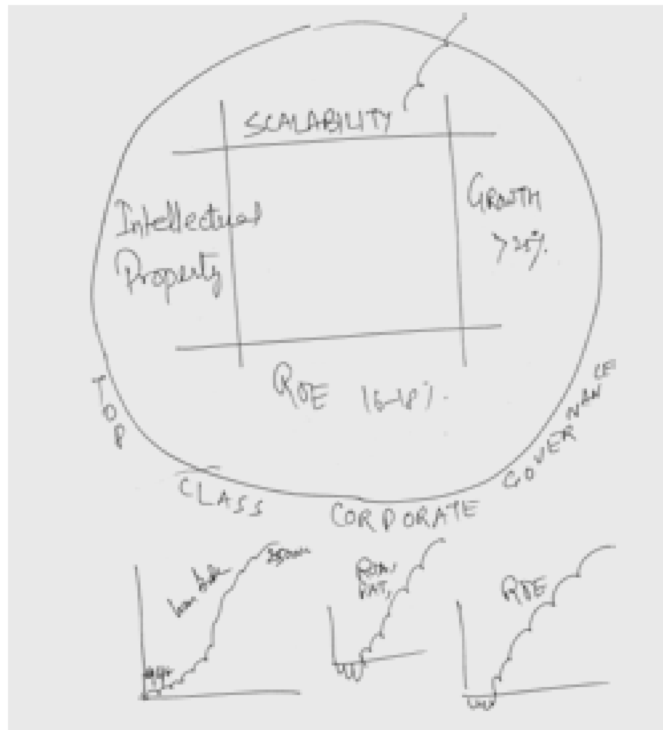
Our responsibility

I often talk to customers from different socio-economic backgrounds and understand their cash flows. In the last one year alone, I have spoken to newspaper vendors, rural micro-loan customers, buffalo and cow owners, taxi drivers, coconut sellers and the like, at their place. They live in difficult conditions with family income of ₹ 5,000-15,000 a month. We realise that even if we take a penny from them which does not belong to us, it would be inappropriate. A lot of them are not very literate and may not even know if we did fine-print banking with them. If we take it systemically, it would be terrible; it would be ungainly money for us.

The information arbitrage between them and us is huge, and this adds to the responsibility of our employees to be ethical at all times with all of them. No matter the wealth of the counterparty, to behave appropriately and accurately with them is our responsibility. Through this letter, and even in our internal communication, we say this at large, so that if any employee plans something inappropriate in any segment for pressure of P&L, or tries fine-print banking, then their colleagues will hold them back and point to our principles, which is an inherent check and balance.

Creating value

That leads us to the next question - how do we create value from here. In 2010-2012, I used to scribble the following sandbox afresh on any rough paper I found, countless times the same thing, to every new PE or employee I met, on how value will be created or prospective senior employees.



The sandbox was very simple - the pitch was that significant value can be created if we can (a) create Intellectual Property (b) build a scalable business (c) grow at 25% (d) generate ROE of 16-18%, and support it by exceptional corporate governance.

When I reflect on this sheet now, many years later, I find the word Customer Experience missing in this theme though, which is something I would fix if I were to remake this sheet today; I'd place the Customer Experience at the center of this sheet.

Over time, I've added more elements to the theory, that the businesses we build should be relevant to society, with ability to evolve and other such things.

I believe all of these can be achieved in our Bank in due course. Growth, you will agree, is not an issue in India. Mid-teens ROE can be built for sure, most good banks have achieved it. We have excellent intellectual property both on the liability side and the asset side. We operate in our area of strength, our incremental margins are strong. Our business is highly scalable. We do business that is important for society. We are passionate about serving our customers well. We borrow at 7% and lend

Message from the MD & CEO (Contd.)

at 12-14%. We have a very high level of corporate governance. I believe it is inevitable that value will be created in this approach.

I believe one of the core value drivers will be to have a certain level of profitability which comes blindfolded; i.e. it is in-built in our business model. Meaning the Core NII plus Core fees minus Normalised credit losses should take us to 16%-18% core return on equity. Core means not having sporadic one-time incomes from rainmakers. I believe the incremental businesses that we do at our Bank is fundamentally structured for this model, and in due course we will be able to get there.

I want to assure you that I have been in this situation before. In Capital First including the earlier avatar, in the first few years, the company posted losses but we did not take any short cuts, we built a safe and secure business model. Once we became profitable on a core basis, it was a one-way path to profits and value creation for the next six years.

Customer experience

Our commitment to customer experience is extreme. When I do come across customer issues in customer review meetings, I take them very seriously. We deal with millions of customers, so any solution we find has to be systemic. We have developed systems whereby every issue is drilled down to the root so that it does not occur for other customers.

Based on customer surveys, the trend of Problem Incidents percentages and their trendlines, the descriptions of customer goodwill by our branch teams, etc. our staff feels that, on the whole, we do provide outstanding service.

But “on the whole” is not the “whole thing”. Though in percentage terms mistakes are low, but in terms of absolute numbers we are making many mistakes. This is one of the issues with the early stage of our Bank, because of huge inflow of customers at this early stage of our Bank. Our systems were down on April 1, 2020, our Mobile App was very slow, and it caused great inconvenience to customers who logged in that day. I once came across a customer complaint where our response had rather long-winded pleasantries and platitudes, included a sales pitch for 7% savings account to boot, but did nothing to solve the customer’s problem. In another instance, the call center sent a holding mail to the customer, had redirected the query to another internal department for a solution, while in that case, the call center could themselves have decided in favour of the customer in an empowered way. In another case, instead of giving a customer precise information for a query, we had sent a mail with many links embedded, a lazy job, almost saying “go discover yourselves”. These things upset me. In each of those cases, we have set up teams who are automating the processes, implementing STP, delegating authorities, increasing team capacity if required, empowering them, training them, and eliminating the root cause in each case. We are also introducing technology-led solutions using data analytics and digital workflows to address these issues. Most importantly we are educating our staff to be empathetic to our customers if we want to be a great bank.

However, I must say that the drive of our employees to deliver outstanding services, is unparalleled. On one occasion, our customer, a respected septuagenarian, called us one day at the contact center, expressing urgency for his wife’s operation to be done, and needed cash urgently at the hospital. Our customer service executive reached out to the nearest Ahmedabad branch executive, who carried the FD liquidation form to customer at the hospital, and delivered cash at the hospital. The customer’s wife’s operation was successful and customer was thrilled. On another occasion our staff had gone out of the way to deliver a lost Debit Card to a householder in time for festivities at Kolkata in 24 hours as courier services were not available at that time. Our staff proudly share hundreds of these stories with us, sometimes even customers write in with

> They live in difficult conditions with family income of ₹ 5,000-15,000 a month. The information arbitrage between them and us is huge, and this adds to the responsibility of our employees to be ethical at all times with all of them. No matter the wealth of the counterparty, to behave appropriate and accurately with them is our responsibility. Through this letter, and even in our internal communication, we say this to them, so that if any employee plans something inappropriate programme in any segment for pressure of P&L, or tries fine-print banking, then their colleagues will hold them back and point to our principles, which is an inherent check and balance.

these stories. We appreciate all those employees immensely. The ideal solutions are of course systemic. Our Bank ensured uninterrupted services at both the Branches and the Contact center during the lockdown. We quickly arranged for telephony apps, VPN and other critical infrastructure, and we ensured that almost all services were available for our customers throughout the pandemic crisis and lock-down.

We are still in our early stages, learning, improving our processes, and finding systemic solutions to every problem. I am quite confident that with this constant process of introspecting, learning, rapid re-learning, willingness to scrap what we built and rebuild, and our willingness to build new technologies, we will improve our services going forward and fill our gaps.

Stake sale

Finally, there was a lot of concern expressed by investors about sale of stock by me during COVID-19. I had purchased ESOP stocks on leverage in 2017, and was holding on to it since two years, and in March 2020, had exercised more options and wanted to hold it for four or five years as I was confident of what we are building. I thought that if held for longer period of time, substantial value can be created and I could square the position after a few years. In other words, I thought I could beat the cost of debt by appreciation in the stock. I had earlier leveraged the Capital First buyout successfully; i.e. leveraging the buyout and holding on to the stock for 6-7 years, and was following the same path. But COVID-19 waylaid the best laid plans, and margin calls were triggered. Also, the trading window was closing soon for Q4 FY20 quarterly results and trade by lenders would not be in order. It is my regret that I had to sell the stake under these circumstances. I hope the buyer, on the day I did the sale at COVID-19 prices, makes good returns.

I sincerely thank the past management of IDFC Bank for laying the platform, foundation, and building critical infrastructure for retail liabilities, which, after the merger, we used in full measure to scale up, by introducing customer centric programmes.

We have an extremely strong Board of Directors with highly capable and reputed professionals who have run large institutions. We have very detailed and rich discussions at the Board on all important matters. I thank every one of them for their thoughtfulness, wisdom, their active participation, and guidance at the Board. To each one of our employees, thank you for being with us and working so hard. I express my sincere thanks to our regulator who monitor us closely, guide us and support us particularly well. I thank the media for your forthright reporting. I thank our customers for their trust in our institution. Finally, I thank all of our shareholders for your continued trust and confidence on us.

With warm regards,

V Vaidyanathan
MD & CEO,
IDFC FIRST Bank

Investor Corner

First of all, I would like to thank all the shareholders for their patronage and confidence on IDFC FIRST Bank. FY20 has been quite a transformational year for IDFC FIRST Bank as we grew steadily on our business and financial parameters. The year has been quite challenging for the entire Banking industry in India with stress on the corporate sector loans, NBFC crisis, AGR issues in telecom and finally the pandemic COVID-19 impact. Throughout the year, as the Head of Investor Relations of the Bank, I have interacted with many of our shareholders through meetings, phone calls and even email and discussed on their feedback, suggestions, concerns and accolades for the Bank. I sincerely want to thank all of them for their valuable inputs. I would like to address some of key concerns and inputs that I have encountered during these interactions for the benefit of all the shareholders.

1. Shareholding Movement of the MD & CEO

Many shareholders have reached out to me through various channels with concerns regarding the recent sale of shares of IDFC FIRST Bank held by V Vaidyanathan, MD & CEO. Many have repeatedly pointed out that even prior to the stake sale, he has been alienating his stake through gifting of shares to various people or selling and they have sought to know the details of such transactions. For this, as the Head of Investor Relations, I decided it was important to put out the shareholding movement for V Vaidyanathan since Capital First Limited (Capital First) days in a chronological way. For adequate clarity and record, I am even reproducing the exact copies of the intimations sent to the exchanges for each of these transactions in the past, in the annexure pages of this annual report. Some have even expressed that with constant reduction of stake, he is left with no incentive to build the Bank. For this I wanted to share his current shareholding in detail and have presented a table for the same. Some have expressed unhappiness about his selling stakes at such low levels, and questioning whether this represents his lack of confidence in the Bank. For this, I wanted to share the circumstances that led to the stake sale in detail for full disclosure to investors and his commentary on the same.

• As you are aware, he had done a classical Leveraged Buyout at Capital First, by buying shares of the company when prices were low, taking management control, and selling at higher prices after value is created. During 2010-14, V Vaidyanathan acquired 51,15,291 equity shares of erstwhile Capital First at varying prices between ₹ 124 to ₹ 250 through personal loans against his house as well as against the acquired stock itself. The average price of the purchase of shares was at ₹ 162.98 per equity shares with total consideration of ₹ 83.37 crore.

• During the next five years, Capital First turned around and the shares prices of the company went up substantially to over ₹ 700 per share. At this stage, in March 2017, he sold 15,65,715 equity shares of Capital First at ₹ 688.55 per shares to raise ₹ 107.81 crore to square off loan he took to acquire the shares in the first place.

Saptarshi Bapari
Head - Investor Relations

• Post this sale in March 2017, he was left with 35,49,576 equity shares of Capital First.

• In October 2017, he exercised 9,91,000 Employee Stock Options (ESOP) with average exercise price of ₹ 172.53 per equity share. At the date of exercise of options, the market price of Capital First shares was ₹ 741.60 (closing price on date of exercise). Thus, he paid perquisite tax of ₹ 201.00 per share, totaling ₹ 19.92 crore on the notional gain, taking the total purchase price to ₹ 37.02 crore, which he funded through personal leverage. At this stage he had 45,40,576 shares of Capital First. He could have sold these shares in the market immediately to square the leverage, but he continued to hold these shares on leverage till March 2020.

• From this ownership, in January 2018, he donated 5,00,000 equity shares of Capital First to Rukmani Social Welfare Trust, which was set up exclusively for social welfare purposes. Share price on date of donation was ₹ 785.20 (closing price on date of donation). Value of share donated amounted to ₹ 39.26 crore. (Disclosure made to Stock Exchanges from Capital First dated January 16, 2018.)

• Further in October and December 2018, he gifted 4,35,500 equity shares of Capital First to family members (not spouse, children or parents), maids, drivers and colleagues of Capital First who had all played a role in his success. Share price of Capital First Limited on date of this gift was ₹ 466.82. Value of share gifted amounted to ₹ 20.33 crore, as per extant share price. All recipients were to pay taxes as applicable to them. (Disclosure made to Stock Exchanges from Capital First dated November 01, 2018 and December 15, 2018.)

• Post aforesaid donation and gift, he was left with 36,05,076 equity shares of Capital First. Thus, total Capital First shares held with him as on date of amalgamation of Capital First with IDFC Bank was converted into 5,01,10,556 equity shares of IDFC FIRST Bank.

• In March 2019, he gifted 50,000 shares to his family members (not spouse, children or parents). Share price on date of gift was ₹ 48.95 (closing price on date of gift). (IDFC FIRST Bank disclosure made to Stock Exchanges dated March 08, 2019.)

• In September 2019, he gifted 85,000 to his family members (not spouse, children or parents) and 50,000 shares to his gym trainer, both of which were disclosed to the exchange. Share price on date of gift was ₹ 42.80 (closing price on date of gift). (IDFC FIRST Bank disclosure made to Stock Exchanges dated September 27, 2019).

• In June 2019, he sold 20,000 equity shares of IDFC FIRST Bank for social welfare purpose. Sale price was ₹ 42.05.

• In February, 2020, he exercised two crore ESOPs of IDFC FIRST Bank, which were allotted at Capital First and converted to Bank options. Option exercise price was ₹ 14.89 per share which amount to total exercise consideration of ₹ 29.78 crore. The market price at the moment of exercise was ₹ 39.90 per share (closing price on date of exercise). Accordingly, perquisite tax of ₹ 21.06 crore was paid for notional gain. Hence, the total purchase consideration paid by him to acquire these two crore shares was ₹ 50.84 crore including tax paid.

• He could have sold these shares in the market immediately at market price of ₹ 40 after allotment of equity shares on exercise of ESOP, but he held these shares on leverage as he believed in the long-term potential of the Bank. At this stage, he had a loan of ₹ 87.86 crore (37.02 crore and ₹ 50.84 crore) plus accumulated interest towards acquisition of these shares for the two tranches.

• Towards the end of March 2020, with the sudden collapse of stock market across the globe and in India due to COVID-19 pandemic situation, stock prices of all Banks in India came down by 35-70%. IDFC FIRST Bank shares dropped from ₹ 40 to ₹ 21 within span of few days. There were panic in the stock market. Though lenders had set up lending at 2x security cover, as when COVID-19 crisis intensified during the middle of March 2020, the security coverage demand from the lenders moved up to around 2.5x to 3.0x as modified margin requirements.

• Further, the trading window closure of IDFC FIRST Bank was also approaching as it was to be closed with effect from April 01, 2020 till announcement of results of Q4-FY20 as per provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. With COVID-19 situation so volatile, leaving open positions with barely adequate margin cover would have been very risky as lenders would want to exercise their rights. Lenders would want to protect themselves and would sell the stock, whether trading window was closed or not as per company norms. The sale of shares by the MD during window closure would have been considered a serious violation by the regulatory bodies.

• Considering the circumstances above, V Vaidyanathan sold 4.48 crore shares to clear the overall leverage (of ₹ 87.86 crore excluding interest). The sale was at an average price of ₹ 20.93 and had a total consideration of ₹ 93.80 crore.

• Hence against the total purchase cost of the aforesaid 3.37 crore shares, (9,91,000 Capital First shares have been converted to 1.37 crore shares of IDFC FIRST Bank for purposes of the above calculation) for ₹ 87.86 crore, the sale consideration of these 3.37 crore shares was ₹ 70.70 crore (3.37 crore shares X ₹ 20.93 per share), resulting a loss booked of ₹ 17.17 crore, excluding interest cost of holding the shares.

• For information of shareholders, he had further clarified in the aforesaid disclosure on March 20, 2020 that we are building a wonderful Bank with strong trajectory of branch expansion, strong growth in retail loans, sharp improvement in CASA, with low NPA and high capital adequacy. All our trajectory strongly positive across all parameters.

• He has conveyed that he deeply regrets sale of shares at this growth stage of our Bank given the wonderful prospects, but he had to do the same to honor his personal loan commitments and obligations. He had also mentioned that he is entirely committed to building one of the greatest banks in the country with the highest levels of corporate governance as we have always represented.

• The aforesaid disclosures are made available as Annexures to this note.

• Post aforesaid stake sale by him, he holds 2,50,81,117 equity shares of Bank as of March 31, 2020 in his personal capacity.

Social Welfare Trust

• In January 2018, V Vaidyanathan had donated 5,00,000 equity shares of Capital First to Rukmani Social Welfare Trust valued at ₹ 39.26 crore, for social welfare purposes. Subsequent to this donation this Trust had sold 7,100 shares at average price of ₹ 559.90 per share for total consideration of ₹ 39.75 lakhs for above mentioned purposes.

• On the date of Amalgamation of Capital First and its subsidiaries with IDFC Bank, the Trust was holding 4,92,900 equity shares of Capital First. Post Amalgamation, these shares were converted to 68,51,310 IDFC FIRST Bank shares in the ratio of 13.9:1.

• Subsequently, the Trust sold 7,57,450 equity shares of IDFC FIRST Bank at average price of ₹ 43.96 per share totalling to ₹ 3.33 crore for social welfare purposes. As on March 31, 2020 the Trust holds 60,93,860 equity shares of the Bank.

• He has clarified that he may sell these shares from time to time to fund the causes.

The details of his overall shareholding and the outstanding ESOPs are mentioned below -

ESOPs held by V Vaidyanathan as on March 31, 2020:

ESOPs Grant	Effective Exercise Price	Options
Options carried over from eCFL (Granted in June 2014 at prevailing market price of Capital First shares)	₹ 14.89	7,03,50,000
Options carried over from eCFL (Granted in September and December 2017 at prevailing market price of Capital First shares)	₹ 57.54	3,40,55,000
Options granted in October 2019 in IDFC FIRST Bank at prevailing market price of IDFC FIRST Bank shares	₹ 39.65	30,00,000
Total Options Outstanding		**10,74,05,000**

Investors' Corner (Contd.)

Mr. V. Vaidyanathan Shareholding and ESOPs as on March 31, 2020:

Particulars	Number
Shares held with Rukmani Social Welfare trust	60,93,860
Shares held in personal capacity	2,50,81,117
ESOP outstanding	10,74,05,000
Total Shares and ESOP	**13,85,79,977**
Shareholding % of current equity share capital	**0.65%**
Diluted Shareholding % of equity share capital upon exercise of outstanding options	**2.75%**

2. Share Price Movement and Profitability of the Bank

• Throughout the quarters in FY20, IDFC FIRST Bank made significant progress on its business and financial parameters, primarily in case of CASA growth, CASA ratio improvement, Retail Assets growth, NIM% improvement, Network expansion. Yet the overall profitability was disrupted due to high provisioning on account of some wholesale exposures. As responsible management of IDFC FIRST Bank, our objective is to safeguard our balance sheet from any unexpected events in future leading to large credit shocks on the P&L and accordingly the Bank took proactive steps to make provisions for some of the large wholesale credit exposure based on their deteriorating financials and the market conditions.

• As a result of the losses we made, our book value per share also came down by more than 17% but stock price remained broadly between ₹ 40 – 46 range till the COVID-19 situation hit the market in Feb - March 2020 effectively re-rating the stock upwards in terms to price to book multiple to about 1.3x Book. This reflected the confidence on the overall business model, transformation and long term growth potential of our Bank from some of the large key investors across the world as they continued to invest throughout the year. One of our key international investors increased its stake in IDFC FIRST Bank from 0.54% as of March 31, 2019 to 4.75% as of March 31, 2020, gradually throughout the year and became the 4th largest shareholder of the Bank.

• However, as the COVID-19 situation became severe in India and across the world, the stock market in India, especially the BFSI segment was impacted severely in the last two months of the last financial year. As a result, since January 2020, the Bank-Nifty fell by 45% and IDFC FIRST Bank stock price fell by 55% during the March COVID-19 crash.

• Since then, as we speak, the Bank-Nifty has recovered by around 30% and IDFC FIRST Bank stock price has gone up by around 45% as subsequently the economic situation and outlook gradually improved during May and June of 2020, despite the rise in infectious cases. I am happy to state that even during this COVID-19 crisis, some of our large investors continued to invest in the stock as the Bank made profit in Q4 FY20 after six quarters of losses.

3. Recent Capital raise

• In the middle of this COVID-19 situation, IDFC FIRST Bank has raised from ₹ 2,000 crore of fresh equity capital at a price ₹ 23.19 per share which has improved its capital adequacy to around 15% providing a very comfortable capital position as compared to the regulatory limits.

• This pandemic situation has been a very unprecedented situation for the entire world which has impacted the economic activities and business growth resulting in worsening credit worries going forward. For protecting the balance sheet as well as conserving capital for growth during the fast recovery phase when this pandemic situation fades, it was a necessary step for the Bank to have a very strong capital position to face the uncertainties forward.

• Additionally, this capital has come from a set of long term reputed domestic investors as well as the top two investors of the Bank, including the promoters IDFC Ltd with a minimum one-year lock-in period. It's important to note that we have paid a small price for this enhanced capital position as the book value per share for the Bank has only reduced by 4% but the capital adequacy ratio has improved from 13.4% to around 15%.

As we sail through this pandemic situation, the retail deposit growth of IDFC FIRST Bank continues to gain momentum and we have touched our pre-COVID-19 run-rate. On the asset side, it is gradually recovering as the economy is opening up with every passing day and we are confident to get back to our pre-COVID-19 business growth soon. At the same time, we remain cautious on some of the segments during this COVID-19 situation and take necessary steps to mitigate any risk. As the economy paused in between, we took this opportunity to revisit our processes and framework to make it even stronger with technology interventions and innovations.

This is an extraordinary year not only for India but for the entire world and we are confident that we would be able to cruise through this and come out much stronger for future growth. Once again, I would like to thank each one of our Shareholders for their confidence on us and look forward to our association for many years to come.

Saptarshi Bapari
Head – Investor Relations

Annexure

CFL/LS/515/2017-18

January 16, 2018

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. **Tel No.:** 022 – 2272 2039/ 37/3121 **BSE- Scrip Code: 532938**	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051. **Tel No.:** 022 – 2659 8237/ 38 **NSE - Symbol – CAPF**

Sub: Donation of 5,00,000 Equity Shares of Capital First Limited by Mr. Vaidyanathan, Chairman & Managing Director to Rukmani Social Welfare Trust

Ref: Disclosure under Regulation 7(2) read with Regulation 6(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

Dear Sir/Madam,

This is with reference to the disclosure submitted to Stock Exchanges today under Regulation 7(2) read with Regulation 6(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with respect to donation of 5,00,000 equity shares of Capital First Limited by Mr. V. Vaidyanathan, Chairman & Managing Director to Rukmani Social Welfare Trust for charitable/philanthropic purpose.

Rukmani Social Welfare Trust is a trust with Mr. Vaidyanathan as one of the trustees. The trust shall be administered in Mumbai, Maharashtra.

The purpose of the Rukmani Social Welfare Trust is to provide support and to contribute to other registered entities that are engaged in activities including but not limited to, providing support and opportunities for economically underprivileged children and other such charitable causes as the trust may decide from time to time.

In no way, is the formation of this trust and transfer of shares of Capital First Limited to the Rukmani Social Welfare Trust to be construed as a succession planning of Mr. Vaidyanathan or his heirs/family/ families, and it is explicitly clarified that neither Mr. Vaidyanathan nor his heirs, families, extended families, friends, or anyone related to him in any official or personal capacity can in any way benefit from this trust. It is made explicit that the beneficiaries of this trust will be only such entities which are registered under section 12A and section 12AA of the Income Tax act 1961. The trust will not contribute to any religious or political activities whatsoever under any circumstances.

Capital First Limited

Some of the initial beneficiaries of the trust are Genesis Foundation which works on healthcare of children who cannot afford adanced medication, Samparc-India which works on rehabilitation, care and education of children, and Apnalaya which works in the area of education of slum children in Mumbai.

Kindly take the above on record and acknowledge receipt of the same.

Thanking you,

Yours Faithfully,

For **Capital First Limited**

CAPITAL FIRST LIMITED

SD

Satish Gaikwad
Head – Legal, Compliance & Company Secretary

Capital First Limited
One Indiabulls Centre, Tower 2A & 2B, 10th Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013 India.
T: +91 22 4042 3400, F: +91 22 4042 3401, Email id: customer.care@capitalfirst.com, W: www.capitalfirst.com
CIN No. L29120MH2005PLC156795

CFL/LS/290/2018-19

November 01, 2018

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers,	Exchange Plaza,
Dalal Street, Fort,	Bandra Kurla Complex, Bandra (East)
Mumbai – 400 001.	Mumbai – 400 051.
Tel No.: 022 – 2272 2039/ 37/3121	Tel No.: 022 – 2659 8237/ 38
BSE- Scrip Code: 532938	**NSE - Symbol – CAPF**

Sub: Gift of shares by Mr. Vaidyanathan to senior colleagues, family, and family support staff.

Ref: Disclosure under Regulation 7(2) read with Regulation 6(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

Dear Sir/Madam,

This is with reference to the disclosure submitted to Stock Exchanges today under Regulation 7(2) read with Regulation 6(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with respect to gift of 4,29,000 fully paid up equity shares of Capital First held by Mr. V. Vaidyanathan, Chairman & Managing Director, in his personal capacity to colleagues, near and dear relatives, and personal staff, as a gift, without any consideration. He has expressed that he is extremely grateful to all people mentioned in the note for building the organisation since its inception and bringing it to its current position of strength. Before it embarks on the next phase of growth, as an expression of thanks he has gifted 11,000 fully paid up shares to each of the said employees, totalling to 2,86,000 shares of Capital First held by him in his personal capacity.

Mr. V. Vaidyanathan is extremely grateful to his close family members and has transferred to them an aggregate of 1,10,500 fully paid up equity shares. It is clarified by Mr. Vaidyanathan that none of the recipients are his heirs or successors.

Mr. V. Vaidyanathan has also expressed his extreme gratitude to his personal staff and has gifted them an aggregate of 32,500 fully paid up Capital First Shares.

Each of such recipients will pay their taxes as per applicable tax laws.

For sake of adequate clarity and transparency, enclosed herewith a note which was submitted to the Board of Directors at the Meeting held on October 26, 2018 on the said matter, which captures details of the above.

Kindly take the above on record and acknowledge receipt of the same.

Thanking you,

Yours Faithfully,

For **Capital First Limited**

CAPITAL FIRST LIMITED

SD

Satish Gaikwad
Head – Legal, Compliance & Company Secretary

Capital First Limited

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T: +91 22 4042 3400, F: +91 22 4042 3401, Email id: customer.care@capitalfirst.com, W: www.capitalfirst.com
CIN No. L29120MH2005PLC156795

Extract of the Board Note placed before the Board of Directors at their meeting held on October 26, 2018.

The Board is apprised that as of 1st January 2018 Mr. V. Vaidyanathan held 45,40,576 fully paid up shares of Capital First. On 16th January 2018, he transferred 5,00,000 shares to Rukmani Social Welfare Trust where he is a trustee. The trust has since disposed off 5300 shares and currently has 4,94,700 shares. He currently holds 40,40,576 equity shares in his personal capacity.

The Board is further apprised that out of the 40,40,576 equity shares held by him currently, he proposes to transfer 4,29,000 equity shares to certain individuals, which includes colleagues, some near and dear relatives, and personal household staff as a gift without any consideration, the rationale for which is as explained later in this note. Consequent to this transfer, he will hold 36,11,576 fully paid up equity shares in his personal capacity, and 4,94,700 shares as Trustee of Rukmani Social Welfare Trust in the Company.

He has expressed that when the company was in its start-up stage in 2010, it neither had access debt lines nor had easy access to equity. Moreover during 2010-2013, the macro-economic environment in India was rather disturbed, interest rates were rising, and it was difficult to build a nascent business. Under such circumstances the team joined him leaving well-paying jobs, worked hard, conceptualized strategies, introduced many innovations and discovered new lines of business. Based on the contribution and proof of concept produced by this team, Mr. Vaidyanathan was able to pitch to various private equity players in 2010-2012 to raise equity to back the management of the company. More team members joined subsequently and all contributed to its success. The business functions, support functions like HR, Finance, Operations and Technology, and control functions like internal audit, credit risk management, operational risk management, security risk management were significant strengths for the organisation.

As it turned out, the company became enormously successful. The Company built a strong foundation, built strong controls, built Rs. 32,000 Cr of Asset Under Management (30 September 2018) and lent to seven million customers across India with strong asset quality. From posting losses of Rs. 29 crore in FY 08 and Rs. 32 crore in FY 09, the Company posted consistently increasing profits, and posted net profit of Rs. 327.4 crores in FY 18. The company received recognition from a large number of independent institutions such as Most Inspirational Management Buyout 2018 by CFI Awards UK, CNBC Asia Most Innovative Company of the Year 2017, Economic Times Game Changer of the Year 2018, Asia Pacific Entrepreneurship Awards 2016 and 2017, Fortune Next 500 2017, Outstanding Contribution to Financial Inclusion 2017, and so on. The company grew in stature with the market capitalization growing multi-fold within six years. Such work was achieved because of the strong contribution of the management team.

The company is now on the threshold of getting access to a banking platform by merger with an existing bank, which is a significant milestone in its journey. Before the start of the new journey, he has expressed desire to thank and honour those who have brought it to this strong position, from where its start-up position in 2010.

As a token of expressing his gratitude to those who brought us here, Mr. Vaidyanathan has expressed his desire to transfer part of his personal holdings to the said colleagues. The list of colleagues contains three names of those who have left the organisation, but their contribution could not be forgotten.

He has further expressed that his close family members have been an immense source of strength and support during his entire life, through his ups and downs. It is an opportunity for him to thank them for the same by sharing the success. Hence he has desired to transfer a part of his personal stake to his near and dear family members. None of such recipients are his heirs or successors. It is clarified that such transfer are purely for reasons of love and affection and not for any other reason such as tax planning.

He has further expressed that he is grateful to the personal staff of the family who have put in extreme effort over the years and would like to gift them certain of his personal stock for the same.

The Board is further apprised that Mr. Vaidyanathan has informed the Company that the aforesaid proposed transfer by him is on a purely voluntary basis, with reasons and rationale as mentioned above, and there is no other intention for transferring these shares such any tax structuring or any other reason. All recipients will pay the taxes as applicable.

The said transfer shall take place during the valid trading window period as per the Code of Conduct for Insider Trading of the Company.

The details of the stock being transferred are as follows:

Name	Relationship	Stock Transferred as Gift
Professional Colleagues		
Apul Nayyar	Colleague	11000
Nihal Desai	Colleague	11000
Pankaj Sanklecha	Colleague	11000
Pradeep Natarajan	Colleague	11000
Adrian Andrade	Colleague	11000
Shikha Hora	Colleague	11000

Ashok Patil	Colleague	11000
Jeetinder Diwan	Colleague	11000
Mahesh Dholiya	Colleague	11000
Rahul Jain	Colleague	11000
Rishi Mishra	Colleague	11000
E Narayanan	Colleague	11000
Mahesh Payannavar	Colleague	11000
Saptarshi Bapari	Colleague	11000
Sunil Biyani	Colleague	11000
Swetha Shetty	Colleague	11000
Amitosh Misra	Colleague	11000
Nilesh Doshi	Colleague	11000
Satish Gaikwad	Colleague	11000
Nripendra Singh	Colleague	11000
Sachin Agarwal	Colleague	11000
Daryl Dsouza	Colleague	11000
Rahul Ghule	Colleague	11000
Amit Mande	Former Colleague	11000
Reshma Narang	Former Colleague	11000
Shakil Khan	Former Colleague	11000
Sum Total for professional colleagues		**286000**
Family		
Group Captain Satyamurthy Vembu	Brother	26000
Krishnamurthy Vembu	Brother	13000
Savitri Krishnamurthy	Sister	13000
Vidya Parameshwaran	Wife's sister	13000
Sangeeta Santosh	Wife's brother's sister	13000
P S Viswanathan	Wife's father	6500
S Krishnamurthy	Wife's maternal uncle	6500
Arun V	Wife's cousin brother	6500
Anil Venkatesh	Wife's cousin brother	6500
K Venkateshwaran	Wife's cousin brother	6500
Sum total for Family		**110500**
Personal Staff		
M. Selvaraj	Personal driver	6500

Algaswamy	Personal driver	6500
Pranjal Narvekar	Family House-help	6500
Alexia Kerketta	Family House-help	6500
Utkarsha Todankar	Family House-help	6500
Sum Total for Personal Staff		**32500**
Total		**429000**

As a matter of good governance, we are placing this proposal of Mr. Vaidyanathan to gift shares before the Board. We request the Board to kindly consider and approve the same.

Based on the above, the Board considered and approved the said proposal.

IDFCFIRSTBANK/SD/166/2019-20

September 27, 2019

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051.
Tel No.: 022 – 2659 8237/ 38
NSE - Symbol – IDFCFIRSTB

The Manager-Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Tel No.: 022 – 2272 2039/ 37/3121
BSE - Scrip Code: 539437

Sub: Disclosure under Regulation 7(2) read with Regulation 6(2) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

Dear Sir/Madam,

We wish to inform you that Mr. V. Vaidyanathan has transferred 85,000 fully paid up equity shares of IDFC FIRST Bank Limited held by him in his personal capacity to his Sister-in-law, Mrs. Vidya Venkiteswaran without any consideration.

Further, 50,000 fully paid up equity shares of IDFC FIRST Bank Limited held by him in his personal capacity to his Support staff (Gym Trainer), Mr. Ramesh Narayan Raju without any consideration.

In this regard, please find enclosed disclosure under Regulation 7(2) read with Regulation 6(2) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

It is clarified by Mr. Vaidyanathan that the recipient is not his heirs or successors. Recipient will pay his taxes as per applicable tax laws.

Kindly take the above on record and acknowledge receipt of the same.

Thanking you,

Yours Faithfully,
For IDFC FIRST Bank Limited

IDFC FIRST BANK LTD.

SD

Satish Gaikwad
Head – Legal & Company Secretary

Encl.: as above

IDFC FIRST Bank Limited (formerly IDFC Bank Limited)
C-32, G Block, Naman Chambers, BKC, Bandra (East), Mumbai - 400051, Maharashtra.
Registered Office: KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai 600031. Tel: +91 44 4564 4000 Fax: +91 44 4564 4022
CIN: L65110TN2014PLC097792 bank.info@idfcbank.com www.idfcfirstbank.com

IDFC FIRST Bank

IDFCFIRSTBANK/SD/348/2019-20

March 20, 2020

The Manager-Listing Department National Stock Exchange of India Limited Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051.
Tel No.: 022 – 2659 8237/ 38
NSE - Symbol – IDFCFIRSTB

The Manager-Listing Department BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Tel No.: 022 – 2272 2039/ 37/3121
BSE- Scrip Code: 539437

Sub: Repayment of loan taken for exercising ESOPs by Mr. V Vaidyanathan, MD and CEO, by sale of shares

Dear Sir/Madam,

This is to inform you that we have received an intimation from Mr. V. Vaidyanathan, Managing Director and Chief Executive Officer of the Bank that he has sold 2,75,58,412 shares on 19th March 2020 for approximately Rs. 58 crores to close ESOP loan availed by him. He intends to sell about Rs. 35 crores worth of stocks today (20/3/2020) to entirely repay the residual ESOP Loan taken for exercising his ESOP shares to release his pledged shares. He has explained that with this sale he will have NIL ESOP Loan, and will not need to sell any more shares in the foreseeable future. He has also explained that the bank is doing wonderfully well on all counts, is on a great trajectory of performance on all parameters, and he looks forward to continue to build the bank to great heights with highest degree of corporate governance going forward as well. The exact extract of his intimation to the Compliance Officer is given below.

"I like to inform that I sold 2,75,58,412 shares yesterday to to close the ESOP loan availed by me to acquire the shares and I intend to sell about Rs. 35 crores worth of stocks today to entirely repay the residual ESOP Loan taken for exercising my ESOP shares and to release the pledged shares. I would like to clarify that I still hold 4,23,47,144 shares (0.88%) after yesterday's sale. The prices of the stock has come down recently due to the Coronavirus related development in the stock market across all sectors including all Banks which resulted in margin call, and at this stage I decided to sell the stock to entirely square the ESOP Loans. With the sale of Rs. 35 cores expected today, my loans against shares will be NIL. I have no other loans other than a home loan.

We are building a wonderful bank with strong trajectory of growth of branches, strong growth in retail loans, sharp improvement in CASA, with low NPA and high capital adequacy. All our trajectory strongly positive across all parameters. Hence I deeply regret sale of shares at this growth stage of our bank given the wonderful prospects, but I had to do the same to square the ESOP Loan. I believe there will be no need for me to sell any more shares in the foreseeable future.

Under the disclosure requirements, I am required to disclose the sale done yesterday within 2 working days. However, in interest of highest level of corporate governance, I am making disclosure within 1 working day and also disclosing the intent to sell only today, and also sharing the extent of sale ahead of reporting requirements. Even after this sale I will hold approximately 13 crores stocks and options in the bank.

I am entirely committed to building one of the greatest banks in the country with the highest levels of corporate governance as we have always represented."

For **IDFC FIRST Bank Limited**

IDFC FIRST BANK LTD.

SD

Satish Gaikwad

Head – Legal & Company Secretary

Our People

Adrian Andrade, Head - Human Resources in conversation with our leadership team during an integration event

The merger of Capital First and IDFC Bank was a critical milestone in our history. A smooth merger was important to our success. In FY20, the Bank undertook a series of people initiatives to drive seamless integration.

B Madhivanan, COO, addressing the leadership

Sudhanshu Jain, CFO, at a employee engagement meeting

Amit Kumar, Head-Retail Liabilities & Branch Banking engaging with employees

A senior managment meeting in progress

In the Press

Business Standard May 3, 2020

As banker it is my first job to be safe: IDFC FIRST Bank CEO V Vaidyanathan

From now on, the system should open up systematically as people's financial cushions could vanish soon, he says.

The Economic Times November 6, 2019

Crying Demand in India is to Finance the Unfinanced

Private lender IDFC FIRST Bank will improve the mix of its loan book to at least 70% retail loans in the next few years, says chief executive V Vaidyanathan. In an interview with Saloni Shukla, he also says the bank would predominantly focus on lending to the bottom of the pyramid.

Business Standard October 30, 2019

IDFC First Bank progressing on its promises

Valuation of 1.1x its FY21 book makes it an attractive bet

HAMSINI KARTHIK

After a prolonged period of underperformance operationally and on the bourses, things seem to be getting better for IDFC First Bank. The September quarter (Q2FY20) results highlight the same, especially three metrics — improved mix of retail assets, sharp rise in deposits, and an increase in profitability.

The share of wholesale loans fell from 87 per cent last year to 55 per cent in Q2, with the segment's exposure down by about ₹10,000 crore.

The share of retail loans, which came from the merger with Capital First, rose to 45 per cent in Q2, from 10 per cent a year ago, which was prior to the merger. While the loan book at ₹1 trillion may have shrunk following the bank's move to rationalise its wholesale loans, retail loans grew 7.7 per cent sequentially (in line with the industry trend). This suggests the composition of assets is moving in favour of retail loans.

A similar impact was felt on liabilities as well, with the share of low-cost current account savings account (CASA) deposits increasing to 18.7 per cent in Q2, from 8 per cent last year.

While the bank has to go a long way to reach the 30 per cent-mark that many private banks maintain, the Q2 numbers show it is in the right direction. The 34 per cent increase in share of retail deposits (CASA plus retail term deposits) to overall liabilities in Q2, is also a positive.

Given that retail banking is now a significant component, profitability also improved sharply from 1.6 per cent a year ago to 3.4 per cent in Q2. At these levels, the net interest margin (NIM) of IDFC First Bank matches the average of the top private banks. Asset quality was stable, but one needs to keep a tab on the ₹5,400-crore exposure, including non-funded exposure (5 per cent of gross loans), which the bank has to the telecom sector. As this was the first quarter in which the bank recorded profit before tax, it instils some confidence that the merger is yielding results. Whether the bank can touch the 13-15 per cent projected return on equity by 2023-24 needs to be seen.

Analysts at Prabhudas Lilladher say the continued retailisation of loans, traction in liabilities, an upward NIM trajectory, and steady asset quality provide comfort in the medium-to-long term.

Valuations at 1.1 times its 2020-21 estimated book, which is also the lowest among private banks, makes for an attractive bet.

Business Standard November 6, 2019

'I am building a bank for the long run'

Having settled most of the merger-related issues, IDFC First Bank is well on its way to what it set out to be – the first-stop for both small entrepreneurs and consumers. It has built a stable current and savings accounts base quickly, and is to eschew lending to the infrastructure sector. The bank's managing director and chief executive officer, **V VAIDYANATHAN,** spoke to ***Hamsini Karthik,*** on the journey so far and the road ahead for the bank. Edited excerpts:

It is almost a year since the merger of Capital First and IDFC Bank. How would you rate the progress of the merger so far?

It was important to put through the merger in such a way where the best of the business models of Capital First and IDFC Bank came together. I think we've put together one of the finest mergers that India has seen. Firstly, we've been able get the goodwill of our employees. Secondly, our communication of what we want to do was consistent – both internal and external. And lastly, we were clear about what we will, and will not do.

We made it pretty plain that given the cost of funds, the focus of the bank will be financing smaller customers — entrepreneurs and consumers. On the liabilities side, IDFC Bank had a fantastic platform and we wanted to promote it. On the assets side, Capital First's lending model was tried, tested, it had scale, and was profitable. So, we said the liabilities will come from IDFC Bank and assets largely from Capital First, and we believe that's a very powerful combination. And that's the new bank for you!

We don't do investment banking and all that. We do wholesale banking based on our unique technology solutions and cost of funds. By being plain about these issues, things became easy. If I want to make everybody happy, then nobody will be because it would have become a khichdi.

"IF I HAD GOT CARRIED AWAY BY THE 40 PER CENT ANNUAL GROWTH IN CAPITAL FIRST'S MARKET CAP THAT WAS HAPPENING, I WOULD NEVER HAVE GOT THE NOD FOR THE MERGER. BUT I WASN'T GETTING DRUNK IN THE NBFC PARTY".

Q&A

V VAIDYANATHAN
Managing director and chief executive officer, IDFC First Bank

There has been a sharp improvement in your current account and savings accounts (Casa). Do you believe Casa is back in focus as money from other sources is getting to be expensive?

At the time of the merger, Capital First's book was ₹30,000 crore and IDFC Bank's stood at ₹69,000 crore. Both entities had the assets, but neither had Casa. The combined Casa was 8.5 per cent, which was the lowest in the industry. We were clear that our first goal will be to get Casa right and all buttons were pressed to achieve that. Everything else, including loan growth, would come later. We came up with a simple strategy — moderate the loan book and increase Casa, which has grown to 18.7 per cent in the September quarter from 8.68 per cent last year. And I don't think any bank has covered so much ground on Casa in three quarters.

As CEO, I need to first get the deposits practice right. Banking is not about lending alone; it is about managing liabilities and being liquid as well. And building it the right way, and transparently. In Q2, there was ₹2,500-odd crore of Casa from a government account, which we didn't include for calculation purposes because we felt it was not sustainable. These are all true tests of transparency of a bank, right? If we had included this number, our Casa would have been close to 20 per cent. We don't do short-term things because I'm building a great bank for the long run. These 'quick-wins' don't belong to us. If anything is a one-time, we don't want to take credit for it.

How much of the legacy wholesale book is behind the bank now?

We are at a far more manageable level than what it was. One of the key things we have achieved is to bring down the wholesale book to ₹58,000 crore from ₹68,000 crore; of which infrastructure is down to ₹17,000 crore from ₹23,000 crore. We have reduced the probabilities of big-ticket hits on the bank. This has been the biggest learning — the more we diversify the book, less will be the non-performing assets (NPA). We have been honest in our disclosures. And while I cannot guarantee that there will be no problems in the future (because it's the nature of the business and we have to be very watchful), I can assure you that the probability of 'Black Swan' events has been substantially reduced.

Does this also signal an end to infrastructure loans for your bank, and private banks in general?

Infrastructure is an extremely important part, and I'm proud of our bank's heritage in its previous avatar. The important thing that we should remember is, which part of infrastructure financing can be good and what can go bad. All those learnings will be very material when the next round of infrastructure funding comes about. Bankers have figured out which projects are more suited for private equity and what can be done through bank loans.

Good infrastructure is where the project has been completed and is throwing back cash, and I believe there will be enough of these projects. But having said that, we also believe for our bank, infrastructure financing is not the way forward. Our key line of business is to finance entrepreneurs and small consumers which is a ₹70-trillion market. There is a huge under-banked market, especially on the lending side. I love this space and the asset quality is excellent; we specialise in it. A banker's role is to be safe first and foremost; safeguard public deposits.

But in the small entrepreneurs' and customers' segment, there isn't much by way of credit histories...

That's true. But you know in Capital First, young entrepreneurs made up about 40 per cent of the customers. These were people who had not taken loans before. That small-lending DNA has been merged into the bank and will be big business, going forward. This is a space that has been highly lucrative with low NPAs. Capital First's gross NPAs never crossed two per cent for nine years and the net NPA was 1%!

It's said that you were lucky with the central bank allowing Capital First's merger with IDFC Bank and the timing happened to be right...

Lucky yes, but it also takes effort. See the consistency. For eight years, we built only such businesses that were compatible with a bank because that was the game-plan. So, to stay consistent for a decade and not get tempted with 'quick-wins' and non-core things takes effort. And yes, at the right time, we wanted to switch over to a banking platform from a non-banking finance company (NBFC), and we thank the Reserve Bank of India for enabling this transition.

As the CEO, I am the pilot and have to navigate it from one platform to another at the right time. If I had got carried away by the 40 per cent annual growth in Capital First's market cap that was happening, I would never have got the nod for the merger. But I wasn't getting drunk in the NBFC party! I was always thinking of the probable problems - that liquidity may someday turn out be the biggest problem.

Do you get the sense that the best days of NBFCs are perhaps coming to an end?

I believe that institutions that have been around for long, building fantastic businesses with great corporate governance have created unlimited value for both shareholders and the society. NBFCs which have strong assets and also are deposit-taking will have a good story to tell. For those who have strong business models, but are constrained by liabilities, will have a future in a partnership structure. Those giving large-ticket loans to risky industries will face difficult times.

India's iconic personality is now the face of our Brand

Our last annual report had explained the launch and essence of our new brand.

In the financial year 2019-20, our Bank took a major step on the brand front by signing Mr. Amitabh Bachchan, India's most iconic personality, as the Bank's first-ever brand ambassador.

Mr. Bachchan is a winner of countless prestigious national awards, an all-time favourite of millions, and the country's most celebrated actor. He is aptly called the superstar of the millennium and his charisma has captivated people of all ages across countries.

Mr. Bachchan's personality perfectly resonates IDFC FIRST's brand persona and values pillars, that of Sincerity, Humility and Contemporariness.

We are extremely pleased about our association with Mr. Bachchan, a true legend of our times.

> "I am proud to partner IDFC FIRST Bank – a Bank with strong values, great corporate governance, and transparency. IDFC FIRST Bank is transforming lives of a large population of our country with new-age products and services. It is my great pleasure to be the brand ambassador of IDFC FIRST Bank."
>
> **Mr. Amitabh Bachchan**

Mr. Amitabh Bachchan visits our corporate office in Mumbai

Mr. Bachchan with Mr. B Madhivanan, COO

Mr. Bachchan acknowledges the warm welcome with utmost humility

Mr. Bachchan met with the senior management to understand the culture, values and products and services of the Bank

Mr. Bachchan engrossed in understanding the Bank in detail

Mr, Bachchan exchanges notes with Mr. Adrian Andrade, Head - HR and Mr. Sudhanshu Jain, CFO

The Brand ambassador treats one of the employees to a photo opportunity

Mr. Bachchan happily poses for a selfie with the Bank's employees

Bank's Response to COVID-19

Emerging stronger through the pandemic

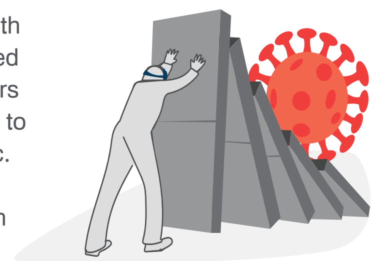
The Coronavirus has changed the rhythm of our lives. The World Health Organisation declared COVID-19 as a pandemic on March 11, 2020. Accordingly, in India, the Government took a series of measures to contain the disease from spreading. Firstly, Janta Curfew was observed on March 22, 2020, and given its success, the Government announced the first Lockdown on March 25, 2020. Subsequently a series of lockdowns were announced as follows:

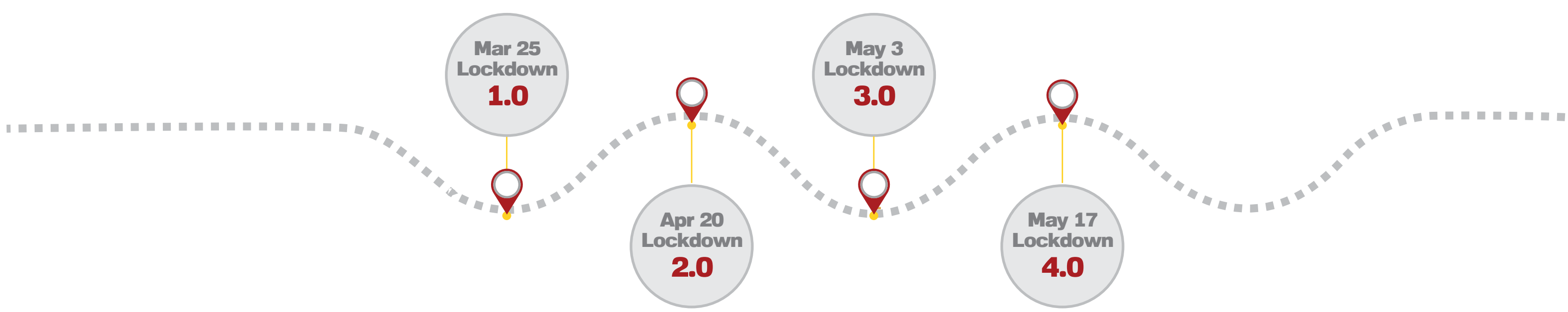
COVID-19 severely impacted many, with the Indian economy virtually coming to a standstill. Cash flows and earnings declined drastically for most on account of the lockdown and resultant restrictions on movement of people, goods and resources.

Our customers expressed their inability to pay, even though digital means, citing cash-crunch and to save for uncertain days ahead.

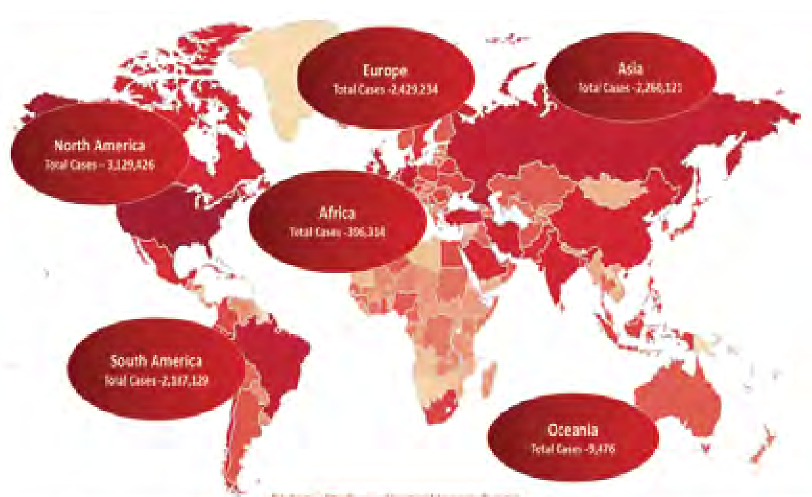
The regulator vide circular issued on March 27, 2020, advised certain regulatory measures to mitigate the burden of debt servicing bought about by disruptions on account of the COVID-19 pandemic and to ensure continuity of viable businesses.

In the light of this, IDFC FIRST Bank, formulated a policy dated March 30, 2020, with the aim to provide relief to borrowers impacted by the COVID-19 pandemic. The Policy covers the Bank's stance and guidance with respect to relief to borrowers impacted by the pandemic. This was in line with the RBI Guidelines on COVID-19 – regulatory package dated March 27, 2020.

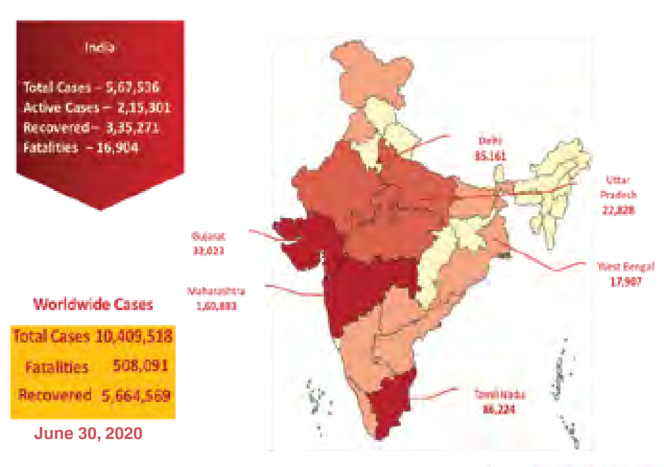




COVID 19 Pandemic



COVID 19 Pandemic Case Update



The Rise of the New Bank

In addition to the COVID-19 crisis, there were two major events that had direct impact on IT systems and processes.

1. **Moratorium announcement by RBI**
2. **Financial Year-end**

To add to this, the effect of lockdown and work from home for all, saw an organisation wide impact. All the verticals of the organisation were impacted and had to cope with this new way of working. Managing the crisis of this magnitude was a perfect demonstration of IDFC FIRST Bank cultural tenets of Customer First, Collaboration, Decision Making and Empowerment. Through this adversity, all the divisions in the Bank collaborated and consistently worked together as one team to not just pave way through this crisis but emerge stronger and resilient.

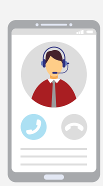
With the relentless commitment of its employees, the Bank has discovered new and efficient ways of working to overcome the challenges posed by the crisis. While on one hand, the Bank delicately balanced immediate priorities of customers to ensure uninterrupted service to them, on the other, the Bank re-hauled its operating models across the enterprise to emerge as a leaner organisation.

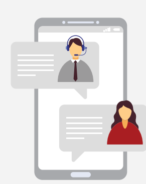
The crisis has also been a catalyst for greater digital adoption among customers as well as accelerating the digital capabilities at IDFC FIRST Bank. During this time, the Bank successfully challenged many hitherto assumptions, reimagined existing processes and embraced new ways of working. Whether it is working from home, sharing of resources across departments. Contact center efficiencies or handling of social media posts and resolving them through a priority lane; we have seen the emergence of the new bank - IDFC FIRST Bank 2.0.

This new way of working has now become an integral culture at the Bank.

COVID-19 Command Center: The Bank set up a command center for COVID-19 on Mar 17, 2020, comprising of a core central team to monitor the situation on a real time basis.

Staying connected: A daily quick meeting was instituted by the MD & CEO with the senior management of the Bank for the first few fortnights of the lockdown.





Serving customers in times that matter the most

COVID-19 has tested the resilience of many organisations. It has especially altered the way customers want to interact with their banks as they increasingly rely on digital and mobile channels to transact.

As a Bank that is on the forefront of creating new digital experiences, IDFC FIRST Bank responded quickly to this evolving need, making it possible to maintain social distancing, while giving customers access to personalised human support.

The Bank was proactive in reaching out to its customers, both on the liability as well as the asset side.

Customers were encouraged and guided to make online payments and fund transfers.

Branches and ATMs were thoroughly sanitised and precautions were taken to ensure the safety and well-being of employees as well as customers.

Mobile ATMs were deployed in cities to make it convenient for customers to avail ATM services in close vicinity of their residences.

Virtual meetings enabled the Bank to continue to serve its customers for investments and banking related queries.

The Bank also launched video KYC for its online Savings Accounts opening journey. The start-to-finish digital journey made Savings Account opening a delight, as it enabled customers to complete the paperless KYC process and avail industry's best interest rates on savings balances. The zero contact method completely does away with paper work or biometric verification, thereby removing physical interaction between the Bank and customer from the KYC process.

The Bank introduced a moratorium calculator that was dynamically designed to compute EMI repayments for its loan customers. The calculator was hosted on the website for easy accessibility by customers.

The Bank's service offering not only withstood the changes brought about by the pandemic but also successfully adapted to the new normal.

Our branch staff maintain adequate social distancing while servicing every customer who visits us


Santiser dispensing unit placed at the Bank's premises


Our security staffs ensure adequate sanitisation of ATMs in frequent intervals


Floor stickers for social distancing have been placed at our branches

United we stand

All departments in the Bank worked together to overcome the crisis. The support functions rallied together to support the business teams to ensure uninterrupted service to customers.

Mentioned below are some the key initiatives taken by each vertical and strategies adopted.

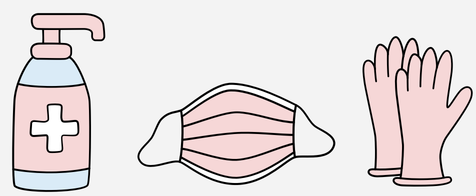
Business Continuity Management

The Business Continuity Management (BCM) team is the second line of defence team that among other governance activities proactively monitors for potential threats. As early as January 2020, the team started following news on the outbreak of a certain unknown disease – COVID-19, an unknown strain of Coronavirus in Wuhan, China as notified by World Health Organisation (WHO).

The BCM team kept track of the disease – COVID-19, as it initially developed into an epidemic and spread slowly outside of Wuhan - to the rest of China and subsequently outside of China.

The team quickly assessed the potential of the disease to become a pandemic and spread across countries and continents and to India based on the trade, student exchange across the two countries as well as from other international travelers visiting India.

As a result, BCM proactively sent the first Staff Advisory on January 22, 2020, much earlier than we saw any news of it in the Indian media or any advisory from the authorities.



Initiatives undertaken to combat the COVID-19 pandemic:

1. **Issuing Alert and Advisories:** BCM team initiated communication and related advisories in January 2020, two months before WHO declared it as a pandemic. Periodic advisories and updates were sent to staff as well as senior management every week
2. **Awareness Kit:** Informative posters, standees, screensavers, etc., were designed to create awareness among staff on the pandemic
3. **Staff Guidance Document:** As the lockdowns progressed, a detailed staff guidance document was developed and sent to all staff
4. **PPE Procurement:** The Protective Personal Equipment's (PPE) like masks and sanitisers were adequately stocked in case of emergency
5. **New Policies:** The Bank did not have a Work From Home policy and this was identified as as critical cog for working in the COVID-19 pandemic environment. Additionally, there was a possibility of infections spreading to employees within the Bank and the Bank had to be prepared for it. Accordingly, the need of a Quarantine policy was identified
6. **Technology Infrastructure:** Since most employees were expected to Work From Home, technology infrastructure for remote access was implemented
7. **Management Reviews:** Detailed reviews on threats posed by COVID-19 and measures to mitigate its risk were undertaken by the Executive Management Committee
8. **Business Strategies:** Split teams were prepared to spread work sites, create rotational team and backup teams, identify multiple sites for operations

Retail Operations

In order to operationalise providing of Moratorium based on the policy formulated by the bank, various departments had to work in cohesion. For the operations team, it meant consolidation of data and finalisation of parameters from various sources.

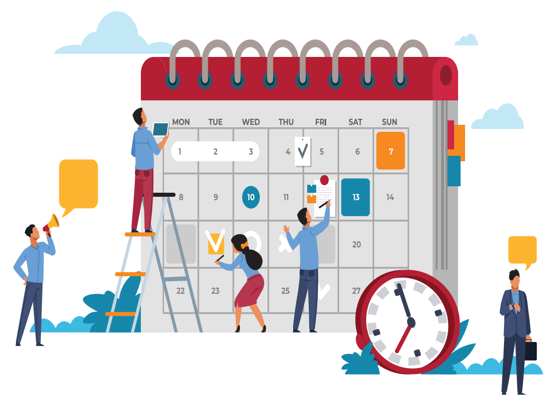
Some of the elements of the structured approach adopted by Retail Operations team included setting up of a core team and Squads within it, rigorous tracking mechanisms, continuous engagement with stakeholders, finalisation of eligibility pool for moratorium, managing complexities including multiple types of customer queries, enabling systems for applying moratorium in customer account, critical communication to customers and continuous monitoring.

Wholesale Operations

Post the announcement of moratorium by the regulator, several points in the policy were to be studied and discussed for ample clarity.

For complete understanding in initial days, multiple conference calls were conducted to familiarise with the nuances of moratorium regulations, Bank's policy, processes and system related changes. Clear direction emerged after multiple rounds of discussion with all stakeholders.

All teams – Compliance, Risk, Business, Transaction Banking Group, Operations, got together and studied the RBI circular, documenting the policy, framework and guidance notes, market intelligence, industry practice and system architecture. It was this cross functional effort that resulted in a comprehensive action plan.



Customer Delight Centre (CDC)

Post the announcement of Moratorium by RBI, there was a sudden surge in the call volumes. A new process had to be operationalised in less than 24-hours during a lockdown while the team was yet to fully enable WFH using VPNs. Overall, 43% of total volumes for April was received in first 10 days alone.

To deal with the sudden surge in volume, a simple process was defined for the front line to resolve. The process for moratorium was centralised and daily moratorium requests were compiled and sent as a combined list to operations for processing. Due to this, any changes to the centralised process could be made with minimal impact on the front-line. The customer service team enabled automation across multiple channels.

The Bank's Customer Delight Centre (CDC) has staff spread geographically across Mumbai, Navi Mumbai, Thane, etc. The Bank provided transport service to ensure safe commute of employees to the workplace. Additionally, WFH was enabled by providing and giving VPN access and IT infrastructure support.

Enterprise Service Group (ESG)

The onset of COVID-19 and it being declared a pandemic by WHO in early March mobilised the ESG team to scout for hand sanitisers and face masks, new COVID-19 measures of social distancing and regular sanitisation of offices became the norm. After the country went into a lockdown, Disaster Management Act implemented and banking declared an Essential Service. Daily tasks of delivery, logistics and maintenance, which were once taken for granted, became a challenge.

Furthermore, there were plethora of challenges - getting travel permits/ ePass from local authorities, branch sanitisation, deep cleaning, desk cleaning, following government protocols and office sanitisation post COVID-19 positive cases, transport of essential employees and material from home to office, transport of desktops and laptops from office to employee residence, food arrangements at cafeteria, dissemination of relevant information to employees on the COVID-19 precautionary measures, arrangement of Wi-Fi devices for staff, providing hand sanitisers, disinfectant chemicals and social distancing norms, mobilising house keeping staff and man-guarding across IDFC FIRST Bank branches and offices.

Through a coordinated approach, ESG maintained 100% house keeping staff and security guards in all premises with adequate backup for contingency. The security guards and house keeping staff were trained on MHA Guidelines and Bank's SoP on post-lockdown through video conferencing facility. Branch staff too were trained using video conferencing to conduct security related checks by themselves. Self-testing manuals were prepared for branches to conduct self-checks of security system. Temperature guns were arranged to scan temperature of customers and our staff, walking in to branches.

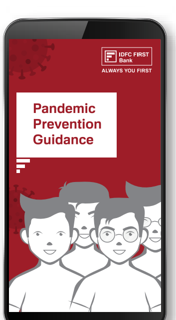
Premise space optimisation efforts was carried out for optimal utilisation of premises post-lockdown.

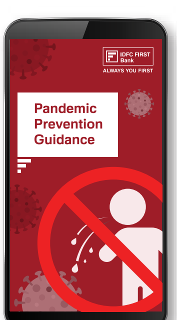
Precautionary measures were implemented at the Bank's office premises. Arrangements were made at cafeteria and workstations to ensure employees maintained social distancing.

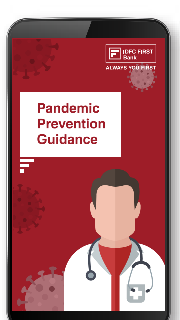
Marketing and Communications

In order to stay at the forefront of being relevant to our customers, we developed a plethora of communication elements. Post COVID-19 most customers started using digital channels and thus educating them on how to use these channels as well as building their confidence in using your virtual platforms was a priority for us.

Keeping the lines of communication open with employees not just helped effectively manage the anxieties of our workforce but was also effective in keeping them motivated. While most of the staff was forced to work from home, banking being an essential service sector, the branch staff had to come to work in testing conditions to ensure uninterrupted service to customers. We developed special badges for them so as to inspire them and keep them motivated.







Human Resources

The HR team worked to ensure that new employees were on-boarded and were given the necessary infrastructure to operate from their respective locations. This included providing access email and video calling software, and providing hardware wherever possible. The staff account opening was also made online. Induction sessions are conducted online to ensure employees understand all HR policies on day one of joining.

Adoption of video calling helped significantly, to facilitate interaction between employees.

Today, all HR interactions with business teams are being led through virtual meetings. The HR team introduced a well-being email series for promoting home workspaces and tips around working from home.

The Bank onboarded management trainees virtually during the lockdown.

For mandatory training completion, the HR team launched the expert series where internal subject matter experts coached our employees. We ensured compliance even during the lockdown phase.

Corporate Social Responsibility

In response to the nation-wide repercussions of the pandemic, the Bank's employees implemented various programmes as relief measures for people from poor socio-economic background.

Ask For Mask	Shramik Sahayata	Share -a- Meal
Gaon-Gaon Mask	Jankari Mein Samajhdari	Covid Warriors On Wheels

Moratorium on Loans

The Reserve Bank of India (RBI) has advised certain regulatory measures to mitigate the burden of debt servicing bought about by disruptions on account of COVID-19 pandemic.

Under this, lenders could use their discretion to allow deferment of loan installments falling due between March 25, 2020 and April 14, 2020 in Moratorium 1.0, and between April 15, 2020 and May 3, 2020 in Moratorium 2.0. While this was essentially a 'pause' in contracted repayment obligations, interest on the loan continued to accrue.

Our Bank's response

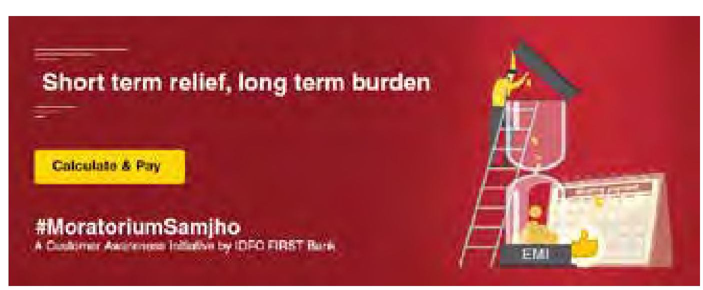
IDFC FIRST Bank deeply cares for its customers. Many of our customers' cash-flow and earnings may have been impacted because of COVID-19 crisis and on account of overall impact to the economy due to the lock-down imposed by the Government and the resultant restrictions on the movement of people, goods and resources.

Given our focus on customer-centricity and the unprecedented impact of the pandemic on customers' businesses, our Bank was fully supportive of RBI's move that helped ease borrowers' concerns with respect to repayment of loans in a lockdown. Instalments were deferred until the end of the loan tenure along with accrued interest for the moratorium period. No charges were applied during this period. The move eased the burden of debt and enabled a large number of small and medium sized businesses across the country to navigate the difficult circumstances caused by the COVID-19 pandemic.

Liquidity in a Lockdown

As the COVID-19 pandemic disrupted livelihoods and businesses in overwhelming proportions, the Bank recognised that moratorium was a means to ease liquidity concerns of borrowers and was key to sustainability of their businesses. In view of this, the Bank provided extensive support to those who wished to avail the moratorium facility.

Towards this, the Bank proactively communicated all necessary information related to moratorium to borrowers, through its website, SMSs, emails, social media and through conversations with its customer service teams. The process of availing moratorium was simplified by the Bank by enabling customers to apply digitally through multiple channels: website, SMS, email, phone banking and social media as well. The Bank's online reputation management and customer service teams worked round-the-clock to respond to customer queries and ease their apprehensions.

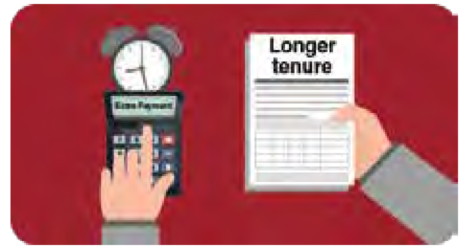


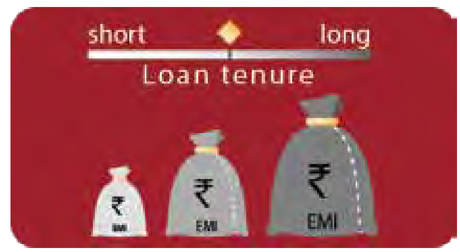
Moratorium Interest Calculator

Under the moratorium facility, interest accrued for the period is payable by way of additional EMIs at the end of the loan contract. The Bank has developed a Moratorium calculator to enable customers to understand the impact of availing Moratorium in terms of additional instalments to be paid. Customers can enter the details like existing EMI amount, tenure, number of months of moratorium needed, etc., and get instant information about interest payable, incremental tenure, etc. A large number of customers find this calculator very useful as it helps them understand how moratorium impacts their future EMIs.

The Bank also launched #MoratoriumSamjho – an awareness initiative to help customers understand the impact of availing moratorium facility.

Moratorium simplified for customers





Customers applaud on social media

Ashutosh Verma

@IDFCFIRSTBank big thank you mr. Anand for going an extra mile for a true personal banking service. Really appreciate it team idfcfirst. Great service n human touch!!

10:29 PM · 29 Apr 20 · Twitter for iPhone

Rajendar Singh Jeet Singh Purewal

@RajendarPurewal

@IDFCFIRSTBank Thank you, too, IDFC customer care and thank you Siddhesh dhise Sir Mujhe acche se guide karne ke liye.👏👏

5:46 PM · 18 Apr 20 · Twitter for Android

Indu Bhushan

@indubhushan93

@IDFCFIRSTBank Tripti Kaushal she was very helpful awesome experience with this bank.

2:22 PM · 04 Apr 20 · Twitter for iPhone

Rajan Chauhan

@IDFCFIRSTBank yesterday I talked with pooja mam about my problems they solved my all quarry

During covid-19 period mam solved all my problems

Thanks POOJA mam and all the idfc bank team

Capt. Sanjay Tyagi

@IDFCFIRSTBank I interacted with your Customer Support personnel Disha Shrangy this afternoon. She is truly an asset to the bank, very polite yet professional, displays a lot of urgency in helping customers. My sincere thanks to her and wishing all the very best.

Manoj Ameta (Shandilya)

@IDFCFIRSTBank this is Manoj ameta claiming for idfc that it's providing very well service to the customers even in this pandemic covid 19 situation good serving at customer care service by miss surabhi J really salute to her giving best to customer keep on,, best luck

How it helped borrowers

Three-month moratorium and its further extension provided relief to many borrowers, especially the self-employed, who had suffered loss of income during the lockdown which started in the last quarter of FY20.

Banking solutions for the new-age

Our product and service philosophy is inspired by our customer-first ways of working. We are redefining customer journeys that are powered by data and digitisation. Our financial solutions combine improved digital experiences and personal engagement to make banking simpler, faster and more intuitive.

Savings made simple with industry-best interest rates

IDFC FIRST Bank has made savings both effortless and rewarding!

We offer a range of savings and fixed deposit accounts to suit the need of every Indian. Our customers can open a savings account digitally within minutes and complete KYC through video interactions with our branch staff. It's completely paperless and contactless banking.

Savings & Fixed Deposits accounts

Industry-best interest rate of 7% on Savings Accounts, highest interest rates on Fixed Deposits, Free fund transfers

Signature Debit card

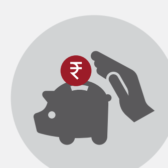
Minimal and transparent charges; loads of offers and airport lounge access

Corporate Salary Account

Customised solutions and a wide spectrum of digital solutions

Current Accounts for business

Digital account opening on tablet, One X state-of-the-art net banking platform



Wealth Management & IDFC FIRST Zerodha 3-in-1 trading account

Digital customer journeys built to enable informed decisions and a zero-brokerage trading account

Loans for individuals and small businesses

IDFC FIRST Bank offers consumer loans for purchase of homes, vehicles and for funding their day-to-day needs. We also feel a sense of responsibility to support the growth of small businesses in our country, which are the engine of our economy.

Our digital customer journeys ensure speed and convenience to borrowers.

Small Business Loans
Timely access to funds for self-employed, entrepreneurs and professionals

Consumer Durable Loans
Simple and instant online approvals that make purchase of durables easy for everyday living

Personal Loans
Available online for both salaried and self-employed

Home Loans
Tailor-made solutions for home buyers

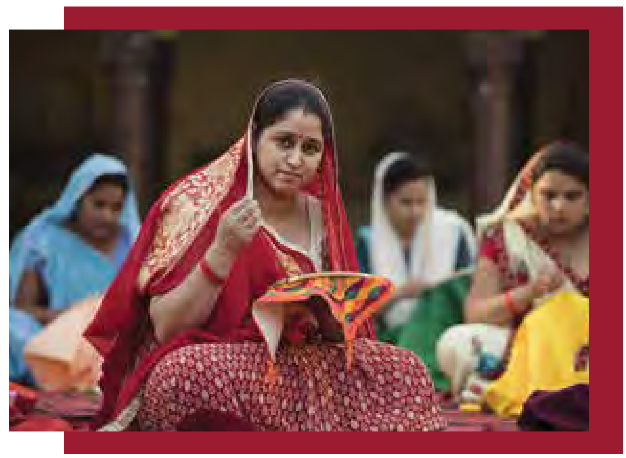
Loan Against Property
Easy facility that enables customers to leverage property to meet financial commitments

Vehicle Loans
Customers can apply online and avail of car and two-wheeler loans from a wide dealer network

Financial solutions for India's hinterland

IDFC FIRST Bank provides rural population easy access to financial services that meet their daily needs i.e. savings, credit, transactions and payments. These are delivered in a responsible and sustainable way. For many of our customers, we are their first step into the formal banking system. We are a strong supporter of building a digital financial ecosystem in rural India.

The Bank provides financing for a large number of needs of rural areas including micro, agri loans and equipment hypothecation loans.



Suvidha Shakti Micro Housing Loans
Funds for meeting water and sanitation needs of rural households

Equipment Hypothecation Loan
Enables businesses to upgrade machinery and modernise agri-processing business

Digital and Contactless Banking

IDFC FIRST Bank offers simplified digital experience for its customers, enabling them to use new and different ways to transact and connect with the Bank.

Mobile & Netbanking
Financials at your fingertips, User-friendly and easy-to-navigate mobile app, customers can open an account, transact, transfer funds and even invest

Watch Banking
Access to bank account and seamless transfers & payments on Android and Apple watches

Whatsapp Banking
24/7 quick access to Account and Loans services

BHIM UPI & Bharat QR codes
Using the India Stack to enable easy and secure payments for our customers

Prepaid cards
Seamless digital solutions for managing employee benefits

Bill Payments
Easy and flexible way to pay bills online

Pre-approved instant Personal loans
No touch, completely paperless

New Personal loans
No touch, paperless – instant approval and disbursal

New Consumer Durable & Two Wheeler
Instant approval

Financial solutions for Corporates and Financial Institutions

IDFC FIRST Bank offers corporates a strong value proposition that is customised to their financial needs.

Corporate Lending
Financial solutions including Term Loans, Working Capital Loans, NCDs, Subordinated Debts, Foreign Currency Loans and Equity

Trade Finance and Services
Client-centric solutions, comprehensive product suite, single window Trade Fx solutions

Cash Management Services
Payable and receivables management as well as a fully integrated digitised reconciliation that is flexible, comprehensive and automated

Integrated internet banking platform
IDFC FIRST Bank BXP - Business eXperience Platform unifies cash management, trade services, corporate linked finance and treasury services for digitally savvy corporate clients

Supply Chain Financing
State-of-the-art digital Supply Chain solutions covering buy and sell side

Treasury Risk Solutions
Full suite of risk management and hedging solutions around currency and interest rate risk as well as automated channels for transaction ease

Putting Customers First

We are focussed on serving the needs of our customers. For us, they come first, ahead of everything else. This customer-first culture guides our product and service design. It also keeps us flexible and responsive to their requirements. Here are some of our many happy customers who have shared their thoughts about the Bank and the difference it has made to their lives.

Technology will shape the zeitgeist of new India as we transition to a Digital-First and Nation-First future. As an early-stage technology Venture Capital Fund, 3one4 Capital is an active participant in framing this future by expanding the edge of bottoms-up innovation in the country. In IDFC FIRST Bank, we have found a banking partner with a similar ethos. Their systems have enabled us to onboard, operate and manage our banking and capital functions across geographies and use-cases online and seamlessly. Through these systems, they have been able to work with and become the preferred banking partner for several Indian startups that are leading this nationwide digital transformation. As a proud customer, their responsiveness, support across all levels and technology made the Work from Home transition for our banking effortless with no business disruption. Their visionary leadership and investment into the future speaks volumes about the entrepreneurial zeal that the Bank champions across all its verticals.

Our partnership with IDFC FIRST Bank has grown from one account to cover portfolio companies and investors. We are happy to partner with IDFC FIRST Bank as India begins its ascension to a USD 5 trillion economy and beyond.

Siddarth Pai and Pranav Pai - Founding Partners, 3one4 Capital, Bengaluru

We're engaged in the business of clinical research and bio-analytical services where there is no room for error. We look for the same quality in all our partners, especially our banker. Our banking partner is IDFC FIRST Bank and it has made our dreams come true.

Umesh Mishra
Panexcell Clinical Labs, formerly Drug Monitoring Research Institute, Navi Mumbai, Maharashtra

I started my wholesale medicine supply business in 2008 from my residence. I had always wanted to diversify into the retail pharmacy business, but it needed capital. With a loan from IDFC FIRST Bank, I now own two retail pharmacies and also sell non-generic branded medicines which customers approach me for. My average monthly turnover has increased and so have my profits. My entrepreneurial journey would not have been complete without the team at IDFC FIRST Bank.

Samiran Mondal
Proprietor, Maa Tara Pharmacy, Howrah

With my extensive travels and wildlife photography expeditions, it's hard to find time to visit a bank branch. I have my savings account as well as a current account with IDFC FIRST Bank. The business loan from the Bank has helped me expand my security business. The Bank's digital offering and personalised attention is amazing. It's a Bank nothing short of a comrade!

Lt. Col. Rahul Deb (Retired)
Army Veteran, Kolkata

We make nalla pattu sarees at our manufacturing unit and supply our silks and cottons to Maheshwari designers. With the Micro Business Loan from IDFC FIRST Bank I was able to scale up to four power looms and increase our daily production from 8 sarees to 12 per day. This has led to increased turnover and my business has flourished.

Baby Sundharrajan,
Power loom owner, Salem, Tamil Nadu

At SM Village Enterprise, we manufacture a range of food products, herbal teas, masalas, lemon grass and a range of dehydrated vegetables. As our business grew, we felt the need for a suitable banking partner who would give us personalised service and customised solutions. We started our relationship with IDFC FIRST Bank with a current account and later also opened savings accounts and FDs. It's been a refreshing journey with the Bank.

Raghav Deosthale
SM Village Enterprise, Maheshwar, Madhya Pradesh

Dairy farm income is critical in hard times for small farmers like us, especially when crop yields are low. With the help of a loan from IDFC FIRST Bank, I have managed to increase the milk produce of our cattle and thereby support the household income.

Sushma Devi
Sullaiya Kishore village, Bankhedi, Madhya Pradesh

I had a small stationary shop but the income wasn't enough to meet medical, education and household expenses. At some point I realised I had to expand my business and I struggled a lot to borrow capital to make it happen. Banks and finance companies were unwilling to give funds as my shop was too small. Then I came across IDFC FIRST Bank and they processed my documents in just 3 working days and I got a loan. It changed my business and life. I expanded my shop space, maintained more stock and average customer footfall increased from 50 to 100 a day. I have also had to install CCTV cameras for surveillance, given the rush. Earlier I had no freezers, but now I have 5. I am now planning to build my own house. I am grateful to IDFC FIRST Bank as it has a key role in my growth.

Geeta Devi with son Dhiraj Shah,
Siliguri, West Bengal

I had a dream to grow my business into a bigger enterprise. Maheshwar is known for its exquisite fabrics. Our spangle handlooms make traditional sarees, dress materials and dupattas. Today, my dreams and my looms are equally powered by a loan from IDFC FIRST Bank as I step closer to success.

Altaf Ansari
Maheshwar, Madhya Pradesh

I used to run a kirana store but always aspired to grow big. There were so many products that consumers came looking for and the shelves of my small kirana store was not adequate to hold them. A loan from IDFC FIRST Bank ensured thjat capital was no longer a limitation. I converted my store into a supermarket. My daily revenues increased four times and I was able to provide for my family better and educate my children. What's more, my customers don't need to look further!

Martha Koteshwar Rao
Uppal, Hyderabad

Corporate Social Responsibility

Enabling Sustainable Social Transformation

We at IDFC FIRST Bank strongly believe in inclusive development to create maximum impact and conceptualise and design programmes that we either implement directly or through non-profit organisations and social enterprises.

The five major areas of focus for FY 2019-20

OVERVIEW

36 Lakh +
Lives impacted till date

24+
Programmes supported till date

Pan-India
Locations

600+
Employees Volunteered

1. Scholarships for Education

IDFC FIRST Bank programmes under the theme of 'Education' provide a) MBA scholarship for economically weaker families b) Education scholarship for youth with Autism c) Scholarship and stipends for mental health studies d) Scholarship support for Liberal Arts Studies.

1.A. MBA Scholarship Programme

Beneficiary Target group:

Students enrolled in B-schools with family income less than ₹ six lakh per annum

Description:

As part of IDFC First Bank MBA Scholarship programme we provide scholarships of ₹ one lakh per annum for two years to full time MBA students who secured admissions in B-schools on their own merit.

Under this programme, we have awarded 522 students with scholarships worth ₹ two lakh rupees per annum till date. Our scholars hail from diverse family backgrounds such as children of retired government employees, those of auto-rickshaw drivers, farmers, single parents, etc.

In order to felicitate 2019-21 batch of scholars, we held the IDFC FIRST Bank MBA Scholarship Conclave in Mumbai. 100 scholars from 23 different states and 150 colleges across the country attended this conclave the got an opportunity to interact with our MD & CEO, V Vaidyanathan, the senior leadership and CSR team of IDFC FIRST Bank.

Impact

522 | Students have been awarded scholarships till date

Scholars with our senior management at the MBA Scholarship Conclave held in Mumbai

Scholars sharing their stories and successes with the senior management

Voice of Impact

"I started selling sim cards at the age of 16 to support my family. I would work part-time and take tuitions on weekends to fund my graduation. My father who is now retired had to sell our property to offset losses incurred in the business. Due to my family's financial condition, I was not eligible for educational loans for my MBA from the market as we did not have any property to mortgage against the loan.

IDFC FIRST Bank MBA scholarship helped me access and complete my higher education. Without this support my dreams of becoming an MBA wouldn't have taken off. I am very grateful to the bank for this financial aid and am a proud ambassador of their scholarship."

Varun Ganatara
TA Pai Management Institute, Manipal, Batch of 2019-21

"I was born in a lower middle-class family. I am the youngest child in my family and my father is the sole bread earner. My father has till now provided for my education by borrowing money from our relatives. Hailing from a small town near Surat, my English communication skills weren't very good and thus I faced a lot of difficulty preparing for my CAT exams. I got above 98 percentile in quants and logical reasoning section but 20 percentile in Verbal. I started reading magazines and newspapers to overcome my difficulty and got admission in SCMRD in Pune.

The scholarship amount given by IDFC FIRST Bank is nearly equal to my father's yearly income. I took a 100% loan for my MBA with the help of this scholarship. The IDFC FIRST Bank Scholarship is a power booster for an aspirant like me to set a high target for achieving the biggest milestone. Thank you IDFC FIRST Bank."

Mitul Kumar Padshala
SCMRD Business School, Batch of 2019-21

1.B. Aspiring Life Scholarship

Beneficiary Target group:

Young adults with Autism

Description:

IDFC FIRST Bank in partnership with Bubbles Centre for Autism has supported special education for the vulnerable group of children with disabilities from both urban and rural communities in Karnataka. Under this partnership we supported three programmes namely, scholarship programme, life-skills programme and a rural capacity building programme.

Our Scholarship Programme supported special education for 13 young adults with Autism who hail from economically disadvantaged families and cannot afford costs of intervention. Families from diverse occupational background like tea sellers, auto drivers, single parents with an annual income of ₹ 1-2 lakh were supported. This programme also provides end-to-end support to young adults and their families and includes periodic home visits by tutors, parent-teacher meetings, speech therapy sessions, occupational therapy sessions and physiotherapy.

Our **Life Skills Programme** supported life-skills training for 16 young adults with autism and included one-night trip to farms where the young adults were taught activities such as - composting, manuring, yoga, scarecrow making, seed ball making, planters to develop life skills amongst them. The long-term impact of this programme is to strengthen social and life-skills of youth with autism, which is often inaccessible and too costly to afford for the families.

We have supported **100 young adults** with scholarships and life skills training till date. The above two programmes cater to students from urban areas in Bangalore.

This year we have also spearheaded the launch of **'Aadhar Programme'** which is our rural outreach and capacity building programme that supports early intervention for 20 children with Autism in Hospet, Karnataka. The need for this came from our observation that rural areas need support from urban specialists in early intervention for children with disabilities. Our support was used to set up an early intervention unit and train the special educators along with providing support to the children.

As part of COVID-19 relief response, we also distributed grocery kits to families of all 20 students enrolled at the early intervention unit.

Impact

100 young adults with scholarships and life skills training till date.

Youth with Autism at the life skills training winter camp held in Bangalore

Voice of Impact

"In the last one year, it's so wonderful to see what we accomplished during our projects - be it Scholarship programme, Life skills programme and rural project in Karnataka (Aadhar). I would like to extend my gratitude to IDFC FIRST Bank for not only the funding for projects, but their support to hire a Programme Manager has made the project implementation a lot more effective. We are privileged to have you all as our funding partner! We look forward to your continued support in future."

Sarbani Mallick
Founder and Managing Trustee, Biswa Gouri Charitable Trust

"Charu had joined Bubbles Centre for Autism in 2019. Her father runs an auto-rickshaw and her mother is a housewife.
The scholarship amount helped her father to take care of her education and run the household simultaneously. They were not in a financial position to afford the intervention earlier. Her parents are very happy with her progress after she joined our programme. She has started communicating with family, which was not the case earlier."

1.C. Young India Fellowship Scholarship

Beneficiary Target group:

Students pursuing their degree in Liberal Arts from Ashoka University

Description:

IDFC FIRST Bank, in partnership with Ashoka University supports need-based scholarships for undergraduate and postgraduate students at Ashoka University, especially for those enrolled in the Young India Fellowship programme. We have supported 24 scholars till date. Access to high quality liberal arts studies, especially in a renowned institute such as Ashoka has been made possible with our scholarships. Many of these students, move onto working in the development sector and solving social challenges in India. Our scholars belong to families of diverse backgrounds such as small business owners, farmers, single parents, social workers etc.

Young India Fellowship Scholars during a lecture

Impact

24 Scholars supported till date

1.D. Scholarship Programme for Mental Health Studies

Beneficiary Target group:

Students from low income groups pursuing Mental Health studies

Description:

IDFC FIRST Bank in partnership with Banyan Academy for Leadership in Mental Health (BALM) supported capacity building of human resources in the field of mental health services. We supported students from low income groups with scholarships and stipends to pursue their masters and diploma programmes at BALM. Most of our students, post their graduation, go onto providing mental health services in rural communities and working with the most vulnerable of groups.

We have supported 175 students till date. Recognizing the negative effects of the COVID-19 pandemic on mental health, we earmarked a part of our funding to be distributed as disability allowance to 150 low-income families with a member with a mental health issue.

Impact

175 Students supported till date

Graduating students take the pledge during the graduation ceremony at BALM

2. Creating Livelihoods

IDFC FIRST Bank programmes under the theme 'Livelihoods' provide a) Seed funding for beauty entrepreneurs from low income areas b) Entrepreneurship training to women from low income communities of urban areas c) Vocational skills training for youth from rural Maharashtra d) Vocational skills training for women with intellectual disability e) Vocational training for youth from slums in Pune f) Digital literacy training for youth from slums in Pune g) Cattle care programme for dairy farmers in rural areas.

2.A. Beauty Entrepreneurship Programme (Interest-free grant, revolving fund)

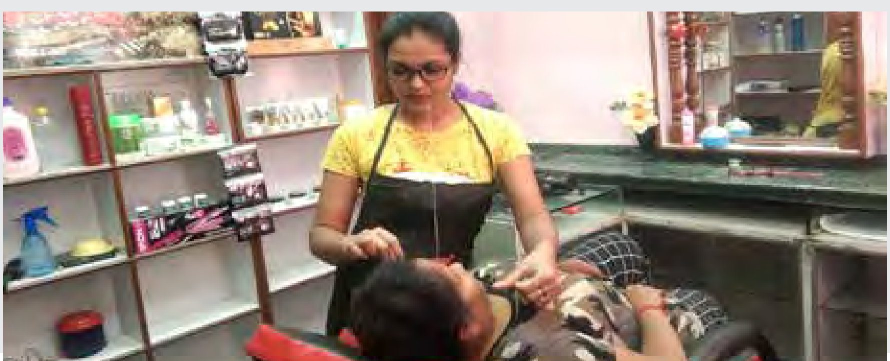
Beneficiary Target group:

Women from low-income communities across India

Description:

IDFC FIRST Bank in partnership with Pratham Institute of Vocational Training provided financial assistance to women from low income communities to undertake entrepreneurship activities in beauty services. The programme started in 2018 and was based on an interest-free grant model that acted like a revolving fund for the entrepreneurs who received the grant. Our support was extended to 41 women in 2018 with a grant amount of ₹ 15 lakh to set up their beauty parlours. The ticket size of grant support ranged from ₹ 2,000 to ₹ 50,000. The amount of ₹ 13 lakh recovered from these 41 entrepreneurs was further used to support 22 new women entrepreneurs in 2019.

We have supported 63 women entrepreneurs across Chhattisgarh, Maharashtra, Madhya Pradesh and Uttar Pradesh till date, who are successfully running beauty parlours in their respective communities.



IDFC FIRST Bank supported woman entrepreneur at her parlour in Mumbai

Impact

63 Women entrepreneurs supported till date

2.B. Women Entrepreneurship Programme

Beneficiary Target group:

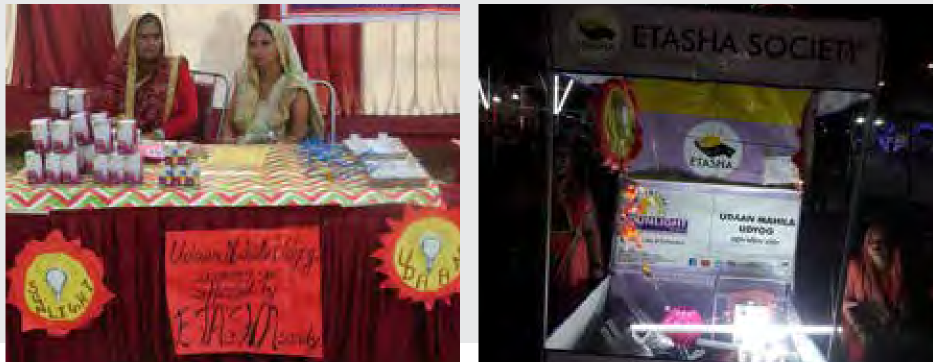
Women from low income communities of Delhi

Description:

IDFC FIRST Bank in partnership with ETASHA Society, supported entrepreneurship development programme for women from slums and low income communities of Delhi. This programme imparted necessary life-skills and entrepreneurship skills to run and manage successful enterprises. All our women beneficiaries were first time entrepreneurs and were supported until they became quality oriented, profitable and self-sustaining businesses owners. We have supported seven women-led micro enterprises till date and trained more than 250 women since the inception of this programme. The average earnings of the currently functional six enterprises is ₹ 8,000 per annum.

Impact

250 | Woman trained and launched seven micro enterprises successfully



IDFC FIRST Bank supported woman enterpreneurs at an exhibition

2.C. Social Action For Manpower Creation (SAMPARC)

Beneficiary Target group:

Orphan children, children of sex workers and rural school dropouts

Description:

IDFC FIRST Bank in partnership with SAMAPRC supported SAMPARC Industrial Training and Vocational Training center to train rural school dropouts, youth and to make them employment ready. We have supported 1907 students till date across four vocational training courses namely electrician, fitter, welder and wireman courses. The students were also trained in computer literacy and spoken English and placed in vocations of their choice with a 100% placement record.

IDFC FIRST Bank supported students during a class at SAMPARC ITI center

Impact

1,907 | ITI students supported till date

Voice of Impact

"I am thankful to IDFC FIRST Bank for supporting SAMPARC to run such an effective project for skill development of students like me who are from poor rural families and are unable to pay huge fees. The efforts of SAMPARC along with IDFC FIRST Bank to run ITI courses at nominal fees is worthy of appreciation. After this two-year training, soon I will be able to take up a job and support my family"

Akash Vijay Dabhade
ITI Wireman student 2017-19 batch

2.D. Om Creations Trust

Beneficiary Target group:

Women with Intellectual disabilities

Description:

IDFC FIRST Bank in partnership with Om Creations Trust, provided stipends for women with multiple intellectual disabilities to honour their commitment towards making quality art and food products that were sold by the trust and the proceeds of which were used for supporting intervention to these women. We have supported stipends for 187 women till date. This year we also organised two employee volunteering drive to help the women beneficiaries complete their Diwali orders on time. 75 employees from IDFC FIRST Bank worked hand in hand with our current batch of 52 women beneficiaries at Om Creations Trust to paint 900 diyas and wrap 1,000 chocolates.

As part of our commitment to Om Creations Trust, we also supported salaries of staff and special educators at Om Abode in Karjat for the residential care programme.

Impact

187 Women with intellectual disability supported till date

Women beneficiaries showcasing handmade craft products at Om Creations Trust in Mumbai

Women beneficiaries during an exhibition at Om Creations Trust, Mumbai

Voice of Impact

Our journey with IDFC FIRST Bank has been a beautiful one. I appreciate the patience and perseverance of the CSR team members who have spent endless hours understanding the problems and challenges of the 'marginalised out of the marginalised' women with mental retardation. The CSR team's insight in engaging the bank employees in our project through 'employee engagement programme' has benefitted both, it has instilled compassion in your employees and it has given us a platform to showcase our work to the society at large. I would like to thank the Bank's support towards Om Creations Trust.

Dr. Radhike Khanna

Managing Trustee, Om Creations Trust

2.E. Lighthouse

Beneficiary Target group:

Youth from slum communities of Pune

Description:

IDFC FIRST Bank in partnership with Pune City Connect, implemented the 'Sustainable Livelihood Programme' that is run through physical centers called 'Lighthouses'. The real estate and capital expenditure for these Lighthouses was provided by Pune Municipal Corporation and the Bank contributed for operational expenses to run the Lighthouse. This programme involved skilling underprivileged youth from slum community of Aundh in vocational courses of their choice and providing placement support.

IDFC FIRST Bank has supported 1400 youth under this programme till date.


Women trainees during skilling workshop at Lighthouse programme in Pune

Impact

1,400 Students trained till date

2.F. Digital Empowerment

Beneficiary Target group:

Adults and youth from slum areas of Pune

Description:

IDFC FIRST Bank in partnership with Pune City Connect, provided digital literacy training to youth and adults from five low-income communities of Pune city. The course curriculum included digital skills training required for day-to-day functions of life like accessing net banking, applying for jobs, transacting online, exchanging mails, using various government apps, etc.

IDFC FIRST Bank has supported 1,065 youth till date across five centers in Pune with an average of 600 enrolled per center.

Impact

1,065 Students trained till date


Trainee at digital literacy center during a class

2.G. Shwetdhara Programme

Beneficiary Target group:

Small and marginal dairy farmers

Description:

IDFC FIRST Bank in partnership with Vrutti and End Poverty designed and implemented a unique cattle care programme in rural areas of Madhya Pradesh and Rajasthan to improve milk productivity of milch animals thereby increasing income of small and marginal dairy farmers. This programme equipped farmers with the best practices in dairy farming and increased awareness about ethical dissemination of services to avoid them being duped or wronged by malpractices that existed.

More than 11,000 rural households have been reached via this programme through services like artificial insemination, cattle treatment, feed and fodder services, medicines supply for the cattle. Aligned with IDFC FIRST Bank catchment areas, this programme was run at the grass root level by a cadre of women leaders in the community called 'Gram Sakhis' who enabled last mile service delivery. We have reached 30,300 beneficiaries and trained 224 Gram Sakhis that cover 192 villages across the two states.

Impact

11,000+ Rural households reached

Gram Sakhi training in progress


Shwetdhara group training

Voice of Impact

I own three animals. Using Shwetdhara cattle feed, milk productivity of our cattle has increased by 1.5 liters per animal and fat has increased by 1.25%. The health of my animals has improved and one female calf was born with the help of Artificial Insemination provided under the Shwetdhara programme. This has helped me increase my income during lean agricultural season when there is no income. The trainings administered by Shwetdhara tutors prevents us from getting duped by local veterinarian doctors who charge us five times more and do not produce any result.

Soni Devi
Kheerwa Village, Shwetdhara Member

3. Women Empowerment

IDFC FIRST Bank programmes under the theme of 'Women Empowerment' provide a) Advanced tailoring training to women from low income communities b) Mentorship support to social enterprise serving children with visual impairment.

3.A. Saksham

Beneficiary Target group:

Women from urban slums of Mumbai.

Description:

IDFC FIRST Bank in partnership with Animedh Charitable Trust (ACT), supported three-month tailoring programme called 'Saksham' for women from low-income communities in Mumbai. This programme gave women trainees, the freedom to work from home or in a garment factory and earn a living for themselves and their families. With our intervention they were able to earn up to ₹ 10,000 per month and take care of their families. We support three tailoring centers across Mumbai and have trained 939 women till date.


Trainee during tailoring class at Saksham

Impact

939 Women trained till date

Voice of Impact

"Animedh Charitable Trust started Project Saksham in October 2016 under the CSR initiative of IDFC FIRST Bank. With the support of IDFC FIRST Bank's CSR, ACT extended the project over three years to three slum communities (Jogeshwari W, Andheri E and Vashi Village) and the impact is visible in terms of the transformation in the lives of the women and their financial success & personality development. We are happy to see the women taking control of their lives and fulfilling their dreams. This has been achieved due to the close collaboration and unstinted support by our CSR partner - IDFC FIRST Bank and we remain deeply grateful to them.

Nivedita Desai
Managing Trustee, Animedh Charitable Trust"

3.B. Social Entrepreneurship Programme

Beneficiary Target group:

Children with visual impairment and multiple disabilities

Description:

In partnership with Social Alpha, a technology business incubator, we supported social enterprise called 'Tactopus Learning Solution Private Limited' that developed tactile kits and interaction tools for students with visual impairment.

Our support has been used to develop proprietary interaction content that would be worth five years of curriculum and will be deployed in at least 180 blind schools, while making 3,900 Schools inclusive. Currently, they have over 15 varying learning aids, with its users spread across 32 schools and resource centers, and general users over eight states in India and five countries across the globe. They have also moved from sole English instruction to five Indian regional language options and are working on more for the upcoming academic year.

IDFC FIRST Bank CSR team also provided high-touch mentorship support to the leadership team of Tactopus to guide their go-to market strategy, brand-building and developed their theory of change along with connecting them to specialists in the area of disability.

Student with visual impairment learning numbers using a Tactopus product

Impact

3,900 | Schools reached till date

4. Health

IDFC FIRST Bank programme under the theme 'Health' provides waste collection, segregation and management support along with art based interventions for residents of Worli Koliwada community in Mumbai.

Swachh Worli Koliwada

Beneficiary Target group:

Worli Koliwada community residents

Description:

IDFC FIRST Bank, in partnership with G5A Foundation for Contemporary Culture and Municipal Corporation of Greater Mumbai, has worked towards making entire Worli Koliwada Community a Zero Waste Neighborhood. We have worked with various partners to develop a process model for building a responsible community and self-sustained zones that are well equipped to manage the solid waste. The on-ground operations were officially launched on January 18, 2020 with a Clean-up Drive that was organised for all stakeholders of this programme.

To bring about behavioral change with regard to waste segregation and management practices, the entire 65 acres of Worli Koliwada was mapped into eight zones and 20 waste bin kiosks were set up at key points to collect dry and wet waste. Our aim was to intercept resident members before they dumped the waste into the sea. Over 40 workers of Stree Mukti Sangathana have been training the community on the importance of waste segregation. We have collected 441 tonnes of waste till date and taken 25 awareness sessions on waste segregation to reach out to 1,500 members of the community.

Apart from waste collection and segregation, we also supported arts based initiatives under the ARTshala programme that included workshops on organic farming, applied theatre, music and percussion, hip-hop and rap, all of which had a central theme of waste recycling and sustainability. IDFC FIRST Bank also provided strategic advisory and marketing support to tell the stories of change and influence more stakeholders to adopt this approach.

Impact

2,000+ Households reached

Local Youth during during Worli Koliwada cleanliness drive

Sanitation workers collecting waste in segregated bins at Worli Koliwada

Voice of Impact

"Swachh Worli Koliwada is an inclusive and ground-up, neighborhood revitalisation pilot project conceptualised by G5A Foundation for Contemporary Culture. This is a unique initiative, which is truly collaborative and brings together community, government, private enterprise, professional architects and social workers.

IDFC FIRST Bank's commitment and support for a project that is multi-dimensional, visionary and courageous is very inspirational. We have embarked on a special journey with IDFC FIRST Bank, and we hope together, to empower the community to envision and build a better life, community and neighborhood."

Anuradha Parikh

Founder & Artistic Director, G5A Foundation for Contemporary Culture

COVID CSR programmes to be continued on page no. 257

AWARDS

"Most Promising New Bank in India 2019" by Capital Finance International (CFI)

The judges for CFI Awards believed that the merged entity is financially and strategically stronger with a renewed focus on retail, serving a wide plethora of customer segments including the salaried, self-employed, small businesses,micro-enterprises and rural, with a specific focus on the underserved and first-time borrowers. The Bank's service is characterised by digitisation, personalisation and customer-centricity. Such a service offering, combined with a technology-enabled product range, bodes well for the Bank's growth in a highly competitive market. platform, democratised wealth management, and multi-channel 24/7 access. It serves over 7.3 million customers across the country through branches, ATMs, rural business correspondent centres, a user-friendly mobile app, and a state-of-the-art net banking platform. The CFI.co judging panel is well acquainted with the merits of Capital First, having recognised the bank in its leadership in previous award programmes. The judges declared IDFC FIRST Bank as the winner of the 2019 award for the **Most Promising New Bank (India).**

CNBC Awaaz "Entrepreneur of the Year" Award, 2019

"How many of us would dare to think of seeking a license for setting up a bank while working in a bank, but this person thought like that. He was a Board Member but he wanted to set up a bank with his own stake, with this Mr. V Vaidyanathan left ICICI bank, then he acquired a stake in a loss making NBFC, he took a personal loan to buy his stake, he not only lent loans to small businesses, but made so much profit that the prices of the company's share rose from ₹ 100 to ₹ 900.

And after lending loans to small businesses and making so much profit, and when that company was also doing so well, then to get a bank license he entered into a merger with erstwhile IDFC Bank. I think this is the biggest entrepreneurial venture of 2019 and thus MD & CEO of IDFC FIRST Bank, Mr. V Vaidyanathan is our "Entrepreneur of the Year". Congratulations, for such a daring venture. He deserves a standing ovation from all of us."

- CNBC Awaaz on the award

"Prestigious Brands of India 2020" by Herald Global and BARC Asia

Prestigious Brands of India 2020 is a recognition that entails one of the most recognised listing of brands substantiating their noteworthy aspirations to create the future through the state-of-the-art products and services. It is an acknowledgement of the brand's value, strength and character involving some of the most extolled, innovative and steadfast brands in the Indian market.

The Award was conferred on IDFC FIRST Bank during Goal Fest Conclave 2020 conducted by Herald Global and BARC Asia in March 2020 at Hotel Sahara Star, Mumbai.

Board of Directors

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

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

MR. V VAIDYANATHAN - *Managing Director and CEO*

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

MR. ANAND SINHA - *Independent Director*

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

MR. AASHISH KAMAT - *Independent Director*

Mr. Aashish Kamat has over 32 years of experience in the corporate world, with 26 years being in banking & financial services and 6 years in public accounting. Mr. Kamat, in March 20, joined L Catterton, a global Private equity fund as a senior partner. From 2012 until his retirement in January 2018, Mr. Kamat was the Country Head for UBS India. Prior to that he was the Regional COO/CFO for Asia Pacific at JP Morgan based out of Hong Kong. Before moving to Hong Kong, Mr. Kamat was in New York, where he was the Global Controller for the Investment Bank (IB) at JP Morgan in New York and at Bank of America as the Global CFO for the IB and Consumer & Mortgage Products. Mr. Kamat started his career with Coopers & Lybrand, a public accounting firm, in 1988 before he joined JP Morgan in 1994.

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

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

MR. HEMANG RAJA - *Independent Director*

Mr. Hemang Raja, is an MBA from Abeline Christian University, Texas, with a major emphasis on finance. He has also done an Advanced Management Programme (AMP) from Oxford University, UK. He has a vast experience of over thirty seven years in financial services industry. His last assignment from the year 2006 onwards was in the area of Private Equity and Fund Management business with Credit Suisse and Asia Growth Capital Advisers in India as MD and Head - India. He has served on the executive committee of the board of the National Stock Exchange of India Limited; also served as a member of the Corporate Governance Committee of the BSE Limited.

MR. PRAVIR VOHRA - *Independent Director*

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

MR. SANJEEB CHAUDHURI - *Independent Director*

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

DR. SANJAY KUMAR - *Non-Executive Non-Independent Director (Representing Government of India)*

Dr. Sanjay Kumar belongs to 2003 batch of Indian Post & Telecom accounts and Finance Service. Dr. Kumar has joined Department of Financial Service as Director on September 21, 2017 Prior to joining this Department, He worked in Department of Telecommunication (DoT) and Department of Post (DoP). In DoT, He dealt with the works related to Spectrum Usage Charges, License Finance and Universal Service Obligation Fund in various capacities. In DoP, as Internal Finance Advisor and Director Accounts, dealt with the works related to Finance advice, Accounts, Budget and Internal audit.

Dr. Kumar has been on the Board of Syndicate Bank, as a Government Nominee Director, from April 05, 2018 till March 31, 2020. He was also member of disciplinary committee constituted by the Council of the Institute of Actuaries of India.

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

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

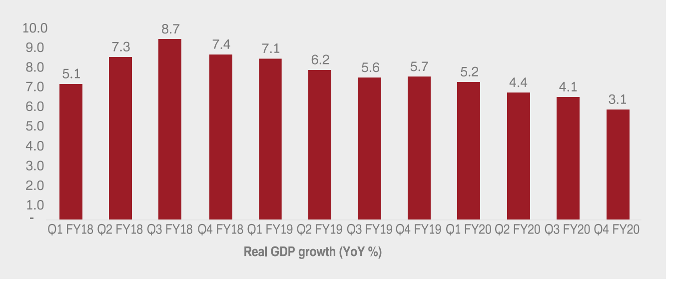
MR. VISHAL MAHADEVIA - *Non-Executive Non-Independent Director*

Mr. Vishal Mahadevia is a Managing Director, Head of India, and part of the Executive Management of Warburg Pincus. Prior to joining Warburg Pincus in 2006, he was a Principal at Greenbriar Equity Group, a fund focussed on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, a New York-based PE fund, & as a consultant with McKinsey & Company. He received a B.S. in economics with a concentration in finance & B.S. in electrical engineering from the University of Pennsylvania.

Management Discussion and Analysis

Macro-economic environment

The financial year that passed would remain etched in the memory as one of the most challenging in near-time history for global economic prospects. Escalation of trade tensions between the US and China, growing probability of disorderly Brexit, volatility in global oil prices and financial markets dominated the landscape in most part of calendar year 2019. Global trade contracted as a result and this had its knock-on effect on investments and manufacturing production and led to Central Banks across the world easing monetary policy as a counter-cyclical measure. Even as the above uncertainties eased, the world was gripped by the COVID-19 pandemic that led governments the world over to announce lockdowns so as to protect their population from the disease, leading to economic disruptions – both on the supply as also the demand sides.



Domestic growth on a slow lane

Domestically, the economic slowdown started in FY19 when Q1 FY19 growth registered at 7.1%, down from 7.4% in Q4 FY18. The fall in economic growth continued through FY19 and even manifested itself in FY20. In Q4 FY19 the GDP growth registered at 5.7%, and was more or less steady at 5.6% in Q1 FY20 but fell to 5.1% in Q2 FY20. Growth was expected to recover in H2 FY20 on the back of favourable base effect, transmission of past monetary policy actions and reform measures announced by the government. The government facilitated faster resolution of stressed assets, released recapitalisation funds for the PSU banks, enacted changes to FDI and ECB regulations and also brought in certain initiatives for the export and the real estate sector. A landmark reform from the government was to reduce the corporate income tax rates, that are now comparable to ASEAN economies and was expected to bring in more investment into the country.

Contrary to expectations, high frequency indicators of both urban and rural demand continued to show weakness in H2 FY20. Trends in passenger vehicle sales, two-wheeler sales, production of consumer durables, capital goods production and infrastructure and construction goods, etc., all remained muted. GDP for Q3 FY20 was even lower at 4.7%, with the manufacturing sector showing a contraction in Q2 FY20 and Q3 FY20. Importantly, India entered a lockdown in the last week of March, 2020 and the data released for March indicated a very sharp contraction of 16.7% in industrial production, while manufacturing contracted by 20.6%. PMI industries have subsequently fallen to a contraction zone in April at 27.4.

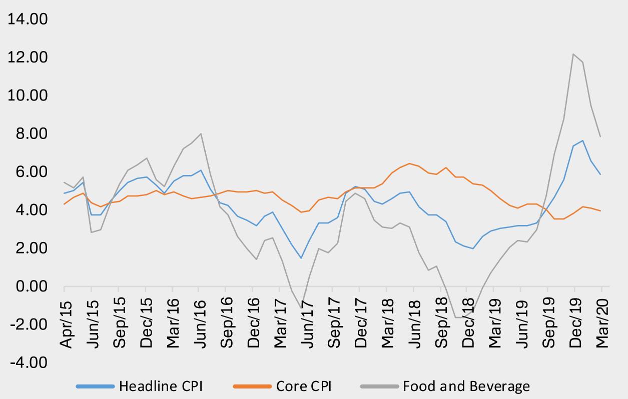
On the side of aggregate demand, private consumption expenditure, one of the biggest stay for domestic demand faltered in FY20, with growth in the first three quarters at 5.5% compared to 7.2% average for the full year FY19. The Government's final consumption expenditure cushioned the fall in the GDP with an average growth of 11.3% in first three quarters of FY20, compared to 10.2% average in whole of FY19. With growth being on the slow lane and capacity utilisation falling, and deleveraging exercise by the corporates in a risk-averse atmosphere led to a slump in investments. Gross fixed capital formation was at -1.7% average growth in first three quarters of FY20, compared to a 10% rise in FY19. Exports were weak but imports were even more weak that prevented the external sector from being a drag on the economy.

The slowdown in investment activity reflected itself in a decline in the financial flows from the banks and non-banks to the commercial sector. Overall Bank's credit growth was at 6.1% by the end of FY20 compared to a growth of 13% as at end-March FY19. The Credit to industries is reported to have grown at just 0.7% in March 2020, compared to 6.9% in March 2019. Credit to large industries tended to suffer the worst. Bank credit to the services sector had grown by 17.8% in March 2019 but reported a growth of 7.4% in March 2020. Within the services sector, credit flows from the banking sector to the non-banking sector was at 40.5% in May 2019, but the growth dipped to 25.9% in March 2020. Personal loan growth also fell but the extent of erosion was small from 16.4% in March 2019 to 15% in March 2020.

Inflation spiked on food price increases

Headline CPI inflation witnessed a slightly upward tilt in H1 FY19 but still remained contained within the 4% levels. While core inflation managed a gradual fall in H1 FY20, food inflation tended to rise, especially due to a rise in the price of vegetables and pulses. The price increase for vegetables worsened in H2 FY20 on account of unseasonal rains spoiling the later part of Kharif harvest. Within vegetables, the price of onion was main reason that pushed vegetable prices to rise by a YoY level of 60% in December 2019. The unseasonal rains also led to a delay in the seasonal winter moderation in the price of some other vegetables and also led to an increase in the prices of cereals. Cereal

Throughout the last five years in India, Core Inflation has remained broadly steady and reduced in the last financial year



Other elements within the food basket that saw an increase in the inflation level - mostly in the second half of the year were eggs (10.5% in January 2020 from 0.6% in July 2019) and milk (6% as of March 2020 from 1.8% in September 2019).

Fuel prices moved lower in H1 FY20 and even saw a five-month deflation period between July-November 2019. However, it increased sharply thereafter to touch 6.6% in March 2020 from -2.2% in September 2019. Announcements of higher mobile tariffs, higher gold prices and also higher prices for service for laundry, beauticians, bus fares, etc. lent some upward bias to core inflation, especially in the last quarter of FY20, after having come down consistently through the remaining part of the year.

Impact of all the above was Headline CPI inflation breaching the upper tolerance level of 6% in December 2019 and recorded the highest level of 7.6% in January 2020 before moderating to 5.8% in March 2020. On an average basis, Headline CPI inflation was at 4.8% in FY20 (3.4% in FY19) with food inflation averaging at 6.1% (0.7% in FY19) and core CPI inflation averaging at 4% (5.8% in FY19).

Monetary policy in an atmosphere of higher inflation and lower growth

To spur private investments, RBI cut the policy rate by 25 bps to 6% in the April meeting, but with a neutral stance. With signs of a widening of the negative output gap, the MPC again reduced the repo rate by 25 bp in its June 2019 meeting but now changed the stance of monetary policy from neutral to accommodative. This was followed up by an unconventional dose of reduction by 35 bps in the policy repo rate in August, 2019 (as the MPC members thought that a standard 25 bps cut might prove to be inadequate in view of the weakening growth outlook while a 50 bps reduction might be excessive).

H2 FY20 started off with a 25 bps reduction in October, 2019 with the repo rate going down to 5.15%. Further, the RBI committed itself to an accommodative stance as long as necessary to revive growth. The spiking up of inflation led to the MPC to hold back on any changes in the policy rate in December 2019 and February 2020, despite a weakening domestic demand conditions. The critical struggle for the RBI for most of its rate cutting cycle was to try and ensure transmission of its policy rate cuts to the real sector of the economy. In an effort to push transmission, the RBI introduced linking of fresh retail loans and loans to MSMEs to an external benchmark, starting October 1, 2019.

The COVID-19 outbreak and the lockdown led to the RBI to advance its MPC meeting of April to March, where it announced a cut of 75 bps to the policy rate, bringing it down to 4.4%. The gap between the repo rate and the reverse repo rate was widened to 40 bps from the traditional 25 bps, so as to incentivise banks to lend, rather than passively return the surplus liquidity back to the RBI. The RBI also took a slew of measures to ensure that the liquidity does not dry up and introduced Targeted Long Term Repo Operations whereby the funds would be earmarked for investments in corporate bonds, commercial papers and non-convertible debentures, the rates of which had risen due to liquidity. The RBI also cut CRR by 100 bps to 3%. Further, in light of the COVID-19 related disruptions, the RBI announced a three-month moratorium of payments of instalments on term loans, three-month deferment of interest payments on working capital loans. Further, in May 2020, this moratorium was extended for three more months till end of August 2020 by the RBI. Importantly, the RBI said that these regulatory forbearances will not qualify as a default, effectively ring-fencing asset quality of banks and thus prevent any adverse swing in the NPA cycle during a phase when the lockdown is likely to lead to large cash-flow mismatches for all economic agents.

External sector

External sector dynamics remained comforting for India. Average CAD/ GDP in FY19 was at 2.2%, in Q1 FY20 it was 2% that came down to 0.9% in Q2 FY20 and dipped further to 0.2% as of Q3 FY20 for which data is available at this point. The sequential reduction in CAD was possible due to lower trade deficit. True, The fall in the global trade (28.7%) did affect India's exports that contracted by 35% in March 2020 (average contraction in FY20 by 4.3%). On the other hand, in March 2020 imports contracted by 28.7% (average contraction in FY20 at 7.5%). The sharp contraction in imports were due to a fall in the global oil prices as also due to lower capital goods imports on account of domestic slowdown in investment demand and hence a fall in capital goods imports.

Capital flows, on the other hand remained comfortable over the first three quarters of the financial year and cumulated to US $ 63 bn. FDI flows remained healthy at US $ 32 bn in the first three quarters while FPI flows in the same period were at US $ 15.1 bn. The spread of the pandemic and the global risk aversion in the last quarter of FY20, led to significant portfolio (debt+equity) outflows. In February and March 2020 alone, the outflows were to the extent of US $ 15 bn and for the full year FY20 the outflows on this account was at US $ 5 bn.

Management Discussion and Analysis Contd...

Despite the comfort from the current account side, INR witnessed sporadic depreciation pressures during the year against the USD on account of global risk aversions on account of US-China trade wars, a sudden spurt in the global oil prices around September and October 2019 and now due to the global spread of the pandemic. However, given the capital inflows and the improving CAD in the first three quarters of the FY20, the RBI was able to build up foreign exchange reserves. FX reserves peaked at US $ 487 bn on March 6, 2020 before ending the year at US $ 475 bn, a net gain over last March by US $ 64 bn. On the other hand, foreign currency assets peaked at US $ 451 bn on March 6, 2020 and ended the year at US $ 440 bn, a net gain over last March by US $ 56 bn.

Outlook

The world economy is facing an unprecedented uncertain environment due to the health emergency outbreak of the COVID-19 pandemic. No forecasting of economic growth appears safe as it would significantly hinge on the spread of the virus, that in turn will determine how long respective governments will have to keep restrictions on economic activity in place. Having said, IMF does predict the world to be in a recession zone in 2020. Governments and Central Banks world over have taken up "what ever it takes" strategy to fight the pandemic. US has provided a fiscal push of around 12% of its GDP, US Fed slashed its policy rate by 150 bp very quickly and has initiated other unconventional measures such as corporate bond purchases and an unlimited Quantitative Easing. The ECB has also announced a New Pandemic Emergency Purchase Programme for EUR 750 bn.

India implemented first phase of lockdown for 21 days on March 24, 2020 and this is expected to have affected both the supply and the demand sides of the economy. The lockdown passed through four phases and in each phase there was an attempt to ease out restrictions on economic activity and now the economy is in the process of unlocking. The Finance Ministry announced a package for ₹ 1.7 trn on March 24, 2020 aimed at easing the burden for migrant and casual labourers. Subsequently, both the Central Government and the RBI together announced measures of ₹ 20 trn – aimed at both the supply side as also the demand side of the economy, including long-term reforms measures.

The RBI on its part has sought to ease liquidity for the system and has attempted to provide incentives to boost credit – especially for the NBFC/ HFC/ MFI segments. The RBI has also cut its repo rate by a cumulative 115 bps to provide a boost to the economy. As we go to print, some indictors have started to flash green signals – unemployment rate has reduced, auto sales have started recovering, food inflation remains contained and external sector remains extremely comfortable.

Financial Summary

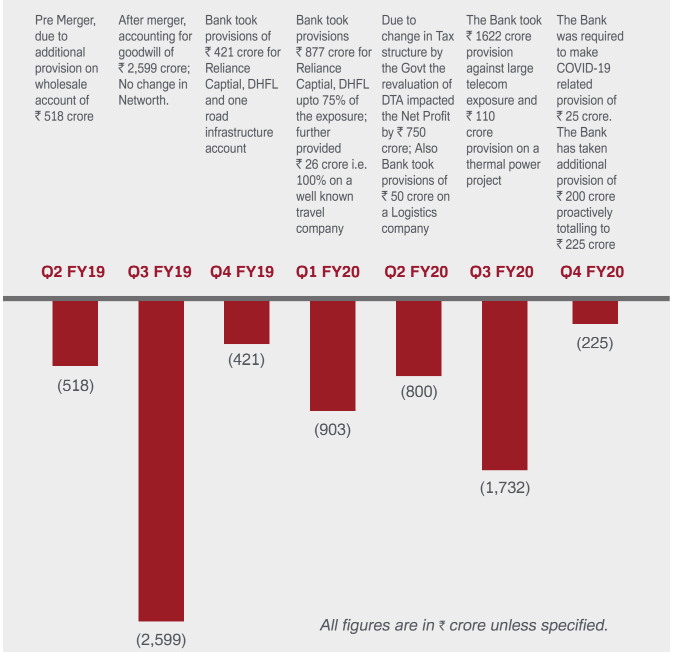
FY20 has been a challenging yet a transformational year for IDFC FIRST Bank. Over the past six quarters, including the first three quarters in the last financial year FY20, the Bank reported losses due to credit provisioning on account of certain legacy wholesale and infrastructure loans as well as due to revaluation of Deferred Tax Assets (DTA) because of change in the corporate tax rate. .

Sudhanshu Jain
Chief Financial Officer
& Head Corporate Centre

"We aim to deliver sustainable growth and enhanced returns for our shareholders within the guardrails of sound risk management and high corporate governance standards."

Such impacts over the quarters are depicted below:

Additional Provisions and Tax Line impacts on P&L of the Bank which were unanticipated and one-time in nature

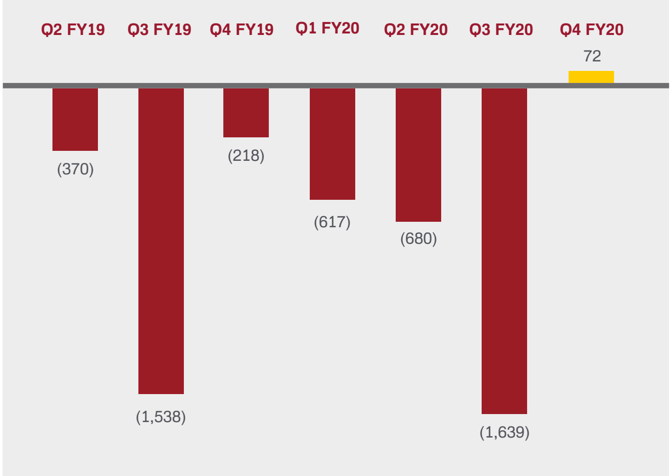


All figures are in ₹ crore unless specified.

This has resulted in net losses for the Bank as the Bank's core Pre-provisioning Operating Profit was not high enough to absorb such level of negative impacts on the P&L.

Trend of Profitability for the Bank

PROFIT AFTER TAX (PAT)



All figures are in ₹ crore unless specified.

Such losses have impacted the Net worth of the Bank, which has reduced by ₹ 3,136 crore (17%) from ₹ 18,376 crore as of December 31, 2018 to ₹ 15,240 crore as of December 31, 2019. As a result, the Book Value per Share (BVPS) of the Bank has reduced from ₹ 38.43 as of December 31, 2018 to ₹ 31.82 as of December 31, 2019.

While this was playing out, the Bank has built a strong foundation which includes:

- Sharp rise in the CASA Balance and Retail Deposits
- Sharp rise in the CASA Ratio
- Developed strong offerings and Intellectual Property for Retail Deposits.
- Increased the presence through expansion of Branch Network
- Strong growth in the Retail Loan Book
- Building Capabilities and Intellectual Property through Analytics and Digital Intervention for Retail Asset Growth
- Rebalancing the Composition of the Book with reduction of Corporate and Infrastructure Loans
- Improvement in the Net Interest Margin and Core Profitability (Pre-provisioning Operating Profit)

The Bank posted a profit of ₹ 72 crore for the last quarter of the last financial year, Q4 FY20, despite the trouble in the Indian Banking sector, the COVID-19 pandemic outbreak related lockdown and additional provisional for the COVID-19 impact following the guidelines by the RBI. This has marginally improved the Net Worth and BVPS for the Bank.

We are proud to report that while we were reporting such financial results our customer deposits consistently grew every quarter and our transparent communications helped in increasing our customers' confidence. Thus the liability, especially deposit franchisee significantly got strengthened during the year and the core retail deposits grew by ₹ 20,710 crore, a growth of 157%.

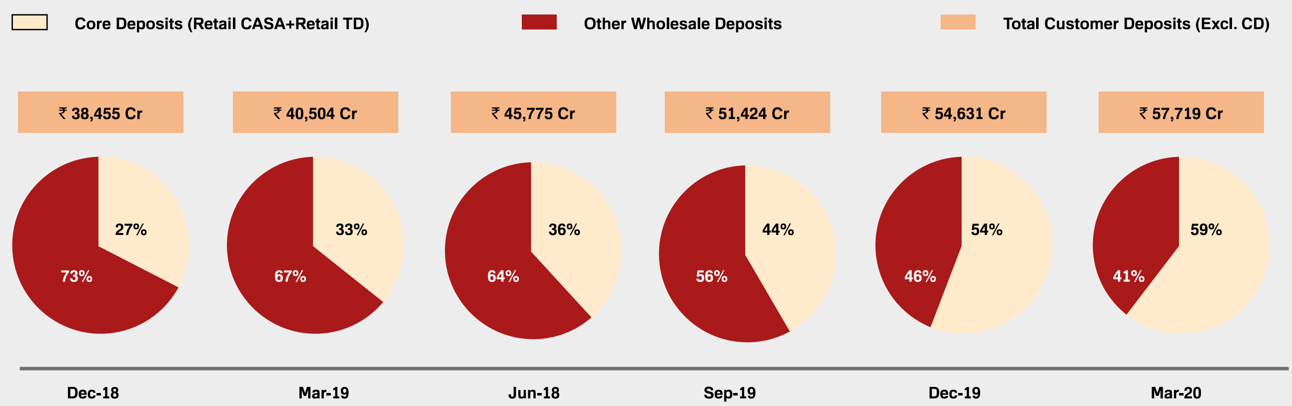
The fundamental building block of the transformation journey of the Bank has been the retailisation of the assets and liabilities. As stated in its long term strategic goal after the merger in December 2018.

1. The Bank steadily diversified its funded assets in favour of the Retail Loan Assets.

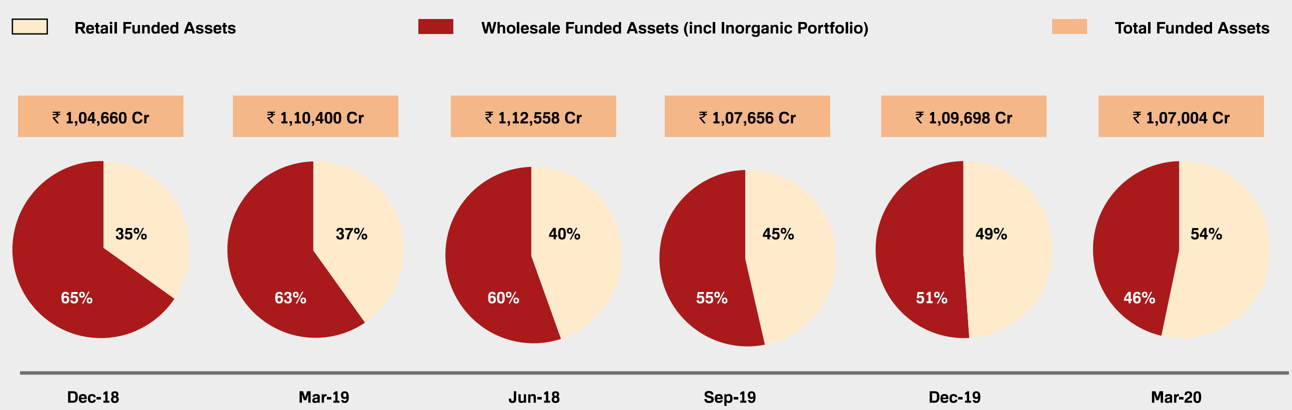
2. The Bank made significant progress in retailising its deposit base in favour of the retail deposits including Retail CASA and Retail Term Deposits as they are much stickier, granular and sustainable in nature.

Such transformation of both loan assets and deposits are evident through the performance in the last five quarters.

The Bank, as a strategy, continuously increased the proportion of retail deposits to the overall deposits



The Bank, as a strategy, continuously increased the proportion of retail assets to the overall funded assets



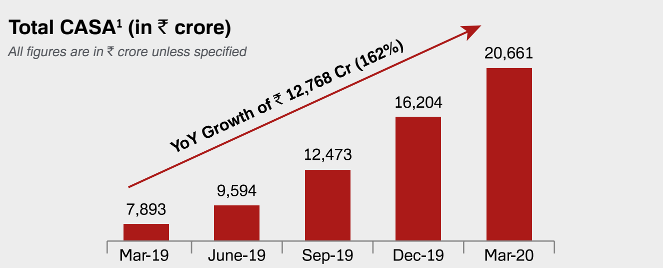
Liabilities – Driven by the Strong Retail Deposits Growth

CASA Deposits

The CASA franchise of the Bank has grown strongly. The CASA Deposits[1] of the Bank has grown by 162% from ₹ 7,893 crore as of March 31, 2019 to ₹ 20,661 crore as of March 31, 2020. The CASA to Total Deposits ratio of the Bank has improved to 31.87% as on March 31, 2020 as compared to 11.40% as on March 31, 2019.

Total CASA[1] (in ₹ crore)

All figures are in ₹ crore unless specified



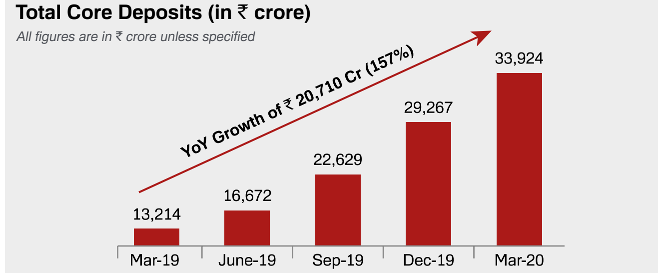
1: Excluding CASA deposits from one large government banking account which keeps temporary balance with us.

Core Deposits

The Core Deposits (Retail CASA and Retail Term Deposits) of the Bank increased by 157% from ₹ 13,214 crore as on March 31, 2019 to ₹ 33,924 crore as on March 31, 2020. The Core Deposits now contribute about 27.76% to the total deposits and borrowings of the Bank.

Total Core Deposits (in ₹ crore)

All figures are in ₹ crore unless specified

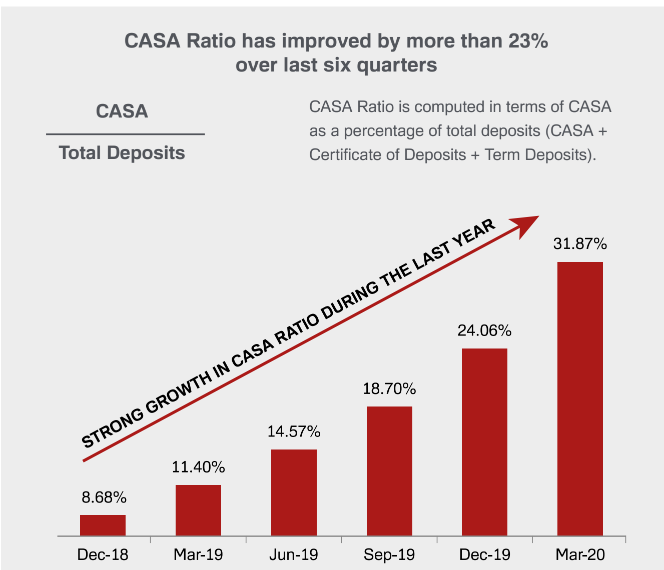


Total Customer Deposits

Total Customer Deposits (CASA, Retail Term Deposits and Wholesale Term Deposits) have increased by 43% from ₹ 40,504 crore as of March 31, 2019 to ₹ 57,719 crore as of March 31, 2020. The Bank is primarily focused on growing the Retail CASA and Retail Term Deposits which has reduced the dependency on Wholesale Term Deposits.

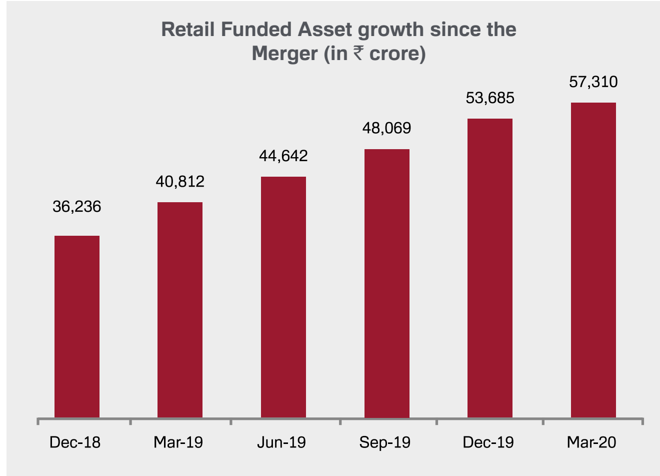
Gradual improvement in the CASA ratio

During FY20, CASA Ratio of the Bank has consistently improved every quarter and within a year it has grown from 11.40% as on March 31, 2019 to 31.87% as on March 31, 2020, thus surpassing the management guidance of achieving CASA Ratio of 30% in five years.

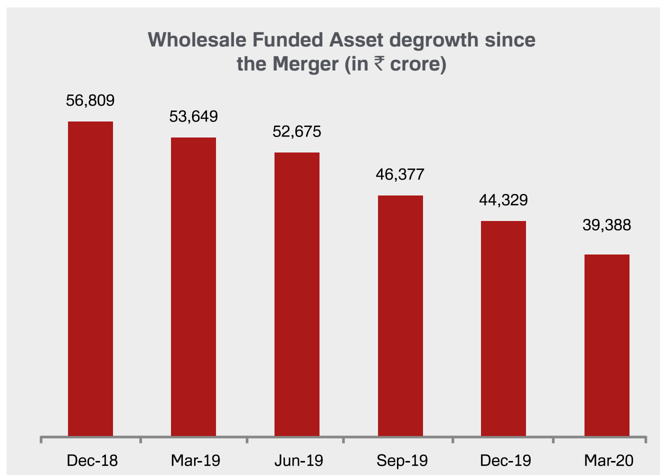


Funded Assets

Total Funded Loan Assets, including advance, credit investments and PSL buyouts (as per internal classification) gross of Inter-Bank Participation Certificates (IBPC), stood at ₹ 1,07,004 crore as on March 31, 2020, compared to ₹ 1,10,400 crore for as on March 31, 2019. Out of the total book, the Retail Loan Book increased by 40% to ₹ 57,310 crore as on March 31, 2020, compared to ₹ 40,812 crore as on March 31, 2019.

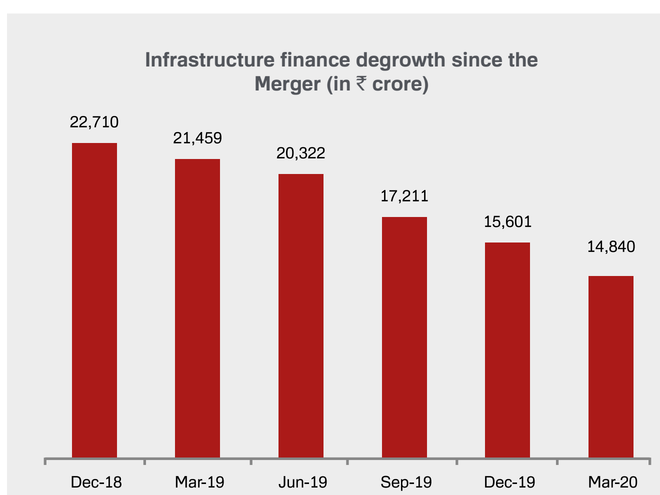


As per the stated strategy to reduce the concentrated exposure, the Bank reduced its Wholesale Funded Assets by 27% from ₹ 53,649 crore as on March 31, 2019, to ₹ 39,388 crore as on March 31, 2020, in line with the guidance given at the time of merger.



Reduced exposure to the troubled sectors

Within the Wholesale Funded Assets, the Infrastructure Financing portfolio decreased by 31% from ₹ 21,459 crore as on March 31, 2019 to ₹ 14,840 crore as on March 31, 2020.

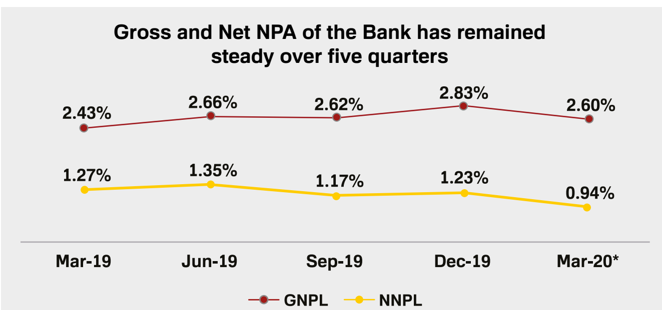


Management Discussion and Analysis Contd...

Asset Quality

During FY20, the Bank continued to maintain high asset quality for its loan book. Gross NPA reduced sequentially from 2.83% as of December 31, 2019, to 2.60% as of March 31, 2020. The Gross NPA ratio without considering the impact of moratorium would have been 2.88% as of March 31, 2020. Gross NPA as of March 31, 2019 was 2.43%.

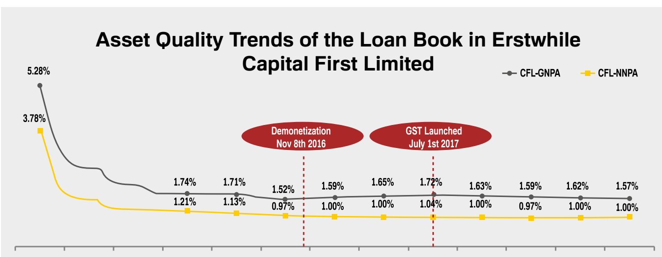
The Bank's Net NPA reduced sequentially from 1.23% as of December 31, 2019, to 0.94% as of March 31, 2020. The Net NPA ratio without considering the impact of moratorium would have been 1.14% as of March 31, 2020, which would have been still lesser than Net NPA of 1.23% as of December 31, 2019. Net NPA as of March 31, 2019 was 1.27%.



** This is after considering the impact of Moratorium. Without considering such impact the Gross NPA and the Net NPA of the Total Advances would have been **2.88%** and **1.14%***

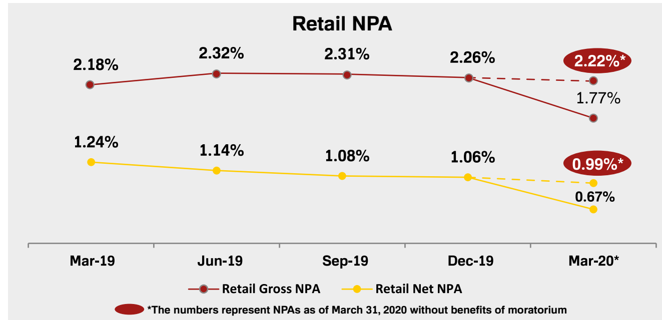
Provision Coverage Ratio (PCR) improved to 64.53% as of March 31, 2020, as compared to 48.18% as of March 31, 2019.

Although, some of the industry experts may wonder whether such low NPA for the Bank at this stage can be sustainable going forward, but the main ingredient of the overall loan book of the Bank is the retail loan book and the growth of retail loan book is the key component of the entire business model. Most of the Retail Loan Book have come from the Capital First business model, being powered up at the bank now, where the asset quality trends have been consistently good (GNPA ~2%, NNPA ~1%) over the eight years of operation and marginal



Note: NPA recognition norm migrated to 90dpd effective from 01 April, 2017

movements quarter on quarter even out over time.Even the retail loan book of erstwhile IDFC Bank had high asset quality and there were no issues whatsoever with the retail loan book. As of March 31, 2020 after considering the moratorium impact, the Gross NPA % of the Retail Loan Book was at 1.77% (as compared to 2.26% as of December 31, 2019) and Net NPA % of the Retail Loan Book of the Bank was at 0.67% (as compared to 1.06% as of December 31, 2019).



** This is after considering the impact of Moratorium. Without considering impact of Moratorium, the Gross NPA and the Net NPA of the Retail Advances would have been **2.22%** and **0.99%** respectively*

The Figures for the March 2020 include the benefit of the moratorium granted as per the RBI notification where the overdue accounts which might have slipped to become NPA in March 2020, have not been considered while computing the NPA figures as they have been granted moratorium and put under standstill status during the entire moratorium period. Even without such benefits in the computation of the NPA, the Gross and Net NPA of the Retail Loan Book of the Bank would have been stable at 2.22% and 0.99% respectively, lesser than the NPA figures as of December 31, 2019.

Capital Adequacy

The Bank has maintained a healthy Capital Adequacy Ratio over the years, at well above levels as directed by RBI. As of March 31, 2020 the Capital Adequacy Ratio is 13.38% with Tier-I Capital Adequacy Ratio at 13.30%.

The Bank has raised ₹ 2,000 crore (rounded off) of fresh equity capital through preferential route from reputed investors. Including this fresh equity capital, the Capital Adequacy Ratio, when calculated basis the March 31, 2020 financials, would improve to around 15%.

Net Worth (Share Capital and Reserves & Surplus)

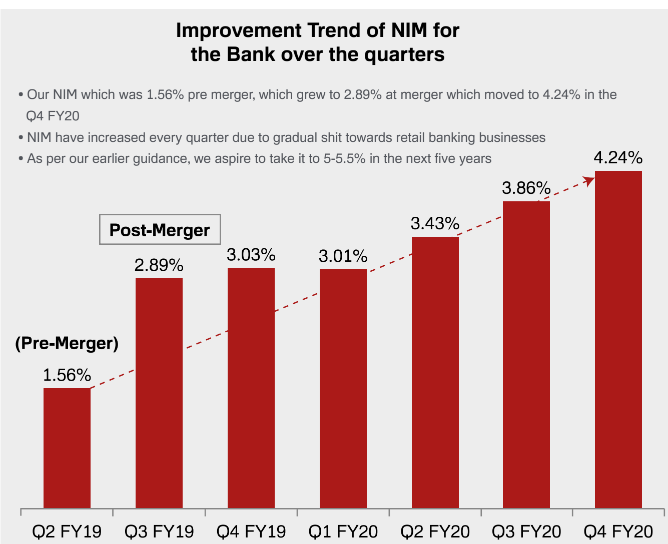
The Net worth of the Bank stood at ₹ 15,343 crore as of March 31, 2020 as compared to ₹ 18,159 crore as of March 31, 2019. The decline is primarily due to the additional provisioning on Stressed Loans and the re-measurement of deferred tax assets/ liabilities as per the revised tax rate by the Government. The Bank henceforth would be subjected to the tax rate of 25.18% going forward. This has resulted in the Book Value to come down to ₹ 31.90 as of March 31, 2020. Post the preferential issue of ₹ 2,000 crore as mentioned earlier, the Book Value per share based on March 31, 2020 will be ₹ 30.57.

Profit and Loss Statement

Net Interest Income

The Bank reported a Net Interest Income (interest earned less interest expended) of ₹ 5,635 crore and Total Income (Net Interest Income plus other revenues) of ₹ 7,796 crore for the year ended March 31, 2020. The Net Interest Income of the Bank in Q4 FY20 was of ₹ 1,563 crore, an increase of 40%, as compared to ₹ 1,113 crore in Q4 FY19.

The Net Interest Margin (Net Interest Income as % of Interest Earning Assets) for the year was 3.62% without including one-time non-recurring income amount of ₹ 43 crore. The quarterly annualised NIM for the quarter ended March 31, 2020 was 4.24% as compared to 3.03% for the quarter ended March 31, 2019.



Non-Interest Income

The Fees and commission Income for the year ended March 31, 2020 was ₹ 1,550 crore of which Trade and cash Management Fees contributed 15% amounting to ₹ 238 crore. The Fee and Commission Income of the Bank for Q4 FY20 was of ₹ 432 crore, an increase of 40%, as compared to ₹ 310 crore for Q4 FY19.

The Trading Gain for the year ended March 31, 2020 was ₹ 612 crore. For Q4 FY20 the trading gain was of ₹ 319 crore as compared to trading loss of ₹ 36 crore during Q4 FY19.

The underlying non-funded trade outstanding book of our Bank decreased by 6% from ₹ 27,027 crore as on March 31, 2019 to ₹ 25,450 crore as on March 31, 2020.

Operating Expenses

The Operating expenses for the year ended March 31, 2020, were ₹ 5,421 crore. During Q4 FY20 the Operating Expenses of the Bank were of ₹ 1,527 crore as compared to ₹ 1,148 crore during Q4 FY19.

The Cost to Income Ratio (excluding Trading Gain) has improved to 76.54% in Q4 FY20 as compared to 80.68% in Q4 FY19.

Pre-Provision Operating Profit

The Pre-Provision Operating Profit for the year ended March 31, 2020 was ₹ 2,376 crore. Excluding Trading Gain, the Pre-Provision Operating Profit was ₹ 1,764 crore for the year ended March 31, 2020. Excluding trading gain, the Core PPOP (Core Pre-Provisioning Operating Profit defined as Total Income net of trading gain and operating expenditure) grew by 70% from ₹ 275 crore during Q4 FY19 to ₹ 468 crore during Q4 FY20.

Provisions

The provisions including provisions for NPAs, other stressed assets and write-offs for the year ended March 31, 2020 was at ₹ 4,754 crore. This was primarily because of additional provisioning taken towards certain stressed wholesale credit exposures including a large telecom player, certain infrastructure company, a logistics player as well as two large financial services companies Reliance Capital and Dewan Housing Finance where the financial conditions deteriorated during the last financial year as also known in the public domain.

During Q4 FY20, the total provisions were ₹ 679 crore which included ₹ 225 crore of COVID-19 related provision. The normalised provisions for the retail advances for the same quarter was ₹ 349 crore. Following the RBI guidelines as provided in the notification as on April 17, 2020, the Bank was required to make COVID-19 related provision of ₹ 25 crore pertaining to accounts where asset classification benefit was given which was supposed to be distributed across Q4 FY20 and Q1 FY21. However, the Bank has provided the entire amount in Q4 FY20 itself. The Bank additionally took ₹ 200 crore of COVID-19 related provisioning proactively for over-dues of 1-89 days as of 29 February, 2020 taking total COVID-19 provisions to ₹ 225 crore.

Net profit (Loss)

For the last financial year FY20, the Bank posted net loss of ₹ 2,864 crore as compared to net loss of ₹ 1,944 crore for the year FY19. This was primarily driven by the higher provisioning on certain Wholesale Credit Exposures of ₹ 2,688 crore, DTA revaluation impact of ₹ 750 crore on the tax line and ₹ 225 crore of additional COVID-19 related provisioning. For the first nine months of operation in FY20, the Bank posted ₹ 2,936 crore of losses but posted net profit of ₹ 72 crore in last quarter, Q4 FY20.

Management Discussion and Analysis Contd...

Retail Liabilities

As mentioned above, during the year, the Bank's CASA Deposits as well as Retail Term Deposits posted strong growth, as these Core Deposits (Retail CASA and Retail Term Deposits) increased to ₹ 33,924 crore during the financial year FY20. This signifies the sticky and sustainable nature of the growing deposit balance. The Bank's Fixed Deposits have been assigned the highest rating "FAAA/ Stable" by CRISIL.

Building on the mantra of Customer First, the Bank made rapid progress in FY20. The retail liabilities team worked toward building a superior banking experience for customers, backed by advanced digital platforms and analytics. The '**Always You First'** customer experience was delivered across all channels (i.e. business correspondents, branches, banker on call). The Bank's contemporary digital channels enabled the teams to be more efficient, productive and contribute significantly to business growth.

FY20 stands as a testimony to Bank's commitment to growth. The Bank serves its customers through 464 branches and 356 ATMs across 20 states and 66 districts.

The ***One IDFC FIRST App offers*** over 120+ business and personal services including UPI. The Bank recently launched watch banking, which enables customers to access their bank account and transact on their smart watch. The Bank's digital platforms are easy to use and transact; 70% of the Bank's active customer base is regularly transacting on various digital platforms.

Products and Initiatives:

A slew of initiatives in FY20 enabled customers to make most of their Savings Accounts and Fixed Deposits. The Bank continued to make savings a lot easier and encouraging by offering an interest rate of 7% p.a. on the Savings Account for balances of ₹ one lakh and more. For balances below ₹ one lakh, the Bank offers an interest rate of 6% p.a. This competitive banking proposition has helped us garner significant growth in deposits from an existing customer base as well as new customers. In addition to this, the online Savings account journey was re-vamped to make it leaner and more customer-friendly in order to re-inforce the position of the Bank as a truly digital Bank. To enhance the Bank's deposit suite further, customer-centric products were launched like FD Multiplier, FD Health Secure, Health First Savings account during FY20, as value-adds to the portfolio.

The Bank remained committed to nurture relationships and create an exceptional customer experience, through digital solutions and personalised guidance and advice.

The NRI business grew significantly during the year and focussed on catering to the specialised needs of this segment. The preference for the Bank's products and services is evidenced by the significant growth in its balances and number of customers.

The Bank's endeavour has always been to offer the best-in-class products and digital platforms to entrepreneurs and small business customers. With this objective, the Freedom current account, account with competitive transaction charges across all domestic and international trade transactions was launched. This provided customers the ability to access their account anytime and from anywhere without being concerned about charges. The Bank also launched the merchant acquiring solution to strengthen its proposition.

The Bank extended the benefits enjoyed by large corporates to small businesses on netbanking where all entity types can enjoy limit management, add makers and multiple authorisation levels to secure their online transactions. The online trade portal and google-based doorstep banking services with real time tracking and alerts, ensure efficient banking so that customers can focus on growing their business un-interrupted.

Listed below are some of the key digital initiatives that enabled the Bank to deliver improved customer experience:

- Paperless Digital Account Opening – Online Account Opening Process on a real time based on the customer's Aadhaar number. The account is ready to use for debits, credits with real time access to Net Banking, Mobile app and a virtual ready-to-use debit card.

- One App – Offering over 120+ services on One mobile app, the Bank is amongst the leading banks to merge business and personal services in one app including UPI.

- Watch Banking – Digital banking has evolved from desktop/ laptop to mobile and now to watch banking. Offering a host of services like view accounts and balances, fund transfer and bill payments.

- Mutual funds – With IDFC FIRST Bank mobile app, customers can invest in SIPs and lumpsum purchases online. The Bank also provides a list of recommended funds to choose from and help customers invest wisely. Further, user onboarding and investment account creation is instantaneous and online.

The Bank has won awards including the prestigious Asian Private Banker – Best Private Bank Digital Innovation and Services.

Amit Kumar
Head - Retail Liabilities

> We are delighted and humbled by the overwhelming response from our customers to our products and services as we continue to reach more markets, open more Branches and further enhance our Digital Banking capabilities. We stay committed to our ethos of Customer First to serve all financial needs of our customers viz. Savings, Investments, Protections, Payments and Loans for Individuals and Business solutions including Trade Finance, Foreign Exchange and Remittance Services, Business Lending etc., for the MSME and SME customers.

Wealth Management

With a view to ensuring customers' financial well-being, the Bank enabled access to good quality wealth management solutions to all segments of customers - starting from high net worth individuals and businesses to middle and lower income groups as well.

In addition to a team of high quality private bankers addressing the financial needs of premium customers, the Bank offers an award-winning digital wealth platform to ensure every customer of the Bank has access to equally good quality investment and protection solutions. The renowned 'Asian Private Banker' institute has awarded IDFC FIRST Bank the Best Private Bank for Digital Innovation in Wealth Management across Asia Pacific which is yet another testimony to our ambition of providing a truly simplified and digitalised user experience to our customers.

Business Banking and KCC

Business Banking unit caters to MSME entities operating across the country with product suites including both Fund and Non-Fund facilities to meet working capital, capex and transactional banking requirements. The business unit not only has presence in urban locations but has also established its presence in semi-urban and rural locations. The team is based in branches only and works in tandem with branch banking in all these geographies.

The Bank offers secured working capital facility under Kisan Credit Card (KCC) scheme to customers/ farmers involved in agricultural activities. The credit assessment is based on the cropping pattern, credit bureau and reference checks as well as legal and technical valuation of the security. This facility provides adequate and timely credit for crop cultivation, harvest expenses, machinery maintenance and household consumption. The Bank serves more than 1,800 customers across geographies from rural and semi-urban locations through doorstep banking, dedicated relationship managers and digital solutions.

Government Banking

IDFC FIRST Bank's Government Banking Group establishes and maintains strategic partnerships with Central and State Governments, Central and State Public Sector Undertakings and other government entities. Over the years, the group deepened the Bank's relationships with the Government and has now become a preferred banking partner for managing their collections and payments. It is now focussed on broadening this through new relationships.

The Group continues to place emphasis on new-age, digitally enabled solutions, value added services to Government clients, in line with various e-Governance initiatives. This includes customisation of client requirements which revolve around Cash Management Services, Transaction Banking Solutions and unique offerings.

Some of the key digital initiatives are:

- Authorisation of the Bank in the State of West Bengal for 'Schematic Bank Account Management System (SBMS)'
- Transactional Banking services for development of Railway Stations across the country
- Confirmation of Bank Guarantees to Government Undertakings using SFMS
- Account Management Services to Provident Fund/ Gratuity/ Pension/ Other Trusts of various Public Sector Undertakings.
- Beginning of new relationships with 'Namami Gange' and 'Smart City' projects
- New engagements with State Government Departments for handling disbursement of scheme funds
- Extending online collection facilities to various Public Sector Undertakings and Autonomous Bodies to support their Digital initiatives

Management Discussion and Analysis Contd...

Retail Assets

The Bank's retail lending business gained significant momentum as retail assets grew to ₹ 57,310 crore as on March 31, 2020, from ₹ 40,812 crore as on March 31, 2019, reflecting a year-on-year growth of 40%. Retail loans as a proportion of total funded assets improved to 54% as on March 31, 2020, from 37% as on March 31, 2019. This was in keeping with the Bank's stated strategy of increasing the retail loan book vis-à-vis the large wholesale loans.

During the year under review, our Bank focused on building a world class lending franchise for both consumers as well as small businesses.

The Consumer Durable loans segment saw significant increase in breadth and scale, backed by automation for greater reach and faster decision-making. This gave our Bank the competitive advantage, enabling it to differentiate its offering in a fast evolving lending space. The Consumer Durable loan book grew by 21% during the year. This portfolio has almost 10 years' vintage as it was grown since 2011 through Capital First business model.

Within this space, the Bank also expanded its loan offering to include consumption finance, making the Bank more relevant in everyday lives of consumers. The consumer durable loan proposition was successfully introduced in rural locations through the Bank's liability and rural banking branches.

The Bank also accelerated cross-sell for SMEs through a combination of pre-approved and pre-qualified programmes.

During FY20, our Bank embraced the fintech ecosystem through partnership with industry-leading players to make new and innovative credit products available for the masses. The partnership with Flipkart for its PayLater product enabling millions of customers across India gain access to credit, to fund their purchases in a most convenient manner. The Bank also enabled its customers with pre-approved loans to utilise this limit for funding purchases from various online and offline merchants.

In the Personal Loan business, the Bank spread its wings across 63 locations in India. The Bank enhanced its digital presence by launching a new customer facing mobile app - IDFC FIRST Loans App; customers can now apply for personal loans 24x7 through the app and get instant decision on their loan application. The Personal Loan book grew by 35% during the year. This portfolio has over nine years' vintage as it was grown since 2011 through Capital First business model.

The Two-Wheeler loan book grew 28% despite industry de-growth and challenging market conditions. Demand from rural markets for the Bank's Two-Wheeler loan offering grew significantly during the year. The Bank also grew its Used-Car financing book in a significant way through many ways including online portals and other channel partners. The Bank looks forward to continue its growth journey in this product segment going forward. This portfolio has over eight years' vintage as it was grown since 2011 through Capital First business model.

Pradeep Natarajan
Head - Retail Assets

"We understand that assets is an important part of the growth strategy of the Bank and we are making all efforts to grow it in a responsible manner."

The SME Retail business gained significant traction during the year with the Bank's Loan Against Property (LAP) business registered a steady growth through different categories in SME segment. The unsecured business loans and professional loans, primarily availed for the shorter term working capital purposes, also grew in a robust manner. The Bank has strong underwriting framework with decentralised decisioning systems. Most of this portfolio is very well seasoned as it has a vintage of about 10 years since 2010 through Capital First platform.

Rural Banking - Growing Responsibly, Sustainably and Profitably

The Bank is committed to financial inclusion and serving the bottom of the pyramid of the population in India. IDFC FIRST Bank's Rural division is focused on serving unbanked locations across the length and breadth of our country.

In FY20, the rural banking team stayed on course to grow responsibly, sustainably and profitably.

Increase in Breadth and Depth of Engagement

In FY20, the rural banking division expanded its presence by increasing branch footprint from 109 to 169. The Bank increased its employee strength in the rural business, expanded the product suite across assets and liabilities, targeting various segments across rural India in partnership to be the enabler of growth in the heartland of the country. The three pillars supporting expansion during the year have been – build out of liabilities franchise in rural India, with purpose to assist in increasing the local businesses and accelerating the mortgage proposition.

Rural banking continues to have a focused approach towards rural and semi-urban markets with products which are cost effective, easy to process, technology driven and serve the needs of everyone. The Bank's rural products are aimed at supporting local businesses and enterprises that boost rural economy. Other products like Sakhi Shakti - JLG Group Loan, Commercial Vehicle Loan, Equipment Hypothecation Loan and Loan Against Property are also provided in the rural markets where the Bank has built presence and have enabled livelihoods across states.

The Bank's 7% rate of interest offered on Savings Account, is like an investment for consumers in rural markets and plays an instrumental role in building the habit of thrift in rural households. Additionally, the liabilities proposition is leading to a shift of behaviour from keeping family funds at home to holding it in a formal banking channel. The Bank's product proposition remains committed to serving the last mile customer and ensures that it plays its part in the financial inclusion of the nation.

Wholesale banking

The current financial year was one of the most challenging one for the Indian Corporate sector and the Bank witnessed a number of large houses getting into financial trouble. our Bank has continued the strategy of transition its exposure from Infrastructure lending and large ticket lending to a more diversified and mid-sized lending. Even so, our Bank continues to be a full-service Corporate Bank with coverage across Large Corporates, Emerging Large Corporates, NBFCs and Financial Institutions. We offer all products encompassing Lending, Transaction Banking, Financial Markets and Liabilities. Further, the Bank continues to focus on improving profitability through improving its lending yields and improving product penetration across its clients.

Corporate Coverage

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

In the year under review, the Corporate Coverage Group successfully reduced its Infrastructure Legacy Assets exposure by one-third over previous year. Similarly, certain large-ticket exposures to corporate entities were also reduced. A combination of these have led to the overall Wholesale Bank book reduce by 27% in its size over this year. Going forward, our Bank will continue to work towards reducing its exposure to infrastructure assets and will be adding exposure to other manufacturing, services and financial firms.

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

Key focus areas for the Corporate Coverage Group will continue to be:

- ELC segment asset growth
- increasing core CASA liabilities
- earning higher fee from transaction banking, non-fund based commissions, FX and Debt Capital Markets business
- obtain corporate salary account mandates
- drive higher utilisation of our world-class cash management services platform

In doing so, the Bank will look to generate new revenue streams and maintain focus on higher-yielding, fee-based earnings.

Financial Institutional Coverage

The Bank's Financial Institutions Group addresses the finance and banking needs of Domestic as well as International Financial Institutions.

The Domestic Financial Institutions Group (DFIG) team engages with the domestic commercial banks, small finance banks (SFBs), Insurance Companies, Financial Institutions and Capital Market participants such as Exchanges, Mutual Funds, FPIs and AIFs. The Bank is focused to on-board large liability-strong Institutions by offering superior transaction banking services through innovative products and assuring client-centricity for product delivery. The Bank has been able to create traction with large Institutions, thereby improving its footprint substantially.

The Bank actively engages with Institutions like SIDBI, NABARAD, NHB and Exim Bank to avail refinance and with overseas branches of domestic banks to avail foreign currency borrowings. Leveraging on its strong relationships with banks, the Bank also acquired Priority Sector Assets to meet its regulatory requirements, through investment in IBPC issued by these banks and purchased PSLCs from them.

The Bank's International Financial Institutions Group (IFIG) team is responsible for relationship management with International Banks, Multilateral Agencies and offshore Financial Institutions.

Paritosh Mathur
Head - Wholesale Banking

> Our Bank has defined the key focus areas that will enable us to do corporate banking in a responsible and profitable manner. We are conscious about credit quality and aim to build a high quality business using the platform of technology.

The Bank continues to strengthen its network of international banks and FIs to deliver efficient treasury and trade finance solutions to the Bank's local customers, who have banking requirements offshore. The Bank also offers complete suite of products encompassing Financial Markets, trade finance and financial advisory to the offshore banks and FIs, thereby enabling them to provide seamless India linked service to their clientele. Through strong relationship management and distinctive service, the Bank has built up strong network in prominent India linked trade corridors. As of March 2020, the Bank has been able to develop strong correspondent banking network of over 250 global entities, spread across more than 55 countries.

Transaction Banking

At IDFC FIRST Bank, the customer is always placed first and thus a focal point - every solution is designed keeping customer's interest and convenience in mind. Transaction banking team has ensured a well-knit product suite to fulfill business requirements and customer needs as per changing economic and business environment. We have a unique mix in terms of state-of-the-art digital platform (which enables various products through complete online channel) coupled with that of traditional way of handling business.

The Bank has identified-liability based business as focus area and accordingly worked out various digital solutions within Cash Management arena on payments as well as collections side. The Bank continues to enhance its award winning online platform - the BXP (Business eXperience Platform).
Transaction Banking team works closely with technology partners, industry leaders and service providers to develop various customised solutions to cater business requirements of various customer segments. Utility Bill Payments was one such segment, which has been comprehensively covered by the Bank in terms of their collection and payment requirements. With the help of technology and innovative ideas IDFC FIRST Bank team was instrumental in setting up various bill payments and collection solutions for this segment.

Transaction Banking Team ensures refining its solutions in line with Government of India and RBI initiatives from time to time. Emphasise on usage of enablers such as e-NACH, API-based frameworks, BBPS, etc., ensured healthy business growth and helped in self-sustaining current account balances for the Bank. In addition to corporates, TBG team continues to engage across various segments such as MFIs, NBFCs, MFs, Insurance companies to design innovative offerings.

IDFC FIRST Bank always believes in strict adherence to regulatory guidelines and assigns due weightage to the same while conducting any business. Digitised solution for online settlement of EDPMS/ IDPMS (Import and Export regulatory reporting) is a great example of this. Transaction banking team along with technology partner crafted one of the industry-first solutions, which enables Trade customers to reconcile EDPMS/ IDPMS entries and submit said requests to bank in complete paperless manner. This solution ensures lesser touchpoints and quicker turnaround for Trade regulatory settlements thereby assisting customers to eliminate reporting pendency. The solution has been well appreciated by customers and ensured incremental customer base and business for the Bank.

As part of strategy Transaction Banking team has increased focus on fee based Trade products. The offerings have been enabled through BXP as well as traditional banking channels. To minimise turnaround and improve customer convenience, the team has introduced Trade platform on-boarding through digital acceptance of terms and conditions. This initiative is focused at SME, MSME and business banking customers and thus helps in digitising trade transactions. In parallel, TBG Team continued to work on Supply Chain area with introduction of various new-features and system functionalities with aim to have granular and sustainable business.

IDFC FIRST Bank continues to be one of the leading banks with acquisition of over 100 toll plazas, having issued over 10,00,000 tags in FY20. The Bank has teamed up with various fleet owners, dealers and Tech service providers in the logistics space to provide Digital solutions which are simple and secure to use for the truck operators.

Financial Market Group

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

The Treasury also carries out financial markets sales business for its clients. To our clients, this group provides solutions to meet:

(a) their foreign exchange conversion and exchange risk hedging needs
(b) remittances related services
(c) their debt capital markets financing needs
(d) their interest rates risk hedging needs.

Since its start, the Bank has successfully grown its business with clients by offering and transacting in the full suite of product solutions. With more clients raising resources from global investors and lenders, we expect an increase in hedging needs from our clients.

Providing access to the local debt markets to our corporate customers has been another key area of opportunity, where the Bank uses its well-established presence in the capital markets. Our DCM business also extends itself to facilitating syndication of loans for our clients. In doing so, the group maintains strong business relationships with institutional investors and lenders. With the increasing focus of regulators on further developing debt capital markets, we expect more corporate clients to seek access to the bond markets for their fund-raising needs. We will strive to meet our clients' expectations by providing them the right solutions.

Operations

The Operations function at the Bank has been designed to deliver a superior and differentiated customer experience. The Bank has developed technology-enabled processes that minimise paperwork and ensure seamless processing with minimal manual intervention. This year has seen further progress on automation through leveraging of newly available technologies such as Robotic Process Automation.

Wholesale Banking Operations provides transaction and accounting execution for all corporate banking products and key enterprise functions such as Clearing and Cash. It ensures market-leading client service and delivery. The client servicing team is structured to provide targeted service to clients through experienced client focused bankers having expertise across a range of products. Part of the account opening and servicing process is digital and requires minimal manual intervention. Through the year, the Operations team has delivered against significantly higher volumes across products by leveraging technology-enabled systems, workflows and STP, wherever possible.

Madhivanan Balakrishnan
Chief Operating Officer

> We are committed to develop a strong operations and technology platform for our Bank that can scale over time to meet the growth ambitions of the Bank.

The focus on technology and channels has ensured that the Bank can deliver high levels of service in a cost-effective manner, and at scale. This focus on process automation has enabled us to consistently deliver faster turnaround times, across identified key products. Client feedback through a Voice-of-the-Customer Survey has demonstrated a continuing high degree of satisfaction with our service delivery.

Identified merger related operating synergies have been fully achieved in the current year.

Technology

The Bank continues its journey to implement state-of-the-art technology platforms and solutions to continuously enhance our products and services to meet the customer needs in an agile model. A number of innovative solutions have been developed and implemented digitally in a fast and secure model, while providing customers with a seamless experience. The Bank has also progressed significantly on its post-merger integration journey of amalgamating business processes, systems and support for overlapping and complementing products and services across the Bank. Further, the Bank has also created a unified team with a standardised set of capabilities, defined new ways of working and harmonised partners across the organisations. The pending backlog of integration projects are planned to be completed in the current year with the consolidation of applications and decommissioning of platforms that are not in the target architecture for the Bank moving forward.

Risk

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

Pankaj Sanklecha
Chief Risk Officer

"We have put in place a comprehensive risk management framework including stress testing programme, which plays a key role in decision-making in terms of potential actions like risk mitigation techniques, contingency plans, capital and liquidity management in stressed conditions, etc. Stress-testing facilitates management with key insights into the potential susceptibility to extreme but plausible and stressed business conditions including events like the current pandemic crisis and as a result it provides confidence to all stakeholders on the Bank's financial stability."

Consequent to the merger of erstwhile IDFC Bank Limited and erstwhile Capital First Limited effective December 2018, Bank has re-aligned its key policies and Risk Framework forming an overall Risk framework of the merged entity. The Bank operates within an effective risk management framework to actively manage all the material risks faced, in a manner consistent with the Bank's risk appetite, making the Bank resilient to shocks in a rapidly changing environment. The Bank aims to establish itself as an industry leader in the management of risks, and strive to reach the efficient frontier of risk and return for the Bank and its shareholders, consistent with its risk appetite. The Board has ultimate responsibility for the Bank's risk management framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies.

The Bank has a robust risk governance framework. The Board is principally responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. To ensure that the Bank has a sound system of risk management and internal controls in place, the Board has established Risk Management Committee of the Board (RMC). The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes and controls.

Risk Appetite

The risk appetite is an expression of the amount and type of risks that the Bank is able and is willing to take in pursuit of its business objectives.

The Risk Appetite Statement provides strategic guidance around various parameters. The Risk Appetite Framework is approved by the Board and put up for review/ revision to the Risk Management Committee of the Board, at least on an annual basis, keeping in the view the changing business environment and the Bank's business strategy and competencies

Credit Risk

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

The Bank has rigorously adhered to the RBI mandated prudential norms on provisioning of stressed assets and has adopted a stringent approach in taking aggressive provisioning, which is aimed at preserving and protecting shareholder value. During the year, Our Bank has proactively worked on the resolution of the stressed asset portfolio and has significantly reduced the position. Bank has also de-risked the portfolio by diversifying the credit portfolio across non-infrastructure sectors and focused on increasing shorter-tenure and non-funded exposures. With these measures, we have sought to reduce the concentration risk in the portfolio.

Market Risk

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

Operational Risk

Deregulation and globalisation of financial services, together with growing sophistication of financial technology and increase in the complexity and volume of financial transactions, are making the risk profiles of Banks more complex. A growing number of operational losses and risk events, recent regulations, industry trends and new types of threats and exposures have highlighted the importance of Operational Risk management. Operational Risk touches every part of the organisation from products, people, processes and technology and hence it is important to identify and manage operational risks proactively.
The Bank has put in place Board approved governance and organisational structure to manage Operational Risks. A committee comprising senior management personnel namely 'Operational Risk and InfoSec Risk Management Committee' is responsible for overseeing implementation of Board approved Operational Risk Management policy and framework. Operational Risk Management Department engages with the First Line of Defence (Business and Operating Units) on a continuous basis to identify and mitigate operational risks to minimise their impact.

Compliance Risk

Compliance Risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with applicable laws, regulations, rules, standards, and codes of conduct. The management of compliance risk is an integral component of the governance framework at the Bank along with other internal control and risk management frameworks.

The Bank has a Compliance Policy, duly approved by the Board of Directors for effectively managing the compliance risk faced by the Bank. The Compliance function of the Bank is an independent unit with adequate staff managing various compliance activities of the Bank. The Compliance function performs the following principal activities:

(i) advisory services to businesses on regulatory matters
(ii) dissemination and implementation of regulatory guidelines/ directions
(iii) regulatory engagement
(iv) managing AML/ KYC/ CFT
(v) identifying, assessing, monitoring and reporting on compliance risk

The Compliance department assists the businesses and other functions for the management of compliance risks (to mitigate and prevent breaches of laws and regulations) in accordance with the compliance risk framework of the Bank. The Compliance department provides compliance assurance to the Management and Board through the Compliance Self-Certification System and Compliance Testing Framework. The status updates of compliance risk are regularly reported to the Management and Board.

Kamalakar Nayak
Chief Compliance Officer

> In the evolving and dynamic regulatory environment, we are committed to build robust and sustainable compliance standards in the Bank by implementing more effective and efficient compliance risk and control frameworks.

Information Technology and Information Security Risk

Given that the Bank's expansion strategy is more and more digital, cyber and Information Security risk is identified as a material risk for the Bank. The Information Security Group (ISG) is responsible for this function and works continually towards adoption of newer and better security practices. ISG works as an independent group within Risk function and operates under the Information Security Management System framework (ISMS), which is aligned to ISO 27001 and RBI Cyber Security Framework and other guidances issued from time to time. The Bank is a ISO 27001: 2013 certified organisation. ISG follows systematic approach through people, process and technological security controls to prevent, detect, respond and recover from cyber-attacks and manage sensitive company information so that it remains secure by design and practice.

BitSight an independent cyber readiness rating company offers the most widely adopted Security Ratings solution. BitSight Security Ratings range from 250 to 900 and indicate a company's relative security effectiveness. Each organisation can receive one of the three following ratings:

- Basic (upto 640)
- Intermediate (below 740)
- Advanced (740 and Above)

Management Discussion and Analysis Contd...

The Security Rating for IDFC FIRST Bank has moved from 600 (Basic) to 750 (Advanced) over the past 12 months clearly validating our commitment to move towards Secured Digital Bank as a continuous endeavor.

Capital Adequacy

The Bank manages its capital position to maintain strong capital ratios well in excess of regulatory and Board approved minimum capital adequacy at all times. The strong Tier-I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit-rating agencies, depositors and shareholders. In accordance with the RBI guidelines on Basel III, the Bank adopts the standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk.

Satish Gaikwad
Company Secretary
& Head - Legal

> The Organisation with good governance practices in the foundation, tend to be more successful in the long run. It's all about being proper and prosper!

Capital management practices are designed to maintain a risk-reward balance, while ensuring that businesses are adequately capitalised to absorb the impact of stress events including pandemic risks. The Internal Capital Adequacy Assessment Process (ICAAP) forms an integral part of the Supervisory Review Process (SRP) under Pillar 2 of the Basel III Framework. SRP under the Basel III Framework (Pillar 2) envisages the establishment of appropriate risk and capital management processes in banks and their review by the supervisory authority. ICAAP is a structured approach to assess the risk profile of the Bank and determine the level of capital commensurate with the scale and complexity of operations. As part of the Basel III implementation, Bank has developed a comprehensive ICAAP policy and document, in line with regulations prescribed by the RBI.

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

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

Environment and Social Policy (E&S) and Appraisal Process

The Bank has a comprehensive environment and social policy and a robust environment and social risk management framework for all its businesses. The Environmental Risk Group (ERG) of IDFC FIRST Bank works proactively with clients/ internal teams to identify, mitigate and manage E&S risks associated with projects/ transactions. The Bank obtains information on environment-related regulatory and compliance norms so as to ensure that the projects/ transactions it finances are in compliance with the applicable national environmental legislations. IDFC FIRST Bank has developed and adopted an exclusion list comprising sectors in which it will not engage in any financing activity. The Bank continues to hold the distinction of being India's first financial institution to sign up for the Equator Principles (EP) – a credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions.

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

Internal Controls Systems

IDFC FIRST Bank's internal controls systems are based on a robust framework of policies, processes, and risk management practices. These controls identify and mitigate various risks by ensuring effectiveness and efficiency of operations, adequacy and reliability of financial controls and compliance with applicable laws and regulations.

The internal controls system are aimed at ensuring adequate authorisation, accurate recording and reporting of all transactions, assets and liabilities and safeguard them from unauthorised changes. The Bank uses an array of technology systems and processes for its operations including loan origination system, core banking system, treasury system, customer relationship management system, general ledger system and other technologies, which operate under a robust control framework.

The Bank has an Internal Audit department, which independently reports to the Audit Committee of the Board and administratively to the Managing Director. The Internal Audit Function of the Bank adopts a risk-based approach to provide independent, objective assurance on the effectiveness of internal controls, risk management and information security systems, compliance with regulatory requirements and corporate governance and constitutes a third line of defense.

Suketu Kapadia
Chief Internal Auditor

"Internal Audit helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. By leveraging technology and analytics, Internal Audit Function of IDFC FIRST Bank is building a strong third line of defense, providing independent, objective and timely assurance to all stakeholders."

The Internal Audit Department reports all significant observations and their follow-up actions to the Audit Committee. Further, the Audit Committee reviews adequacy and effectiveness of the Bank's internal control environment, monitors the implementation of audit recommendations. The Audit Committee also reviews and evaluates the functioning of the Bank's Internal Audit Department by having independent meetings, reviews and formal annual evaluations.

Human Resources

FY20 marked the completion of the integration of erstwhile Capital First and erstwhile IDFC Bank. Cost synergies were realised as teams were restructured to meet goals. With a view to build a future ready workforce, this year saw higher quality talent taking on critical roles.

In its pursuit to build a nimble and efficient organisation, the one of the many areas of focus for the HR team was to build a team comprising the best talent and a strong leadership.

Adrian Andrade
Head - Human Resources

"With the merger of the teams of Capital First and IDFC Bank, it was critical that we defined the culture and the ways of working that would set us on the right path. I am delighted that our stated culture is not only understood by our employees but we have progressed towards it playing out in the way we work. This is amply demonstrated by our decisiveness, action orientation, collaboration across teams, innovation and most importantly empowered employees who everyday deliver our brand promise to our customers – Always You First."

To enable businesses to achieve its goals, the team supported the branch expansion plans of Retail Liabilities, Rural and Micro Business Loans. Talent was hired to meet the headcount requirement of a rapidly growing business. Learning programmes were introduced to build the required skills as per business needs. Career progression programmes for the frontline staff were introduced where attrition is the highest; one such initiative being the 7-Star programme.

A slew of initiatives during the year helped foster a culture

Management Discussion and Analysis Contd...

of customer centricity and doing things right. A set of disciplines were introduced and socialised to align the entire organisation to the theme of "Customers First". The target operating model – the IDFC FIRST Way of Working (IWoW) - was introduced to business leads and all other functions to build the right leadership.

It was important to ensure the Bank's HR systems were positioned well to cater to the fast-paced growth and transformation the Bank was undergoing. In keeping with this, the HR function introduced new systems to drive employee success. Processes were digitised to empower employees and managers in the areas of talent acquisition, payroll, and HR BOT to answer employee queries.

To set the Bank up for success, it was imperative that the right processes and people were in place so that goals set by the management are pursued with a passion. In this context, a number of employee engagement initiatives were rolled out on a large scale in the form of Leadership Connects, email campaigns, townhalls, health and wellness activities and employee volunteering for corporate social responsibility initiatives.

During the year, the Bank's employees remained committed to the high level of governance and adherence to all laws and regulations.

V Vaidyanathan has voluntarily offered to take a pay cut of 30% in his compensation including Fixed compensation as well as all allowances. He had represented to the Board that such pay cut forms part of the Bank's austerity measures which start at the top. The other senior management of the bank has also volunteered to take a 10% cut in compensation in the current financial year 2020-21.

The Bank also paid 100% of the variable pay to 78.2% of employees for the period pertaining to FY 19-20 despite the arrival of the pandemic. For the rest 21.8% of the employees at senior level, the variable pay was cut progressively as the seniority increased, such that the variable pay cut for MD and CXO was 65% of the eligible amount. Variable pay of MD is subject to approval by the RBI.

Opportunities and Outlook

IDFC FIRST Bank focuses on catering to the various retail customer segments including the aspiring consumers and growing MSMEs in India. Considering the low financial penetration in India even with very high technology adaption, India, with its large population base with mostly from the young generation, offers a great opportunity for Banking and Financial services in India. In the recent years, the initiatives from the Government including the efforts on financial inclusion, technology stack, Aadhar implementation, direct benefits transfers have improved the consumption and overall growth, not only for the urban segment but also for the rural segments. The growth of the entrepreneurship in India has opened up a huge segment of MSMEs who would require multiple financial products, both on assets and liability side.

The ease of operations with the technology innovations and interventions have made the customer journey and fulfillment smoother bring in not only efficiency in terms of time and cost but overall customer delight at a great extent.

However, the recent pandemic COVID-19 has impacted the such business growth for the overall economy temporarily as the lockdown was imposed for effectively over two months starting from late March 2020, bringing the economic activities to halt. The economy paused for some time during the month of April 2020, which resulted potential threats like economic slump, migrant labour issues, job losses going forward as the number of infectious cases around India, especially in the major economic zones or cities like Mumbai, kept on rising. But during the month of May 2020, gradually the situations eased up and economic activities started up to a certain level, the growth opportunity returned and kept on improving.

The rural economy is likely to turn around, even faster than the urban consumer segments, due to comparatively much lesser impact of COVID-19, a healthy crop season and a likely good monsoon ahead. This has been aided by the timely interventions by the Central Government, Ministry of Finance and the RBI to help the customers, enterprises and the financial entities to ride through this unprecedented pandemic situation. This crisis has also created opportunities for different facets of businesses as the consumers now focus more on personal hygiene, safety and necessities going forward and the savings potential is likely to improve.

Even during the COVID-19 situation, the Bank continued to get a steady flow of retail deposits which was duly aided by excellent customer service and digital acquisition mediums. Having said that, the entire Banking sector in India is dealing with uncertainty regarding the COVID-19 crisis as overall count of infectious cases continues to rise. The Bank also is dealing with such situation and assessing its financial impacts on its books on a continuous basis, especially considering the moratorium provided to its customers following the RBI notification.

Although the economy paused for a little duration, the Bank is reasonably confident that the economy will recover in due course with gradual improvements in most segments of businesses where the Bank is focusing on. This was also a good opportunity for the Bank to introspect and bring in more efficiency in terms of technology interventions, process improvements, better customer offering and excellent customer service. All these would be key for capturing the rapid growth potential that is likely to come up as economic recoveries gradually improve going forward. The Bank is also geared up with the robust risk framework to counter the effects of the pandemic as well as the future growth potential thereafter as it continues to invest in deep analytics, automated scorecards, stringent underwriting framework, strong monitoring and collection capabilities.

While it continues its growth journey on the retail banking segments aided by such framework, the Bank will also have an opportunistic stance on the wholesale banking segments, by choosing the right segment and partners with appropriate risk adjusted pricing. Along with this, the Bank continues to aid the overall growth and business model with the steady fee based income products including transaction banking, wealth management and treasury operations to support its corporate, MSME, HNI and retail customers.

Cautionary Statement

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

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the Sixth Annual Report of IDFC FIRST Bank Limited (**'IDFC FIRST Bank'** or the **'Bank'**) together with the audited financial statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

(₹ in crores)

Particulars	FY 2020	FY 2019
Deposits	65,108	70,479
Borrowings	57,397	69,983
Investments	45,405	58,475
Advances	85,595	86,302
Total Assets / Liabilities	149,200	167,185
Total Income	17,589	12,800
Profit before Depreciation and Tax	(2,073)	(483)
Net Profit	(2,864)	(1,944)
Appropriations		
Transfer to Statutory Reserve	-	-
Transfer to Capital Reserve	166	2
Transfer to Special Reserve	-	-
Transfer from Investment Reserve	-	-
Dividend paid (includes tax on dividend)	-	294*
Balance in profit and loss account carried forward	(3,560)	(530)
Capital adequacy ratio (Basel III)	13.38%	15.47%
Gross NPA %	2.60%	2.43%
Net NPA %	0.94%	1.27%
Return on Assets	(1.79%)	(1.20%)

* Dividend amount pertains to FY 2017-18 which was declared and paid in FY 2018-19.

Note: In view of amalgamation of erstwhile Capital First Limited with IDFC Bank Limited from the appointed date of October 01, 2018, the figures for FY 2019-20 are not comparable with FY 2018-19.

STATE OF AFFAIRS OF THE BANK

The Bank has successfully diversified its business mix and added new revenue streams after the Merger. Now it has expanded its reach to serve new customer segments both on the retail as well as wholesale side of the business. The achievements during the last financial year FY 2019-20 are mentioned below –

1. **Strong Growth in Retail Assets:**
   - Retail Book increased 40% Y-o-Y to ₹ 57,310 crores as on March 31, 2020 from ₹ 40,812 crores as on March 31, 2019.
   - Retail Funded Assets constitutes 54% of Funded Loan Assets as on March 31, 2020 compared to 37% as on March 31, 2019. Including the PSL buyout portfolio, the underlying assets are retail loans, the retail assets contribution to overall funded assets stood at 61% as of March 31, 2020.
   - Wholesale Book decreased by 27% from ₹ 53,649 crores as on March 31, 2019 to ₹ 39,388 crores as on March 31, 2020.
   - Within Wholesale Book, the Infrastructure loans decreased by 31% from ₹ 21,459 crores as on March 31, 2019 to ₹ 14,840 crores as on March 31, 2020.

2. **Strong Growth in Retail Liabilities**
   - The Total CASA Deposits increased to ₹ 20,661 crores as on March 31, 2020 from ₹ 7,893 crores as on March 31, 2019, Y-o-Y increase of 162%.
   - CASA Ratio improved to 31.87% as on March 31, 2020 from 11.40% as on March 31, 2019.
   - Strong CASA growth of ₹ 12,769 crores during FY20 and ₹ 4,458 crores during Q4 FY20, despite the disturbance of COVID and one of the private sector bank issues.

- Retail Deposits (Retail CASA and Retail Term Deposits) increased to ₹ 33,924 crores as on March 31, 2020 from ₹ 13,214 crores as on March 31, 2019, Y-o-Y increase of 157%.
- IDFC FIRST Bank Fixed Deposit program assigned highest safety rating of FAAA by CRISIL.
- Bank consciously reduced Certificate of Deposits (CD) from ₹ 28,754 crores as on March 31, 2019 to ₹ 7,111 crores as on March 31, 2020, a Y-o-Y reduction of 75%, as CD are short term and institutional borrowing in nature, and replaced them with retail FD and CASA money, thus strengthening and diversifying the liabilities significantly.

3. **Strong growth in Core Earnings: (Q4 data are given, as figures of FY 2018-19 are not comparable with FY 2019-20 due to merger)**
   - Strong NII Growth: NII grew by 40% Y-o-Y to ₹ 1,563 crores in Q4 FY20 as compared to ₹ 1,113 crores in Q4 FY19.
   - Strong NIM improvement: NIM has improved to 4.24% in Q4 FY20 as compared to 3.03% in Q4 FY19 and 3.86% in Q3 FY20.
   - Strong growth in Total Income (NII + Fees + Trading Gain): Grew 67% Y-o-Y to ₹ 2,314 crores in Q4 FY20 from ₹ 1,386 crores in Q4 FY19. Fee Income as a % of Total Income (net of Trading Gain) stood at 22% for Q4 FY20.
   - Core Pre-provision Operating Profit (PPOP Net of treasury income), grew 70%, from ₹ 275 crores in Q4 FY19 to ₹ 468 crores in Q4 FY20.
   - Provision: The Bank was required to make COVID-19 related provision of ₹ 25 crores pertaining to accounts where asset classification benefit was given. The Bank has provided the entire amount in Q4 FY20 itself and has additionally taken ₹ 200 crores of COVID-19 related provisioning proactively for over-dues of 1-89 days as of February 29, 2020 taking total COVID-19 provisions to ₹ 225 crores. Including this, the total provisions for Q4FY20 was ₹ 679 crores.
   - Profit After Tax: The PAT for Q4 FY20 is reported at ₹ 72 crores as compared to Loss of ₹ 218 crores for Q4 FY19. For the full year FY20, the Bank made a net loss of ₹ 2,864 crores mainly because of the provisions taken on the legacy loans primarily in infrastructure, telecom and financial sector corporate clients totaling to ₹ 2,688 crores, revaluation of DTA due to change in the Tax rate change by the Govt. of India amounting to ₹ 750 crores and lastly the additional COVID-19 impact related provisions amounting to ₹ 225 crores.
4. **Asset Quality of the Bank remains high**
   - Bank's Gross NPA ratio as of March 31, 2020 stood at 2.60% as compared to 2.43% as of March 31, 2019. The Gross NPA ratio without considering the impact of moratorium would have been 2.88% as of March 31, 2020. Gross NPA ratio as of December 31, 2019 was 2.83%.
   - Bank's Net NPA ratio as of March 31, 2020 stood at 0.94% as compared to 1.27% as of March 31, 2019. The Net NPA ratio without considering the impact of moratorium would have been 1.14% as of March 31, 2020 which would have been still lesser than Net NPA ratio of 1.27% as of March 31, 2019. Net NPA ratio as of December 31, 2019 was 1.23%.
   - Provision Coverage Ratio (PCR) has improved to 64.53% as of March 31, 2020 as compared to 48.18% as of March 31, 2019 and as compared to 57.34% as of December 31, 2019.
5. **Strong Asset Quality on Retail Loan Book:**
   - Retail Asset Gross NPA ratio stood at 1.77% as of March 31, 2020 as compared to 2.18% as of March 31, 2019 and 2.26% as of December 31, 2019. Without moratorium, the Retail Asset Gross NPA ratio as of March 31, 2020 would have been 2.22%.
   - Retail Asset's Net NPA ratio stood at 0.67% as of March 31, 2020 as compared to 1.24% as of March 31, 2019 and 1.06% as of December 31, 2019. Without moratorium, the Retail Asset Net NPA ratio as of March 31, 2020 would have been 0.99%.
6. **Strong Capital Adequacy:**
   - Capital Adequacy Ratio is strong at 13.38% with CET-1 Ratio at 13.30% as of March 31, 2020.
   - The Bank announced it plans to mobilize ₹ 2,000 crores of fresh equity capital during Q1 FY21, process to complete by 1st week of June 2020.
   - Post the capital raise, the Capital Adequacy Ratio would be around 15%.
7. **Franchisee:**
   - As on March 31, 2020, the Bank has built a national footprint through the operation of 464 branches (out of which 295 are Urban Branches and 169 are Rural Branches) across many cities in India, 652 Corporate Business Correspondent ('BC') branches, 356 ATMs, 3 Central Processing Centers and 1 Clearing Hub.

Points of Presence comparison chart:

Particulars	FY 2019-20	FY 2018-19
Urban Branches	295	133
Rural Branches	169	109
ATMs*	356	113
Asset Service Branches	128	102
Rural BC Branches (IDFC FIRST Bharat Limited)	380	354
Other BC Branches	272	100

*Excluding white label ATMs

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

UPDATE ON IMPACT OF COVID 19

Late December 2019, a cluster of pneumonia cases of unknown cause was reported by health authorities in Wuhan, Hubei Province, People's Republic of China.

As a precautionary measure and with pro-active readiness, our Bank started monitoring and preparing early from January 22, 2020:

- **Alert & Procurement of Personal Protective Equipments ('PPEs'):** News on this matter was monitored closely, updates shared with the management and alerts sent to employees; PPEs including masks and sanitizers were procured early.

- **Policies:** Work from Home and Quarantine Policies were formalized and published.

- **Remote Access Infrastructure:** VPN infrastructure was readied before lockdown including movement of laptops, desktops to staff residence

A COVID Center headed by V. Vaidyanathan, Managing Director & Chief Executive Officer ('MD & CEO'), Madhivanan B., Chief Operating Officer ('COO') and the management team, along with Crisis Management Team, provided strong leadership and tracked progress on a daily basis. The team monitored and provided necessary directions from time to time and successfully managed the crisis.

Various forms of **communication** advisories on the disease, symptoms, safeguards, restrictions and the like were sent to the management and staff since January 22, 2020, as the disease progressed from a Public Health Emergency of International Concern and evolved into a Pandemic, leading to complete lockdown in India.

All operating premises of the Bank are sanitized and kept safe for staff and customers. Daily disinfection (multiple times) is done, sanitizers are deployed across premises and branches, checking and monitoring of staff's temperature is undertaken for any symptoms, and immediate quarantine is advised in case of even the most minor symptoms, based on the Bank's Quarantine policy.

The **Lockdown Strategy** adopted by the Bank covers the following:

Branch Operations – All branches across the country are operated as per authorities defined operating windows with skeletal staff (on rotation).

Essential Activities – Our Bank supported essential activities like Cash Deposits & Withdrawals, Clearing of Cheques, Remittances and Government transactions.

Digital Banking – All digital banking channels of the Bank were running seamlessly with critical support team resources available for managing sudden spikes.

Split Operations and Work from Home – The Bank successfully implemented 'Work from Home' for employees

Customer Service – The Bank adequately equipped its Customer Service Agents with capabilities to work from home. The staff operated from their Homes as well as Offices via call and e-mail without any disruption to services.

ATM & Branch Cash Adequacy – Adequate measures were taken to ensure supply of cash to Bank's branches and ATMs.

Regulatory Submissions – The Bank's Compliance Team worked diligently, pro-actively updated and responded to all the Statutory and Regulatory bodies queries.

IDFC FIRST Bank is fully functional and provides critical banking services to all its customers.

Moratorium, as a relief measure to the borrowers

The coronavirus pandemic and the lockdown in the country, impacted the income of many, especially the self-employed. Against this backdrop, the Reserve Bank of India ('RBI') vide it's circulars issued on March 27, 2020 and subsequently amended, advised certain regulatory measures to mitigate the burden of debt servicing and to ensure continuity of viable businesses. Lenders could use their discretion to allow deferment of loan instalments falling due between March 01, 2020 and August 31, 2020. This was essentially a 'pause' in contracted repayment obligations and interest on the loan continued to accrue.

The said moratorium and further extensions made by the RBI, provided relief to many borrowers, whose livelihood and income had suffered on account of the pandemic.

The Bank has been fully supportive of RBI's move and has provided moratorium facility to borrowers, thereby deferring their instalments until the end of the loan tenure along with accrued interest for the moratorium period. No charges have been applied on accounts during this period.

This has enabled borrowers, especially small and medium sized businesses who have availed the facility, to cope with the difficult business conditions caused by the pandemic. The Bank proactively communicated all necessary information related to moratorium to borrowers, through its website, SMSs, emails, social media and through conversations with its customer service teams.

DIVIDEND

During FY 2019-20, the Bank had incurred losses. Further, it may be noted that RBI vide its circular no. RBI/2019-20/218 DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 has directed that banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. RBI advised that in an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses.

Accordingly, the Directors did not recommend dividend on equity shares for the FY 2019-20.

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

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

PREPAREDNESS ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS ('IND-AS')

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

The Bank has made significant progress on Ind AS implementation and in fact, since the Bank is an associate company of the Promoter Group - IDFC Limited, which is a Non-Banking Finance Company ('NBFC') that falls under the 'Ind AS Road map' mandatorily applicable from April 01, 2018. Accordingly, the Bank has been preparing and submitting special purpose "Fit-for-Consolidation" consolidated financials under Ind-AS to IDFC Limited with the transition date as April 01, 2017. Under the RBI guidelines, banks are not allowed to early adopt Ind AS and should be guided by the RBI guidelines. Accordingly, the general purpose financial statements of the Bank presented in the Annual Report are not under Ind AS.

Further, the Bank also submits quarterly Standalone Proforma financials in the format as prescribed by the RBI. These submissions are reviewed by the management and the Audit Committee of the Bank before submission to the RBI. The working group of the Bank prepares quarterly pro-forma Ind-AS financials as required by the RBI.

The implementation of IND-AS is expected to result in significant changes to the way the Bank prepares and presents its financial statements. The areas that are expected to have significant accounting impact on the application of IND-AS are summarized below:

1. Financial assets (which include advances and investments) shall be classified under amortized cost, fair value through other comprehensive income (a component of Reserves and Surplus) or fair value through profit/ loss categories on the basis of the nature of the cash flows and the intention of holding the financial assets.

2. Interest will be recognized in the income statement using the effective interest method, whereby the coupon, fees net of transaction costs and all other premiums or discounts will be amortized over the life of the financial instrument.

3. The impairment requirements of IND-AS 109, Financial Instruments, are based on an Expected Credit Loss ('ECL') model that replaces the incurred loss model under the extant framework. The Bank will be generally required to recognize either a 12-Month or Lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. IND-AS 109 will change the Bank's current methodology for calculating the provision for standard assets and non-performing assets ('NPAs'). The Bank will be required to apply a three-stage approach to measure ECL on financial instruments accounted for at amortized cost or fair value through other comprehensive income. Financial assets will migrate through the following three stages based on the changes in credit quality since initial recognition:

Stage 1: 12 Months ECL - For exposures which have not been assessed as credit-impaired or where there has not been a significant increase in credit risk since initial recognition, the portion of the ECL associated with the probability of default events occurring within the next twelve months will need to be recognized.

Stage 2: Lifetime ECL - For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL will need to be recognized.

Stage 3: Lifetime ECL - Credit Impaired Financial assets will be assessed as credit impaired when one or more events having a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will need to be recognized.

4. Accounting impact on the application of IND-AS at the transition date shall be recognized in Equity (Reserves and Surplus) as and when it becomes statutorily applicable to the Bank.

SHARE CAPITAL

Paid-up Equity Share Capital

During FY 2019-20, 2,82,26,604 equity shares of ₹ 10 each were issued and allotted to the eligible employees of the Bank on exercise of Options granted under IDFC FIRST Bank Limited Employee Stock Option Scheme 2015 ('IDFC FIRST Bank ESOS-2015').

As on March 31, 2020, the issued, subscribed and paid-up equity share capital of our Bank was ₹ 48,09,90,30,160 comprising 4,80,99,03,016 equity shares of ₹ 10 each.

Issue of Equity Shares on Preferential basis ('Preferential Issue')

Our Bank has grown steadily on its business and financial parameters during the recent years. Our Bank is one of India's fastest growing private sector banks with an expanding presence across the country.

The Board of Directors of the Bank at their Meeting held on May 01, 2020, subject to approval of the shareholders and such other approvals as may be required, approved the Preferential Issue, involving the issue and allotment of up to **86,24,40,704 (Eighty-Six Crores Twenty-Four Lakh Forty Thousand Seven Hundred and Four)** equity shares of face value of ₹ 10/- (Rupees Ten only) each fully paid-up, at a price of ₹ **23.19/-** per equity share (including premium of ₹ 13.19/- per share), aggregating up to ₹ **2,000 crores** (rounded off) on a preferential basis to the below mentioned Promoter and Non-Promoter Investors, the offer/issue price being determined in accordance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **('SEBI ICDR Regulations')**.

Name of the Investors/ Allottees	No. of Shares to be allotted	Category
IDFC Financial Holding Company Limited	34,49,76,282	Promoter Group
ICICI Prudential Life Insurance Company Limited	25,87,32,212	Non-Promoter Group
Dayside Investment Ltd (affiliated entity of Warburg Pincus)	8,62,44,070	Non-Promoter Group
HDFC Life Insurance Company Limited	8,62,44,070	Non-Promoter Group
Bajaj Allianz Life Insurance Limited	8,62,44,070	Non-Promoter Group
Total Shares	**86,24,40,704**	

In view of the pandemic situation of COVID-19 and pursuant to the guidelines and notification issued by the Ministry of Home Affairs, Government of India and in light of circulars issued by the Ministry of Corporate Affairs, Government of India (the **'MCA'**) vide its General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 (the **'MCA Circulars'**) and pursuant to Section 110 of the Companies Act, 2013 and the Rules made thereunder, our Bank proposed to seek shareholders' approval for this Preferential Issue through Postal Ballot by mechanism of 'Remote E-voting' process, which will remain open for exercising votes from **Tuesday, May 05, 2020 at 09:00 a.m.** India Standard Time (**'IST'**) till **Wednesday, June 03, 2020 at 05:00 p.m. (IST)** (both days inclusive).

The object of the Preferential Issue was to strengthen the Capital Adequacy Ratio of the Bank and ensure it is adequately maintained over and above the regulatory minimum and also with a view to augment funds to meet the short-term and long-term working capital requirements of the existing business operations and support its future growth plans and for general corporate purposes.

As a result of the Preferential Issue, there will be no change in the control or management of the Bank. However, voting rights will change in tandem with the shareholding pattern.

Further, this Preferential Issue was made pursuant to Sections 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant rules made thereunder, in accordance with the guidelines, rules and regulations of the Securities and Exchange Board of India (**'SEBI'**), including Chapter V of SEBI ICDR Regulations, the relevant provisions of the Banking Regulation Act, 1949, the rules, circulars, directions and guidelines issued by the RBI, and subject to the MCA Circulars issued in April 2020. The Bank has ensured to comply with all legal and statutory formalities.

Post the above Preferential Issue, the issued, subscribed and paid-up equity share capital of our Bank will be ₹ 56,72,34,37,200 comprising 5,67,23,43,720 equity shares of ₹ 10 each.

Reserve Bank of India has vide its letter dated May 10, 2020, acknowledged the proposed increase in Authorized Share Capital and consequent amendment to be carried out in the Memorandum of Association of the Bank, subject to compliance with relevant statutes and circulars/ instructions/ guidelines issued by RBI from time to time and shareholders' approval.

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

Authorised Share Capital

In order to meet Bank's growth objectives, business expansion plans and to further strengthen its financial position, the Bank felt the need to infuse additional funds in the form of further capitalization and to generate long term resources by issuing securities.

Considering the proposed Preferential Issue and allotment of equity shares on preferential basis and in view to have an adequate Authorised Share Capital, the Board of Directors of the Bank at their Meeting held on May 01, 2020, approved to increase the Authorised Share Capital of the Bank to ₹ 75,38,00,00,000/- (Rupees Seven thousand five hundred thirty eight crores only) divided into 7,50,00,00,000 (Seven hundred fifty crores) equity shares of ₹ 10/- (Rupees Ten only) each and 38,00,000 (Thirty eight lakh) preference shares of ₹ 100/- (Rupees One hundred only) each, by creation of additional 2,17,50,00,000 (Two hundred seventeen crores and fifty lakh) equity shares of ₹ 10/- (Rupees Ten only) each and the consequent alteration of its Memorandum of Association, subject to approval of the Regulatory Authorities and the shareholders of the Bank by aforesaid Postal Ballot.

The Authorised Share Capital of the Bank, pre and post increase, is tabulated as under:

Type	Face Value (₹)	Pre – Increase Authorised Share Capital (as on March 31, 2020)		Post – Increase Authorised Share Capital	
		No. of shares	Amount (₹)	No. of shares	Amount (₹)
Equity Shares	₹ 10/-	5,32,50,00,000	₹ 53,25,00,00,000	7,50,00,00,000	₹ 75,00,00,00,000
Preference Shares	₹ 100/-	38,00,000	₹ 38,00,00,000	38,00,000	₹ 38,00,00,000
Total			**₹ 53,63,00,00,000**		**₹ 75,38,00,00,000**

CAPITAL ADEQUACY

Currently, the Bank is required to maintain a minimum total Capital Adequacy Ratio of 10.875%, of which minimum Tier 1 is 8.875% including Capital conservation buffer.

Our Bank is well capitalised and has a Capital Adequacy Ratio ('CAR') under Basel III as at March 31, 2020 of 13.38% (as against the RBI minimum requirement of 10.88%) & with Tier-I Capital Adequacy Ratio being 13.30%.

With Preferential Issue of ₹ 2,000 crores (rounded off), our Bank is availing an insurance for an emerging COVID situation, that positions itself for strong growth going forward and take the capital adequacy of our Bank to around 15%. At such capital adequacy, our Bank shall be one of the highest CET-1 capitalized banks in the country, which is far higher than the regulatory requirements.

At high levels of Capital Adequacy, our Bank will continue to enjoy the highest levels of confidence from the Indian financial ecosystem including capital market participants, depositors and our customers.

With the strong opportunities in India (India is an emerging economy and an underserved and under-penetrated market), the strong asset track record (combined with Capital First and IDFC Bank) combined with robust liability franchise, our Bank is well placed to grow its business in the future. Also, the capital raise does give the buffer on account of unforeseen circumstances on account of COVID.

As a Bank, it is our role to be strong and be strong custodians of public depositors/ shareholders and such Preferential Issue will help to further strengthen the balance sheet immensely.

RATINGS

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

Our Bank is rated 'FAAA' by CRISIL for ₹ 50,000 crores Fixed Deposit Program, which is the highest level of safety rating by CRISIL.

During the FY 2019-20, our Bank has not issued any Senior Unsecured Redeemable Long-Term Bonds in the nature of Non-Convertible Debentures and/ or non-equity regulatory capital instrument.

DEPOSITS

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

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

RBI COMPLIANCES

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

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable. During the financial year ended March 31, 2020, Reserve Bank of India (RBI) has vide its letter dated March 4, 2020, imposed a monetary penalty of ₹ 10,000/- on the Bank with respect to certain deficiencies observed on note/ coin exchange and clean note policy during the incognito visit at one of the branch.

LOANS, GUARANTEES OR ACQUISITION OF SECURITIES

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

PERFORMANCE AND CONTRIBUTION OF SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

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

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

During FY 2019-20, IDFC FIRST Bharat has sourced ₹ 6,989 crores, of which ₹ 5,855 crores is in Joint Liability Group ('JLG'), ₹ 520 crores is in Micro Enterprises Loan ('MEL') and ₹ 588 crores is in Micro Housing Loan ('MHL') products, ₹ 28.3 crores is in Two Wheeler ('TW') products and ₹ 15.3 crores is in Housing Loan & Loan Against Property ('HL/LAP') products as a BC to IDFC FIRST Bank. The year end portfolio outstanding disbursed by IDFC FIRST Bharat for the financial year ended March 31, 2020 has increased to ₹ 5,891 crores as compared to ₹ 3,732 crores for the financial year ended on March 31, 2019.

IDFC FIRST Bank's policy for determining material subsidiaries is available on the Bank's web-link: www.idfcfirstbank.com/Investor-relation/corporate-goverance.html.

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

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

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

IDFC FIRST Bank has only one Associate Company as on March 31, 2020, viz Millennium City Expressways Private Limited, in which it holds 29.98% equity stake.

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

PROMOTER

Pursuant to the RBI Guidelines for 'Licensing of New Banks in the Private Sector' dated February 22, 2013, the Promoter - IDFC Financial Holding Company Limited ('IDFC FHCL') is required to hold a minimum of 40% of the paid-up voting equity capital of the Bank which shall be locked in for a period of five years from the date of commencement of business of the Bank i.e. from October 01, 2015. Further, the shareholding by IDFC FHCL in the Bank in excess of 40% of the total paid-up voting equity capital was required to be brought down to 40% within three years from the date of commencement of business of the Bank. Also, in the event of the Bank raising further voting equity capital during the first five years from the date of commencement of business, IDFC FHCL should continue to hold 40% of the enhanced voting equity capital of the Bank for a period of five years from the date of commencement of business of the Bank. Accordingly, as and when equity shares are allotted by IDFC FIRST Bank pursuant to the ESOP Scheme or by way of any other allotment, IDFC FHCL purchases new shares for maintaining 40% shareholding in the Bank.

EMPLOYEES

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

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

EMPLOYEE STOCK OPTION SCHEME

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

IDFC FIRST Bank ESOS - 2015 was approved by the shareholders at their meeting held on December 09, 2014. The shareholders at the 5th Annual General Meeting ('AGM') held on July 25, 2019 approved increase in Employee Stock Options ('ESOP') pool from 6% to 8% of the paid-up share capital of the Bank, from time to time and revised the exercise period within a period of 3 (three) years from the date of Vesting.

There were 25,63,39,705 Options outstanding at the beginning of FY 2019-20. During FY 2019-20, 4,10,26,000 Options were granted to the eligible employees under IDFC FIRST Bank ESOS-2015.

Further, 3,49,45,742 Options had lapsed/ forfeited, and 2,82,26,604 Options were exercised during the year ended March 31, 2020. Accordingly, 23,41,93,359 Options remained outstanding as on March 31, 2020. All Options vests in a graded manner and are required to be exercised within a specific period in accordance with IDFC FIRST Bank ESOS-2015 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

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

Apart from above, there has been no material change in IDFC FIRST Bank ESOS - 2015 during FY 2019-20 and the said IDFC FIRST Bank ESOS - 2015 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment & Cessation

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

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

During the year under review, the Board of Directors on the recommendation of the NRC, had re-appointed Mr. Anand Sinha (DIN: 00682433) as a Independent Director of the Bank for a second term of four (4) consecutive years effective from August 01, 2019 to hold office up to July 31, 2023 or for such other period, subject to approval of the shareholders of the Bank and other applicable statutory/ regulatory approvals.

Mr. Sanjeeb Chaudhuri (DIN: 03594427) was appointed as an Additional Director in the category of Independent Director of the Bank for a period of four (4) consecutive years, effective from May 10, 2019 to hold office up to May 09, 2023, subject to approval of the shareholders of the Bank and other applicable statutory/ regulatory approvals.

Accordingly, the shareholders at its 5th Annual General Meeting of the Bank held on July 25, 2019 approved the following appointment:

- Appointed Mr. Pravir Vohra (DIN: 00082545) as an Independent Director for a period of three (3) years with effect from August 01, 2018.
- Appointed following Directors on the Board of IDFC FIRST Bank for a period of five (5) years with effect from December 18, 2018:
  - [a] Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864) as an Independent Director;
  - [b] Mr. Hemang Raja (DIN: 00040769) as an Independent Director;
  - [c] Mr. Aashish Kamat (DIN: 06371682) as an Independent Director; and
  - [d] Mr. Vishal Mahadevia (DIN: 01035771) as a Non-Executive Non-Independent Director.
- Re-appointed Mr. Anand Sinha (DIN: 00682433) as an Independent Director for a second term of four (4) years with effect from August 01, 2019.
- Appointed Dr. Rajiv B. Lall (DIN: 00131782) as the Part-Time Non-Executive Chairman of the Bank for a period of two (2) years with effect from December 19, 2018.
- Appointed Mr. V. Vaidyanathan (DIN: 00082596) as Managing Director and Chief Executive Officer for the period of three (3) years with effect from December 19, 2018.
- Appointed Mr. Sanjeeb Chaudhuri (DIN: 03594427) as an Independent Director for a period of four (4) years with effect from May 10, 2019.

During the year under review, Mr. Desh Raj Dogra (DIN: 00226775) tendered his resignation from the Board of IDFC FIRST Bank effective from April 04, 2019 in order to avoid potential conflict of interest with his other Board memberships.

Brief profiles of all the Directors of the Bank are available on the Bank's web-link: www.idfcfirstbank.com/about-us/board-of-directors.html under the 'Board of Directors' section.

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

Further, the Bank had received declaration from all the Independent Directors ('IDs'), at the time of appointment and also at the first meeting of the Board of Directors held in FY 2019-20, that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations, for holding the position of ID and that they shall abide by the 'Code for Independent Directors' as per Schedule IV of the Companies Act, 2013. In the opinion of the Board, the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

Further, all the IDs of the Bank have complied and affirmed to abide by Rule 6 (Creation and Maintenance of Databank of Persons Offering to become Independent Directors) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and have also declared their enrollment in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs ('IICA').

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

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

FRAMEWORK FOR APPOINTMENT OF DIRECTORS

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

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

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

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

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

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

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

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and Individual Directors pursuant to the provisions of the Companies Act, 2013 and Listing Regulations for the financial year 2019-20. Additionally, the necessary evaluation was carried out by the NRC and IDs at their respective meetings held for the purpose.

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

NUMBER OF MEETINGS OF THE BOARD

The Board met seven (7) times during FY 2019-20 viz., April 05, 2019, May 10, 2019, July 24, 2019, October 24, 2019, January 29, 2020, March 19, 2020 and March 27, 2020; details of which are given in the Corporate Governance Report, which forms part of this Annual Report. The maximum interval between any two consecutive meetings did not exceeded 120 days.

BOARD COMMITTEES

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

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

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

Audit Committee

The Audit Committee met seven (7) times during FY 2019-20 i.e. on May 10, 2019, May 20, 2019, July 24, 2019, August 02, 2019, October 24, 2019, January 29, 2020, and March 27, 2020.

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

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

Mr. Aashish Kamat	-	Chairperson | Independent Director
Mr. Pravir Vohra	-	Member | Independent Director
Mr. Sanjeeb Chaudhuri	-	Member | Independent Director
Mr. Sunil Kakar	-	Member | Non-Executive Non-Independent Director

Nomination and Remuneration Committee (NRC) / Remuneration Policy

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

The NRC met six (6) times during FY 2019-20 on May 09, 2019, July 24, 2019, September 05, 2019, October 24, 2019, January 29, 2020 and March 27, 2020.

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

Mr. Hemang Raja	-	Chairperson | Independent Director
Mr. Aashish Kamat	-	Member | Independent Director
Dr. (Mrs.) Brinda Jagirdar	-	Member | Independent Director
Mr. Vishal Mahadevia	-	Member | Non-Executive Non-Independent Director

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

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

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

For Whole Time / Executive Directors:

[a] Fixed Pay as decided by the NRC and the Board within the overall approval of the RBI;

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

[c] Retiral benefits, allowances, perquisites and other benefits;

[d] Stock Options;

[e] Directors and Officers Liability Insurance Policy;

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

[g] Malus / Clawback

For Non-Executive / Independent Directors:

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

[b] Remuneration to Non-Executive Part-time Chairperson;

[c] Sitting Fees and Other Expenses; and

[d] Directors and Officers Liability Insurance Policy.

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

[a] Fixed Pay as decided by the NRC and the Board;

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

[c] Retiral benefits, allowances, perquisites and other benefits;

[d] Stock Options;

[e] Directors and Officers Liability Insurance Policy;

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

[g] Malus / Clawback.

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

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

[a] Fixed Pay;

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

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

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

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

[d] Stock Options;

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

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

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

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

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

Corporate Social Responsibility (CSR) Committee

The CSR Committee met one (1) time during FY 2019-20 on May 09, 2019. The CSR Policy of the Bank is available on the Bank's web-link: www.idfcfirstbank.com/Investor-relation/corporate-goverance.html.

The CSR initiatives of the Bank in FY 2019-20 were implemented through various implementation agencies/ partners. In order to achieve impact and scale, the CSR activities undertaken during the year mainly focused on areas: [a] Livelihoods, [b] Health and Sanitation, [c] Education, [d] Women Empowerment, and [e] Others (Disaster Relief).

The amount spent for CSR contribution by the Bank for FY 2019-20 was ₹ 7,24,29,374.

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

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

Mr. V. Vaidyanathan	-	Chairperson | MD & CEO
Dr. (Mrs.) Brinda Jagirdar	-	Member | Independent Director
Mr. Hemang Raja	-	Member | Independent Director

KEY MANAGERIAL PERSONNEL

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

Mr. V. Vaidyanathan
Managing Director and Chief Executive Officer

Mr. Sudhanshu Jain
Chief Financial Officer and Head - Corporate Centre
(appointed with effect from March 27, 2020)

Mr. Satish Gaikwad
Head – Legal and Company Secretary

During the year under review, consequent to Mr. Pankaj Sanklecha's appointment as the Chief Risk Officer of the Bank, he stepped down as the Chief Financial Officer and Head - Corporate Centre of the Bank with effect from close of business hours of December 27, 2019.

INTERNAL FINANCIAL CONTROLS

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

INFORMATION / CYBER SECURITY FRAMEWORK

IDFC FIRST Bank since its inception has put in place a robust Information/ Cyber Security Framework. Our Bank being a green field setup, has Information Security woven into our banking platform and seamlessly merges both culturally and technologically. A dedicated team of security professionals are part of the Information Security Group ('ISG') who govern the Information Security practices in the Bank. Our Bank has put in place state of the art security technologies including several industry 'firsts' technology solutions and adopted 'defense in depth' approach & industry best practices as part of our security framework and architecture. This year the Bank has put substantial effort in redesigning the cyber security framework and posture. Besides this a complete review of the overall security practices was also undertaken leading to several changes in processes and automation of some of the key security assessments undertaken in the Bank. Our Bank is mindful of the need to always be on the guard and monitors its environment 24x7x365. Given the changing threat landscape and evolving technology platforms, the attempt is to progressively move towards adoption of proactive and adaptive platforms for automated detection, response and recovery.

INTERNAL OMBUDSMAN

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

STATUTORY AUDITORS

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

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

In accordance with the aforesaid circular and post receipt of RBI approval, B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as the Statutory Auditors of the Bank by the shareholders at its 5th AGM held on July 25, 2019 for a period of one (1) year from the 5th AGM.

The Audit Committee and the Board of Directors of the Bank at their respective Meetings held on May 22, 2020, basis the approval received from RBI, approved the appointment of B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Bank for the second year 2020-21 i.e. from the conclusion of 6th AGM till the conclusion of 7th AGM to be held in 2021, subject to other necessary approvals including that of shareholders at the ensuing AGM.

AUDITORS' REPORT

There were no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their report for the financial year ended March 31, 2020.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s. Bhandari & Associates, Company Secretaries to undertake the Secretarial Audit of the Bank for the financial year ended March 31, 2020.

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

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

There were no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors in their report for the financial year ended March 31, 2020.

COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

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

CONCURRENT AUDIT

Our Bank has a regular and well-defined process of concurrent audits for important functions such as treasury, trade finance operations, retail operations, wholesale operations, information technology, data center, etc. in line with the extant regulatory guidelines. Reputed Chartered Accountant / CERT-IN certified firms carry out these Concurrent Audits. Key findings of these audits are placed before the Audit Committee of the Board on a quarterly basis.

REQUIREMENT FOR MAINTENANCE OF COST RECORDS

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

AWARDS AND RECOGNITIONS

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

- "Most Promising New Bank in India 2019" by Capital Finance International (CFI);
- CNBC Awaaz "Entrepreneur of the Year" Award, 2019; &
- "Prestigious Brands of India 2020" by Herald Global and BARC Asia.

INSTANCES OF FRAUD, IF ANY, REPORTED BY THE AUDITORS OR THE MANAGEMENT

No offence of fraud was reported by the Auditors of the Bank under Section 143(12) of the Companies Act, 2013. The details of provisioning pertaining to Fraud Accounts during the year under review are provided in Note No. 18.17 to the Standalone Financial Statements as at March 31, 2020.

RISK MANAGEMENT FRAMEWORK

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

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

The RMC of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity and operational risks. The Committee also reviews the Risk Appetite & Enterprise Risk Management framework, Internal Capital Adequacy Assessment Process ('ICAAP') and Stress Testing. ICAAP & Stress Testing requires the Bank to undertake rigorous, forward-looking assessment of risks by identifying severe events or changes in market conditions which could adversely impact the Bank.

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

Our Bank manages its capital position to maintain strong capital ratios well in excess of regulatory and Board approved minimum capital adequacy at all times. The strong Tier I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors and shareholders. Capital management practices are designed to maintain a risk reward balance, while ensuring that businesses are adequately capitalized to absorb the impact of stress events including pandemic risks.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

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

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

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

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

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

Our Bank has in place a policy on Anti-Sexual Harassment, which reflects the Bank's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. Our Bank has set up an Internal Complaints Committee ('ICC') to receive and redress complaints of sexual harassment. Our Bank undertakes ongoing trainings to create awareness on this policy.

During the year under review i.e. FY 2019-20, six sexual harassment complaints were filed, out of which five complaints were closed during the year. One complaint was received in the month of March 2020, hence, under work in progress and shall be resolved within the timelines.

During FY 2019-20, employees were given online training and classroom training was imparted to all ICC members in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment, details of which have been mentioned in the Business Responsibility Report, which is hosted on the Bank's web-link: www.idfcfirstbank.com/Investor-relation/corporate-goverance.html.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status or the operations of the Bank.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank between the end of the financial year of the Bank i.e. March 31, 2020 and the date of the Board Meeting in which the Directors' Report was approved i.e. May 22, 2020.

RELATED PARTY TRANSACTIONS

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

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Also, our Bank has been increasingly using information technology in its operations, for more details, please refer Management Discussion and Analysis Report, which forms part of this Annual Report.

Further, Foreign Exchange earnings and outgo are part of the normal banking business of the Bank.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as required by Regulation 34(2)(e) of the Listing Regulations, forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Directors ensure the Bank's prosperity by collectively directing its affairs, while meeting the appropriate interests of its Shareholders and other Stakeholders.

Our Bank is committed to achieve the highest standards of Corporate Governance. A separate section on Corporate Governance standards followed by our Bank and the relevant disclosures, as stipulated under Listing Regulations, Companies Act, 2013 and Rules made thereunder forms part of this Annual Report.

A Certificate from the Secretarial Auditors of the Bank, M/s. Bhandari & Associates, Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations is enclosed at the beginning of the Corporate Governance Report and forms part of this Annual Report.

CEO & CFO CERTIFICATION

Certificate issued by Mr. V. Vaidyanathan, MD & CEO and Mr. Sudhanshu Jain, Chief Financial Officer and Head - Corporate Centre of the Bank, in terms of Regulation 17(8) of Listing Regulations, for the year under review was placed before the Board of Directors and forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report, in terms of Regulation 34(2)(f) of Listing Regulations, describing the initiatives taken by IDFC FIRST Bank from an environmental, social and governance perspective is hosted on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section and constitutes a part of this Annual Report. Any shareholder interested in obtaining soft copy of the same may write to the Head - Legal and Company Secretary of the Bank by sending an e-mail on bank.info@idfcfirstbank.com. The same will be replied by the Bank suitably.

ANNUAL RETURN

An extract of the Annual Return as of March 31, 2020 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 and forming part of this report is placed on the Bank's website: www.idfcfirstbank.com under the 'Investor Relations' section as per provisions of Section 134(3)(a) and is also set out in **ANNEXURE 4** to this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

[a] in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

[b] the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2020 and of the loss of the Bank for that period;

[c] the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

[d] the Directors had prepared the annual accounts on a going concern basis;

[e] the Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

[f] the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

GREEN INITIATIVE

To support the 'Green Initiative', shareholders who have not updated their e-mail addresses are requested to update the same with their respective Depository Participants (DPs), in case shares held are in electronic form or communicate their e-mail address to the Registrar and Share Transfer Agent i.e. KFin Technologies Private Limited or to the Bank, in case shares are held in physical form, so that future communications can be sent to shareholders in electronic mode. Note on Green Initiative forms part of the 6th AGM Notice.

ACKNOWLEDGMENT

Your Directors take this opportunity to express their deep and sincere gratitude to our Customers, Business Partners, Business Correspondents and Vendors for the trust and confidence reposed by them in the Bank. We would like to thank our Shareholders, Bondholders, Investors and Financial Institutions for their co-operation and assistance during the year under review.

Your Directors would like to place on record their appreciation for the support received from IDFC Group, Government of India, State Governments, various Ministries, Reserve Bank of India ('RBI'), Securities and Exchange Board of India ('SEBI'), Insurance Regulatory and Development Authority of India ('IRDA'), Financial Intelligence Unit-India (FIU-IND), Stock Exchanges ('National Stock Exchange of India Limited' & 'BSE Limited'), Depositories, Rating Agencies, Unique Identification Authority of India ('UIDAI'), National Payments Corporation of India ('NPCI'), The Clearing Corporation of India Limited ('CCIL'), Indian Banks' Association ('IBA'), Fixed Income Money Market and Derivatives Association of India ('FIMMDA') and all other regulatory agencies and associations with which the Bank interacts.

Your Directors sincerely acknowledge the commitment and hard work put in by all employees of the Bank through its transformational journey. Their valuable contribution has enabled the Bank to make significant progress towards achieving its objective of becoming a diversified universal Bank, with a focus on retail banking.

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date: May 22, 2020
Place: Mumbai

ANNEXURE 1

Form No. AOC-1

Statement containing Salient Features of the Financial Statement of Subsidiaries / Associate Companies/ Joint Ventures as on the Financial Year ended on March 31, 2020

[Pursuant to first proviso to Section 129(3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014]

A. SUBSIDIARIES

(₹ in crore)

Sr. No.	Name of Subsidiary Company	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities (Note 3)	Investments	Turnover	Profit Before Tax	Provision For Tax	Profit After Tax	Proposed Dividend (%)	% of Shareholding
1.	IDFC FIRST Bharat Limited	5.58	146.61	213.46	61.27	-	376.88	30.31	11.36	18.95	-	100%

Notes:

1. Names of Subsidiaries which are yet to commence operations: Not Applicable
2. Names of Subsidiaries which have been liquidated or sold during the year: Not Applicable
3. Total Liabilities is excluding Share Capital and Reserves & Surplus
4. Numbers are as per Ind-AS financial statements, pursuant to migration to Ind-AS by the entity.

B. ASSOCIATES AND JOINT VENTURES

Sr. No.	Name of Associate Company	Millennium City Expressways Private Limited (Note 3)
1.	Latest audited Balance Sheet Date	March 31, 2020
2.	Shares of Associate held by the Bank on the year end	
	Number of Equity Shares	22,63,83,431
	Amount of Investment in Associate Company (₹ in crore)	226.38
	Extent of Holding (%)	29.98%
3.	Description of how there is significant influence	Extent of equity holding in the associate company exceeds 20%
4.	Reason why the Associate is not consolidated	Not Applicable
5.	Networth attributable to Bank's Shareholding as per latest audited Balance Sheet (₹ in crore)	Nil
6.	Profit / (Loss) for the year ended March 31, 2020 (₹ in crore)	
	I. Considered in Consolidation	-
	II. Not considered in Consolidation	(72.36)

Notes:

1. Names of Associates or Joint Ventures which are yet to commence operations: Not Applicable
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year: Not Applicable
3. The financials of Millennium City Expressways Private Limited for the year ended March 31, 2020 are unaudited.

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & CEO
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer and
Head - Corporate Centre

Satish Gaikwad
Head - Legal and
Company Secretary

Date : May 22, 2020
Place : Mumbai

ANNEXURE 2

Details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

I. Ratio of Remuneration of each Director to the median employees' remuneration for the FY 2019-20 and Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the FY 2019-20

Sr. No.	Name of the Director/ KMP	Designation	Ratio	Percentage Increase
1.	Dr. Rajiv B. Lall	Part-Time Non-Executive Chairman	2.64 : 1	Nil
2.	Mr. V. Vaidyanathan	Managing Director & CEO	153 : 1	Nil
3.	Mr. Aashish Kamat	Independent Director	3.06 : 1	-
4.	Mr. Anand Sinha	Independent Director	3.30 : 1	-
5.	Dr. (Mrs.) Brinda Jagirdar	Independent Director	4.40 : 1	-
6.	Mr. Hemang Raja	Independent Director	4.77 : 1	-
7.	Mr. Pravir Vohra	Independent Director	4.65 : 1	-
8.	Mr. Sanjeeb Chaudhuri	Independent Director	2.20 : 1	-
9.	Ms. Anindita Sinharay	Non-Executive Non-Independent Director	-	-
10.	Mr. Sunil Kakar	Non-Executive Non-Independent Director	-	-
11.	Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	-	-
12.	Mr. Sudhanshu Jain	KMP – Chief Financial Officer & Head - Corporate Centre	-	-
13.	Mr. Satish Gaikwad	KMP – Head - Legal & Company Secretary	-	34%

Note:

Executive Director:

In case of Managing Director & CEO, we have considered Total Fixed Pay, as approved by the RBI, for the computation of ratios. Total Fixed Pay includes Fixed Salary, allowances and employee contribution to Provident fund. Further, there has been no increase in the remuneration of Managing Director & CEO in the FY 2019-20.

Independent/ Non-Executive Directors:

In case of Part-Time Non-Executive Chairman, we have considered the Salary, as approved by RBI and sitting fees for attending Board meetings during FY 2019-20. Further, there has been no increase in the remuneration of Part-Time Non-Executive Chairman in the FY 2019-20.

In case of Independent Directors, sitting fees paid for attending Board and Committee meetings during FY 2019-20 has been considered. Further, the amount of sitting fees paid per Board and Committee meeting remains unchanged from previous FY 2018-19.

In case of Non-Executive Non-Independent Directors, they have not been paid any remuneration (i.e. sitting fees for attending Board and Committee meetings) during FY 2019-20.

Key Managerial Personnel, other than MD & CEO:

Mr. Sudhanshu Jain, who was appointed as Chief Financial Officer & Head - Corporate Centre effective March 27, 2020, the percentage increase in remuneration is Not Applicable.

Mr. Satish Gaikwad, Head – Legal & Company Secretary, the percentage increase in remuneration during the FY 2019-20 is 34%.

II. The percentage increase in the median remuneration of Employees in the financial year

The median remuneration of the employees of IDFC FIRST Bank Limited increased by 11% in the financial year.

III. The number of permanent Employees on the rolls of the Bank

There were 20,222 permanent employees on the rolls of the Bank as on March 31, 2020.

IV. Average percentile increase already made in the salaries of Employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentile increase for Managerial Personnel for the financial year is 11%.

Average percentile increase for employees other than the Managerial Personnel for the financial year is 13%.

The average increase in the remuneration of employees compared to the increase in remuneration of Managerial Personnel is in line with the market bench mark study.

There is no exceptional increase in the Managerial Remuneration.

V. Affirmation that the remuneration is as per the remuneration policy of the Bank

The Bank affirms that the remuneration is as per the remuneration policy of the Bank, as applicable.

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date: May 22, 2020
Place: Mumbai

ANNEXURE 3

IDFC FIRST Bank Annual Corporate Social Responsibility Report FY 2019-20

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Bank's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Bank's business strategy for overall value creation for all stakeholders. IDFC FIRST Bank believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Bank operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India befitting its status as a conscientious corporate citizen.

Section 135 of Companies Act, 2013 ('the Act') read with Companies (Corporate Social Responsibility Policy) Rules, 2014 requires IDFC FIRST Bank to mandatorily spend on CSR.

During the year, IDFC FIRST Bank carried out CSR activities through various not-for-profit implementing partners / agencies.

IDFC FIRST Bank undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act for promoting the development of –

[a] Livelihoods

[b] Health and Sanitation

[c] Education

[d] Women Empowerment

[e] Others (Disaster Relief)

2. The Composition of the CSR Committee:

[a] Mr. V. Vaidyanathan – Chairperson

[b] Mr. Hemang Raja – Member

[c] Dr. (Mrs.) Brinda Jagirdar – Member

3. Average net profit of the Bank for last three financial years:

The average net profit of the Bank for the last three financial years calculated as specified by the Companies Act, 2013 for FY 2019-20 was ₹ -138.55 Crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): NIL

5. Details of CSR spent during Financial Year:

[a] Total amount budgeted and approved by the CSR Committee for the financial year: ₹ 11.61 Crore

[b] The amount spent for CSR programmatic contribution by the Bank for FY 2019-20 was ₹ 7.24 Crore.

[c] Unspent amount from approved budget, if any: ₹ 4.37 Crore*

* Given the average net profit of the Bank for the past three years was negative, we did not have a mandated CSR budget for FY 2019-20. Despite this, owing to continue our commitment to our implementation partners, we have spent ₹ 7.24 Crore under CSR expenditure for FY 2019-20 out of the ₹ 11.61 Crore approved by the CSR Committee. Thus, the unspent amount being ₹ 4.37 Crore.

[d] Manner in which the amount spent during the financial year is detailed in **EXHIBIT – A**

6. In case the Bank has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Bank shall provide the reasons for not spending the amount in its Board report: Not Applicable

7. The CSR Committee of the Bank hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Bank.

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

Dr. Rajiv B. Lall	V. Vaidyanathan
Chairman	Chairman – CSR Committee
DIN: 00131782	DIN: 00082596

Date: May 22, 2020
Place: Mumbai

EXHIBIT – A

(1)	(2)	(3)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)
1	Providing scholarships to students from low income families.	Cl.(ii) promoting education
2	Providing scholarships and stipends to students studying Mental Health Sciences.	Cl.(ii) promoting education
3	Providing scholarships to students pursuing degree in liberal arts.	Cl.(ii) promoting education
4	Vocational, Employability and entrepreneurship training to women residing in slum areas of Delhi.	Cl.(ii) promoting employment enhancing vocation skills among women; livelihood enhancement projects.
5	Advance tailoring skills training.	Cl.(iii) Empowering women
6	Scholarship support and life-skills training to young adults with Autism.	Cl.(ii) promoting education, including special education.
7	Training rural school dropouts in ITI courses and placing them into entry level jobs.	Cl.(ii) promoting employment enhancing vocation skills, livelihood enhancement projects.
8	Promoting skills training amongst slum dweller youth.	Cl.(ii) promoting employment enhancing vocation skills, livelihood enhancement projects.
9	Imparting digital literacy and skills to less privileged individuals.	Cl.(ii) promoting education and employment enhancing vocation skills
10	Promoting livelihoods enhancement skills to women with Intellectual disability.	Cl.(ii) promoting employment enhancing vocation skills among differently abled.
11	Promoting livelihoods enhancement skills to women with Intellectual disability.	Cl.(ii) promoting employment enhancing vocation skills among differently abled.
12	Cattle Care Program to improve the productivity of milch animals and increase the income of small and marginal dairy farmers.	Cl.(ii) livelihood enhancement projects,
13	Promoting sanitation and Swachh Bharat Mission.	Cl (i) Promoting sanitation
14	Disaster Relief and rehabilitation for FANI cyclone.	Cl(xii) Disaster Management, including relief and rehabilitation and reconstruction activities
	Total	
Total Direct Expense of Projects & Programmes (A)		
Overhead Expense (B)		
Total (A) + (B)		

*** Details of Implementing Agencies**

IDFC FIRST Bank engages in Corporate Social Responsibility ('CSR') activities as per the CSR policy adopted by the Bank which is in line with the Schedule VII of the Companies Act, 2013. The Bank is primarily focused on well-defined projects or programmes that includes promotion and development of [a] Livelihoods, [b] Health and Sanitation, [c] Education, [d] Women Empowerment and [e] Others (Disaster Relief) with the help of various partners.

- **Ashoka University** is a private research university with a focus on liberal arts.
- **Banyan Academy** for leadership in Mental Health is a mental health and social science research and teaching institute.
- **Animedh Charitable Trust** is a non-profit that provides various women and youth livelihood enhancement projects.
- **Pune City Connect** is a not-for-profit company working towards enabling city wide transformation via lighthouse and digital literacy programs.
- **Om Creations Trust** works with women with multiple intellectual disability and trains and skills them.
- **ETASHA Society** provides vocational training, placement, employability skills training and career guidance to the youth and women from disadvantaged sections of the society.

(4)	(5)	(6)	(7)	(8)
Projects or programmes (1) Local area or other; (2) Specify the State and District where projects or programmes was undertaken	**Amount outlay (budget)**	**Amount spent on the projects or programmes Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Over Heads**	**Cumulative expenditure up to the reporting period**	**Amount spent : Direct or through Implementing Agency***
PAN India	3,11,00,000.00	3,11,00,000.00	3,11,00,000.00	IDFC FIRST Bank
Chennai, Tamil Nadu	19,00,000.00	-	-	Banyan Academy of Leadership in Mental Health
Delhi	56,00,000.00	-	-	Ashoka University
Delhi	28,00,000.00	17,69,460.00	17,69,460.00	ETASHA Society
Mumbai, Maharashtra	28,00,000.00	9,98,181.00	9,98,181.00	Animedh Charitable Trust
Bangalore, Karnataka	38,00,000.00	17,34,025.00	17,34,025.00	Biswa Gouri Charitable Trust
Lonavala, Maharashtra	20,00,000.00	8,33,750.00	8,33,750.00	Social Action for Manpower Creation (SAMPARC)
Pune, Maharashtra	90,00,000.00	75,49,043.00	75,49,043.00	Pune City Connect
Pune, Maharashtra	31,00,000.00	27,76,875.00	27,76,875.00	Pune City Connect
Mumbai, Maharashtra	40,00,000.00	20,41,923.00	20,41,923.00	Om Creations Trust
Karjat, Maharashtra		10,25,000.00	10,25,000.00	Om Creations Trust
Madhya Pradesh and Rajasthan	4,00,00,000.00	1,45,95,336.00	1,45,95,336.00	End Poverty, Vrutti & CARD
Mumbai, Maharashtra	1,00,00,000.00	36,40,000.00	36,40,000.00	G5A Foundation for Contemporary Culture
Odhissa		20,00,000.00	20,00,000.00	Feedback Foundation
	11,61,00,000.00	**7,00,63,593.00**	**7,00,63,593.00**	
		7,00,63,593.00	**7,00,63,593.00**	
	-	**23,65,781.00**	**23,65,781.00**	
	-	**7,24,29,374.00**	**7,24,29,374.00**	

- **Social Action for Manpower Creation ('SAMPARC')** runs an orphanage, community education projects and vocational training center for underprivileged youth.
- **Bubbles Centre for Autism** is a unit of **Biswa Gouri Charitable Trust** which provides educational programs for children with learning difficulties and intellectual disability.
- **End Poverty** is an NGO working towards upliftment of the needy.
- **Vrutti** works with marginalized small producers to provide livelihood solution.
- **Centre for Advance Research and Development ('CARD')** works with communities to provide solutions to societal problems using research as its findings.
- **G5A Foundation for Contemporary Culture** supports contemporary art and culture and uses arts as a tool for behavior change.
- **Feedback Foundation** is a social development arm of Feedback Infra and provides sustainable solutions in rural and urban sanitation. It also carries our relief and rehabilitation work during disaster.

ANNEXURE 4

Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

01. REGISTRATION AND OTHER DETAILS

1	CIN	L65110TN2014PLC097792
2	Registration Date	October 21, 2014
3	Name of the Company	IDFC FIRST Bank Limited *(Formerly known as IDFC Bank Limited)*
4	Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
5	Address of the Registered Office and contact details	KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India. Tel: +91 44 4564 4000 Fax: +91 44 4564 4022 E-mail: secretarial@idfcfirstbank.com Website: www.idfcfirstbank.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Kfin Technologies Private Limited (Unit: IDFC FIRST Bank Limited) Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India. Contact Person: Mr. M R V Subrahmanyam Tel: +91 40 6716 2222 Fax: +91 40 2342 0814 Toll Free: 1800 345 4001 E-mail: einward.ris@kfintech.com Website: www.kfintech.com

02. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Bank shall be stated

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE BANK
1.	Banking Services	64191	100

03. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	IDFC FIRST Bharat Limited *(Formerly known as IDFC Bharat Limited)* S.A.N. Complex, No. 4, Williams Road, Cantonment, Tiruchirappalli - 620 001, Tamil Nadu, India	U65929TN2003PLC050856	Subsidiary Company	100.00	Section 2(87)
2.	Millennium City Expressways Private Limited IGI Toll Plaza Building, Opp. Radisson Hotel, Mahipalpur, New Delhi - 110 037, India	U45204DL2014PTC266306	Associate Company	29.98	Section 2(6)

04. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL SHARES)

4A. CATEGORY-WISE SHAREHOLDING

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR (AS ON APRIL 01, 2019)				NO. OF SHARES HELD AT THE END OF THE YEAR (AS ON MARCH 31, 2020)				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(A) PROMOTER AND PROMOTER GROUP									
(1) INDIAN									
(a) Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	1,91,26,70,691	0	1,91,26,70,691	40.00	1,92,39,61,207	0	1,92,39,61,207	40.00	0.00
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :	**1,91,26,70,691**	**0**	**1,91,26,70,691**	**40.00**	**1,92,39,61,207**	**0**	**1,92,39,61,207**	**40.00**	**0.00**
(2) FOREIGN									
(a) Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total A=A(1)+A(2)	**1,91,26,70,691**	**0**	**1,91,26,70,691**	**40.00**	**1,92,39,61,207**	**0**	**1,92,39,61,207**	**40.00**	**0.00**
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds /UTI	13,41,21,968	0	13,41,21,968	2.80	15,51,98,251	0	15,51,98,251	3.23	0.42
(b) Financial Institutions /Banks	1,64,86,051	0	1,64,86,051	0.34	95,55,551	0	95,55,551	0.20	(0.14)
(c) Central Government / State Government(s)	26,14,00,000	0	26,14,00,000	5.47	26,14,00,000	0	26,14,00,000	5.43	(0.04)
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	4,46,86,809	0	4,46,86,809	0.93	3,35,31,357	0	3,35,31,357	0.70	(0.23)
(f) Foreign Institutional Investors	64,52,93,039	0	64,52,93,039	13.50	65,21,41,752	0	65,21,41,752	13.56	0.06
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Qualified Institutional Buyer	0	0	0	0.00	1,67,28,751	0	1,67,28,751	0.35	0.35
(j) Others - Foreign Corporate Bodies	53,81,75,265	0	53,81,75,265	11.25	47,17,33,265	0	47,17,33,265	9.81	(1.44)
Sub-Total B(1) :	**1,64,01,63,132**	**0**	**1,64,01,63,132**	**34.30**	**1,60,02,88,927**	**0**	**1,60,02,88,927**	**33.27**	**(1.03)**
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	15,41,65,487	0	15,41,65,487	3.22	9,21,68,653	0	9,21,68,653	1.92	(1.31)
(b) Individuals									
(i) Individuals holding nominal share capital up to ₹1 lakh	41,89,78,347	60,329	41,90,66,568	8.76	51,10,31,645	42,948	51,10,74,593	10.63	1.86
(ii) Individuals holding nominal share capital in excess of ₹1 lakh	57,03,54,585	20,850	57,03,75,435	11.93	56,39,88,789	0	56,39,88,789	11.73	(0.20)

4A. CATEGORY-WISE SHAREHOLDING (Continued)

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR (AS ON APRIL 01, 2019)				NO. OF SHARES HELD AT THE END OF THE YEAR (AS ON MARCH 31, 2020)				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(c) Others									
Clearing Members	1,10,88,568	0	1,10,88,568	0.23	3,35,88,554	0	3,35,88,554	0.70	0.47
IEPF	4,69,194	0	4,69,194	0.01	4,72,169	0	4,72,169	0.01	ß
Non Resident Indians	6,65,60,841	1,527	6,65,62,368	1.39	7,75,84,077	1,527	7,75,85,604	1.61	0.22
NBFC registered with RBI	10,05,680	0	10,05,680	0.02	6,55,854	0	6,55,854	0.01	(0.01)
Trusts	61,09,289	0	61,09,289	0.13	60,72,459	0	60,72,459	0.13	ß
Foreign Nationals	27,892	0	27,892	0.00	46,207	0	46,207	0.00	ß
Sub-Total B(2) :	**1,22,87,59,883**	**82,706**	**1,22,88,42,589**	**25.70**	**1,28,56,08,407**	**44,475**	**1,28,56,52,882**	**26.73**	**1.03**
Total B=B(1)+B(2) :	**2,86,89,23,015**	**82,706**	**2,86,90,05,721**	**60.00**	**2,88,58,97,334**	**44,475**	**2,88,59,41,809**	**60.00**	**0.00**
Total (A+B) :	**4,78,15,93,706**	**82,706**	**4,78,16,76,412**	**100.00**	**4,80,98,58,541**	**44,475**	**4,80,99,03,016**	**100.00**	**0.00**
(C) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C) :	**4,78,15,93,706**	**82,706**	**4,78,16,76,412**	**100.00**	**4,80,98,58,541**	**44,475**	**4,80,99,03,016**	**100.00**	**0.00**

ß denotes negligible value

4B. SHAREHOLDING OF PROMOTERS

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR (APRIL 01, 2019)			SHAREHOLDING AT THE END OF THE YEAR (MARCH 31, 2020)			% CHANGE IN SHARE-HOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1.	IDFC Financial Holding Company Limited	1,91,26,70,691	40.00	-	1,92,39,61,207	40.00	-	00.00
	Total	**1,91,26,70,691**	**40.00**	**-**	1,92,39,61,207	40.00	-	**00.00**

4C. CHANGE IN PROMOTERS' SHAREHOLDING

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2019		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2020	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1.	IDFC Financial Holding Company Limited*	1,91,26,70,691	40.00	01/04/2019	-	-	1,91,26,70,691	40.00
				05/04/2019	148,662	Purchase	1,91,28,19,353	40.00
				10/06/2019	171,498	Purchase	1,91,29,90,851	40.00
				26/08/2019	115,500	Purchase	1,91,31,06,351	40.00
				13/11/2019	504,390	Purchase	1,91,36,10,741	40.00
				06/12/2019	1,681,480	Purchase	1,91,52,92,221	40.00
				23/12/2019	490,994	Purchase	1,91,57,83,215	40.00
				24/02/2020	177,992	Purchase	1,91,59,61,207	40.00
				02/03/2020	8,000,000	Purchase	1,92,39,61,207	40.00
				31/03/2020	-	-	1,92,39,61,207	40.00

* As and when equity shares are allotted by IDFC FIRST Bank pursuant to the ESOP Scheme or by way of any other corporate action, IDFC Financial Holding Company Limited purchases additional shares for maintaining 40% shareholding in the Bank as per RBI Guidelines for 'Licensing of New Banks in the Private Sector'.

4D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF THE SHAREHOLDER*	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2019**		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2020	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1	Cloverdell Investment Ltd	47,17,33,265	9.87	01/04/2019	Nil Movement during the year		47,17,33,265	9.87
				31/03/2020			47,17,33,265	9.81
2	President of India	26,14,00,000	5.47	01/04/2019	Nil Movement during the year		26,14,00,000	5.47
				31/03/2020			26,14,00,000	5.43
3	ODYSSEY 44 A S	2,56,65,565	0.54	01/04/2019	-	-	2,56,65,565	0.54
				03/05/2019	10,00,000	Purchase	2,66,65,565	0.56
				10/05/2019	51,650	Purchase	2,67,17,215	0.56
				17/05/2019	50,00,000	Purchase	3,17,17,215	0.66
				24/05/2019	1,23,08,267	Purchase	4,40,25,482	0.92
				31/05/2019	1,07,00,000	Purchase	5,47,25,482	1.14
				07/06/2019	23,95,793	Purchase	5,71,21,275	1.19
				14/06/2019	78,00,000	Purchase	6,49,21,275	1.36
				21/06/2019	28,82,000	Purchase	6,78,03,275	1.42
				28/06/2019	27,73,782	Purchase	7,05,77,057	1.48
				05/07/2019	31,85,388	Purchase	7,37,62,445	1.54
				12/07/2019	35,00,000	Purchase	7,72,62,445	1.62
				19/07/2019	40,75,367	Purchase	8,13,37,812	1.70
				26/07/2019	97,53,000	Purchase	9,10,90,812	1.90
				02/08/2019	93,09,900	Purchase	10,04,00,712	2.10
				09/08/2019	66,78,172	Purchase	10,70,78,884	2.24
				16/08/2019	92,34,154	Purchase	11,63,13,038	2.43
				23/08/2019	46,37,535	Purchase	12,09,50,573	2.53
				30/08/2019	1,39,00,000	Purchase	13,48,50,573	2.82
				06/09/2019	86,30,710	Purchase	14,34,81,283	3.00
				13/09/2019	75,79,577	Purchase	15,10,60,860	3.16
				20/09/2019	1,20,50,000	Purchase	16,31,10,860	3.41
				27/09/2019	70,00,390	Purchase	17,01,11,250	3.56
				30/09/2019	30,00,000	Purchase	17,31,11,250	3.62
				04/10/2019	1,00,00,000	Purchase	18,31,11,250	3.83
				11/10/2019	1,34,00,000	Purchase	19,65,11,250	4.11
				18/10/2019	1,37,36,000	Purchase	21,02,47,250	4.40
				25/10/2019	22,80,000	Purchase	21,25,27,250	4.44
				01/11/2019	20,00,000	Purchase	21,45,27,250	4.49
				28/02/2020	25,00,000	Purchase	21,70,27,250	4.53
				06/03/2020	55,00,000	Purchase	22,25,27,250	4.63
				13/03/2020	40,67,140	Purchase	22,65,94,390	4.71
				20/03/2020	20,00,000	Purchase	22,85,94,390	4.75
				31/03/2020	-	-	22,85,94,390	4.75

4D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (Continued)
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF THE SHAREHOLDER*	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2019**		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2020	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
4	Government of Singapore	12,18,75,005	2.55	01/04/2019	-	-	12,18,75,005	2.55
				23/08/2019	(46,26,411)	Sale	11,72,48,594	2.45
				30/08/2019	(57,93,378)	Sale	11,14,55,216	2.33
				06/09/2019	(24,25,912)	Sale	10,90,29,304	2.28
				13/09/2019	(27,35,503)	Sale	10,62,93,801	2.22
				20/09/2019	(1,26,120)	Sale	10,61,67,681	2.22
				27/09/2019	(37,41,837)	Sale	10,24,25,844	2.14
				30/09/2019	(7,68,068)	Sale	10,16,57,776	2.13
				01/11/2019	(47,97,431)	Sale	9,68,60,345	2.03
				08/11/2019	(58,13,317)	Sale	9,10,47,028	1.90
				22/11/2019	(52,24,346)	Sale	8,58,22,682	1.79
				29/11/2019	(1,52,92,634)	Sale	7,05,30,048	1.47
				06/12/2019	(1,31,61,690)	Sale	5,73,68,358	1.20
				13/12/2019	(33,18,330)	Sale	5,40,50,028	1.13
				20/12/2019	(40,42,593)	Sale	5,00,07,435	1.04
				27/12/2019	(40,75,608)	Sale	4,59,31,827	0.96
				31/12/2019	(62,71,945)	Sale	3,96,59,882	0.83
				03/01/2020	(36,17,759)	Sale	3,60,42,123	0.75
				10/01/2020	(92,53,669)	Sale	2,67,88,454	0.56
				17/01/2020	(1,03,33,075)	Sale	1,64,55,379	0.34
				24/01/2020	(38,96,211)	Sale	1,25,59,168	0.26
				31/01/2020	(89,63,111)	Sale	35,96,057	0.08
				06/03/2020	(35,96,057)	Sale	0	0.00
				31/03/2020	-	-	0	0.00
5	Caladium Investment Pte Ltd	6,64,42,000	1.39	01/04/2019	-	-	6,64,42,000	1.39
				09/08/2019	(6,64,42,000)	Sale	0	0.00
				31/03/2020	-	-	0	0.00
6	Aditya Birla Sun Life Trustee Private Limited A/C	4,76,25,290	1.00	01/04/2019	-	-	4,76,25,290	1.00
				05/04/2019	3,60,000	Purchase	4,79,85,290	1.00
				12/04/2019	5,04,000	Purchase	4,84,89,290	1.01
				19/04/2019	2,70,000	Purchase	4,87,59,290	1.02
				26/04/2019	8,28,000	Purchase	4,95,87,290	1.04
				03/05/2019	5,40,000	Purchase	5,01,27,290	1.05
				10/05/2019	8,82,000	Purchase	5,10,09,290	1.07
				17/05/2019	31,95,000	Purchase	5,42,04,290	1.13
				24/05/2019	16,83,000	Purchase	5,58,87,290	1.17
				31/05/2019	12,24,626	Purchase	5,71,11,916	1.19
				07/06/2019	8,32,500	Purchase	5,79,44,416	1.21
				14/06/2019	10,98,000	Purchase	5,90,42,416	1.23
				21/06/2019	9,90,000	Purchase	6,00,32,416	1.26
				28/06/2019	14,40,000	Purchase	6,14,72,416	1.29
				05/07/2019	1,40,400	Purchase	6,16,12,816	1.29
				12/07/2019	7,99,200	Purchase	6,24,12,016	1.31
				31/03/2020	-	-	6,24,12,016	1.30
7	Aditya Birla Sun Life Trustee Private Limited A/C	3,73,30,284	0.78	01/04/2019	Nil Movement during the year		3,73,30,284	0.78
				31/03/2020			3,73,30,284	0.78

4D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (Continued)
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF THE SHAREHOLDER*	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2019**		CHANGES IN THE SHAREHOLDING DURING THE YEAR			CUMULATIVE SHAREHOLDING DURING AND AT THE END OF THE YEAR AS ON MARCH 31, 2020	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
8	Vanguard Total International Stock Index Fund	3,59,53,169	0.75	01/04/2019	-	-	3,59,53,169	0.75
				05/04/2019	6,37,340	Purchase	3,65,90,509	0.77
				26/04/2019	(9,62,518)	Sale	3,56,27,991	0.75
				10/05/2019	7,72,836	Purchase	3,64,00,827	0.76
				17/05/2019	8,34,530	Purchase	3,72,35,357	0.78
				07/06/2019	4,55,471	Purchase	3,76,90,828	0.79
				23/08/2019	11,70,913	Purchase	3,88,61,741	0.81
				21/02/2020	6,96,822	Purchase	3,95,58,563	0.83
				28/02/2020	9,65,227	Purchase	4,05,23,790	0.85
				13/03/2020	8,62,711	Purchase	4,13,86,501	0.86
				20/03/2020	19,55,712	Purchase	4,33,42,213	0.90
				27/03/2020	12,45,536	Purchase	4,45,87,749	0.93
				31/03/2020	-	-	4,45,87,749	0.93
9	Vanguard Emerging Markets Stock Index Fund, A SERI	3,49,61,374	0.73	01/04/2019	-	-	3,49,61,374	0.73
				12/04/2019	84,548	Purchase	3,50,45,922	0.73
				10/05/2019	88,224	Purchase	3,51,34,146	0.73
				21/06/2019	(1,98,504)	Sale	3,49,35,642	0.73
				02/08/2019	3,67,619	Purchase	3,53,03,261	0.74
				27/03/2020	(1,97,912)	Sale	3,51,05,349	0.73
				31/03/2020	-	-	3,51,05,349	0.73
10	Wellington Trust Company, National Association Multiple Common Trust Funds Trust, Emerging Markets Opportunities Portfolio	3,44,16,731	0.72	01/04/2019	-	-	3,44,16,731	0.72
				10/05/2019	(6,19,018)	Sale	3,37,97,713	0.71
				17/05/2019	(5,82,684)	Sale	3,32,15,029	0.69
				31/05/2019	58,85,294	Purchase	3,91,00,323	0.82
				14/06/2019	(14,70,942)	Sale	3,76,29,381	0.79
				19/07/2019	(12,50,906)	Sale	3,63,78,475	0.76
				16/08/2019	(8,07,009)	Sale	3,55,71,466	0.74
				30/09/2019	(13,43,315)	Sale	3,42,28,151	0.72
				18/10/2019	(8,40,080)	Sale	3,33,88,071	0.70
				08/11/2019	(12,07,214)	Sale	3,21,80,857	0.67
				13/12/2019	(12,37,771)	Sale	3,09,43,086	0.65
				10/01/2020	(1,25,877)	Sale	3,08,17,209	0.64
				07/02/2020	(8,59,867)	Sale	2,99,57,342	0.63
				28/02/2020	(3,44,352)	Sale	2,96,12,990	0.62
				31/03/2020	1,28,553	Purchase	2,97,41,543	0.62
				31/03/2020	-	-	2,97,41,543	0.62
11	Government Pension Fund Global	1,87,72,715	0.39	01/04/2019	Nil Movement during the year		1,87,72,715	0.39
				31/03/2020			1,87,72,715	0.39
12	Platinum International Fund	4,94,75,422	1.03	01/04/2019	Nil Movement during the year		4,94,75,422	1.03
				31/03/2020			4,94,75,422	1.03

* Top Ten Shareholders of the Bank as on March 31, 2020 have been considered on the basis of Folio No./ DP ID/ Client ID for the above disclosure.

** Shareholding at the beginning of the year is given on the basis of shareholding pattern as on March 31, 2019.

4E. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR. NO.	NAME OF THE SHAREHOLDER#	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON APRIL 01, 2019		CHANGES IN THE SHAREHOLDING DURING THE YEAR			SHAREHOLDING AT THE END OF THE YEAR AS ON MARCH 31, 2020	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1	Dr. Rajiv B. Lall (Part-Time Non-Executive Chairman)	0	0.00	01/04/2019	-	-	0	0
				24/06/2020	26,24,686	Transfer from Trust	26,24,686	0.05
				31/03/2020	-	-	26,24,686	0.05
2	Mr. V. Vaidyanathan (Managing Director & CEO)^	5,00,60,556	1.05	01/04/2019	-	-	5,00,60,556	1.05
				13/06/2019	(20,000)	Sale for contribution to philanthrophic purposes	5,00,40,556	1.05
				24/09/2019	(1,35,000)	Gift	4,99,05,556	1.04
				02/03/2020	2,00,00,000	ESOS Allotment	6,99,05,556	1.45
				19/03/2020	(2,75,56,412)	Sale	4,23,49,144	0.88
				20/03/2020	(1,72,68,027)	Sale	2,50,81,117	0.52
				31/03/2020	-	-	2,50,81,117	0.52
3	Mr. Pravir Vohra (Independent Director)	2,50,000	0.01	01/04/2019	-	-	2,50,000	0.01
				05/05/2019	50,000	Purchase	3,00,000	0.01
				07/06/2019	50,000	Purchase	3,50,000	0.01
				14/06/2019	50,000	Purchase	4,00,000	0.01
				30/08/2019	6,950	Transfer from mother	4,06,950	0.01
				08/11/2019	1,00,000	Purchase	5,06,950	0.01
				06/12/2019	3,050	Purchase	5,10,000	0.01
				31/03/2020	-	-	5,10,000	0.01
4	Mr. Sanjeeb Chaudhuri (Independent Director)	6,000	ß	01/04/2019	-	-	6,000	ß
				19/02/2020	10,000	Purchase	16,000	ß
				31/03/2020	-	-	16,000	ß
5	Mr. Sunil Kakar (Non-Executive Non-Independent Director)	20,000	ß	01/04/2019	Nil Movement during the year		20,000	ß
				31/03/2020			20,000	ß
6	Mr. Satish Gaikwad (Head – Legal & Company Secretary)	2,71,512	0.01	01/04/2019	-	-	2,71,512	0.01
				13/11/2019	15,000	ESOS Allotment	2,86,512	0.01
				24/02/2020	6,000	ESOS Allotment	2,92,512	0.01
				31/03/2020	-	-	2,92,512	0.01
7	Mr. Pankaj Sanklecha (Former Chief Financial Officer and Head - Corporate Centre)*	49,93,644	0.10	01/04/2019	Nil Movement during the year		49,93,644	0.10
				31/03/2020			49,93,644	0.10

ß denotes negligible value

Apart from above Directors, none of the other Directors hold any equity shares in the Bank.

* Mr. Pankaj Sanklecha stepped down as Chief Financial Officer and Head – Corporate Centre of the Bank w.e.f. December 27, 2019 and Mr. Sudhanshu Jain has been appointed as Chief Financial Officer and Head – Corporate Centre of the Bank w.e.f. March 27, 2020. Mr. Sudhanshu Jain does not hold any equity shares of the Bank.

^ As on March 31, 2020, Mr. V. Vaidyanathan holds 10,74,05,000 stock options and upon exercise of said options, his diluted shareholding would be 2.75% of the equity share capital of the Bank.

05. INDEBTEDNESS

(Indebtedness of the Bank including interest outstanding / accrued but not due for payment)

(₹ in crore)

		SECURED LOANS EXCLUDING DEPOSITS*	UNSECURED LOANS	DEPOSITS**	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year					
i)	Principal Amount	14,215.56	55,767.83	-	69,983.39
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	22.77	2,913.63	-	2,936.40
	Total (i+ii+iii)	**14,238.33**	**58,681.46**	**-**	**72,919.79**
Change in Indebtedness during the financial year					
	Addition***	21,91,380.25	1,60,691.64	-	23,52,071.89
	Reduction	21,98,532.81	1,66,056.04	-	23,64,588.85
	Net Change	(7,152.56)	(5,364.40)	-	(12,516.96)
Indebtedness at the end of the financial year					
i)	Principal Amount	7,085.52	50,311.66	-	57,397.18
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.24	3,005.41	-	3,005.65
	Total (i+ii+iii)	**7,085.76**	**53,317.07**	**-**	**60,402.83**

* Includes Borrowings under Collateralised Borrowing and Lending Obligations, Market Repurchase Transactions with banks and financial institutions, transactions under Liquidity Adjustment Facility and Marginal Standing Facility secured against Government Securities.

** Deposits accepted by the Bank are in normal course of banking business and an operating activity of the Bank and hence, not included in the Indebtedness Disclosure.

*** Additions also include the effect of exchange rate fluctuation and net change in interest accrued but not due between the beginning of financial year and the end of financial year. It also includes borrowing portfolio of erstwhile Capital First Limited, Capital First Home Finance Limited and Capital First Securities Limited, post amalgamation with IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited).

06. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

6A Remuneration to Managing Director & CEO

(in ₹)

SR. NO.	PARTICULARS OF REMUNERATION	MD / WTD / MANAGER **V. Vaidyanathan Managing Director & CEO (From April 01, 2019 to March 31, 2020)**
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	5,46,30,476
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	35,17,592
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2.	Stock Options (Number of Options Granted)	*30,00,000*
3.	Sweat Equity	-
4.	Commission	-
	(a) as % of profit	-
	(b) others, specify	-
5.	Others - Contribution to Provident and Other Funds	60,51,600
	Total (A)	**6,41,99,668**
	Ceiling as per the Act	Refer Notes

Notes:

1. During FY 2019-20, an amount of ₹ 2,30,00,000/- was paid to Mr. V. Vaidyanathan towards Performance Bonus, calculated for his performance in erstwhile Capital First Limited as Chairman and Managing Director (from April 01, 2018 to December 18, 2018) amounting to ₹ 1,97,54,795/- and as approved by RBI, for MD & CEO of the Bank (from December 19, 2018 to March 31, 2019) amounting to ₹ 32,45,205/-.
2. During FY 2019-20, the Board of Directors of the Bank, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on October 24, 2019 had approved grant of 30,00,000 stock options to Mr. V. Vaidyanathan, MD & CEO under 'IDFC FIRST Bank – Employees Stock Option Scheme 2015'. In terms of Section 35B of the Banking Regulation Act, 1949, the said grant was duly approved by the Reserve Bank of India vide its email dated April 13, 2020. The aforesaid grant has not been accounted for in the current financial statements for FY 2019-20, in terms of the relevant applicable accounting norms.
3. The remuneration paid to Mr. V. Vaidyanathan is within the limits prescribed under the Companies Act, 2013 and has been approved by RBI.

6B Remuneration to Other Directors

(in ₹)

SR. NO.	PARTICULARS OF REMUNERATION (From April 01, 2019 to March 31, 2020)	NAME OF THE DIRECTORS						TOTAL AMOUNT
1.	**Independent Directors**	**Anand Sinha**	**Pravir Vohra**	**Brinda Jagirdar**	**Hemang Raja**	**Aashish Kamat**	**Sanjeeb Chaudhuri**	
	Fee for attending Board & Committee meetings	13,50,000	19,00,000	18,00,000	19,50,000	12,50,000	9,00,000	91,50,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	**13,50,000**	**19,00,000**	**18,00,000**	**19,50,000**	**12,50,000**	**9,00,000**	**91,50,000**
2.	**Other Non-Executive Directors**	**Dr. Rajiv Lall**	**Anindita Sinharay**	**Sunil Kakar**	**Vishal Mahadevia**			
	Fee for attending Board meetings	6,50,000	-	-	-			6,50,000
	Commission	-	-	-	-			-
	Others, please specify Salary & Perquisites	4,27,419	-	-	-			4,27,419
	Total (2)	**10,77,419**	**-**	**-**	**-**			**10,77,419**
	Total (B) = (1 + 2)							**1,02,27,419**
	Overall Ceiling as per the Act							Refer Notes

Notes:

1. Mr. Desh Raj Dogra has resigned as Independent Director of the Bank with effect from April 04, 2019 and Mr. Sanjeeb Chaudhuri has been appointed as Independent Director of the Bank with effect from May 10, 2019.
2. Mr. Sunil Kakar, Ms. Anindita Sinharay and Mr. Vishal Mahadevia, Non-Executive Non-Independent Directors, have not been paid any remuneration from IDFC FIRST Bank during FY 2019-20.
3. During FY 2019-20, an amount of ₹ 60,00,000 was paid to Dr. Lall towards Performance Bonus for the period April 01, 2018 to December 18, 2018 for the services rendered as Founder MD & CEO for FY 2018-19, as per the approval of RBI. Also, during FY 2019-20, an amount of ₹ 13,33,333 was paid to Dr. Lall towards deferred payment of Performance Bonus for FY 2015-16, as per the approval of RBI.

6C Remuneration to Key Managerial Personnel other than MD

(in ₹)

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			TOTAL
		Mr. Sudhanshu Jain Chief Financial Officer and Head - Corporate Centre (From March 27, 2020 to March 31, 2020)	**Mr. Satish Gaikwad Head – Legal & Company Secretary) (From April 01, 2019 to March 31, 2020)**	**Mr. Pankaj Sanklecha Chief Financial Officer & Head-Corporate Centre (From April 01, 2019 to December 27, 2019)**	
1.	Gross salary				
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,07,312	76,52,821	1,20,65,953	1,99,26,086
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	1,21,197	23,952	1,45,149
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Options (Number of Options Granted)	*7,00,000*	*2,50,000*	*5,00,000*	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	a. as % of profit	-	-	-	-
	b. Others, specify	-	-	-	-
5.	Others, Contribution to Provident and Other Funds	7,742	3,06,000	9,11,013	12,24,755
	Total	**2,15,054**	**80,80,018**	**1,30,00,918**	**2,12,95,990**

Notes:

1. Mr. Pankaj Sanklecha stepped down as Chief Financial Officer and Head – Corporate Centre of the Bank with effect from December 27, 2019 and Mr. Sudhanshu Jain was appointed as Chief Financial Officer and Head – Corporate Centre of the Bank with effect from March 27, 2020. The Remuneration figures are proportionate for the aforesaid period.
2. Mr. Satish Gaikwad and Mr. Pankaj Sanklecha was paid ₹ 45,00,000 and ₹ 1,17,00,000, respectively as Bonus and Long Term Incentive for FY 2018-19 paid in FY 2019-20. Mr. Sudhanshu Jain was paid ₹ 1,00,00,000 as joining bonus.

07. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY [RD / NCLT / COURT]	APPEAL MADE, IF ANY (GIVE DETAILS)
A. BANK					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date : May 22, 2020
Place : Mumbai

ANNEXURE 5

SECRETARIAL AUDIT REPORT

For The Financial Year Ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)
CIN: L65110TN2014PLC097792

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC FIRST Bank Limited** (hereinafter called "the Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on **March 31, 2020** complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Bank did not have any Overseas Direct Investment and External Commercial Borrowings during the financial year.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

[a] The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

[b] The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

[c] The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;#

[d] The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014;

[e] The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

[f] The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

[g] The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;#

[h] The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;#

[i] The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

[j] The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;

[k] The Securities and Exchange Board of India (Stock Brokers & Sub-Brokers) Regulations, 1992.

 # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Bank are given below:

(vi) The Banking Regulation Act, 1949.

We have also examined compliance with the applicable clauses of the following:

i Secretarial Standards issued by the Institute of Company Secretaries of India.;

ii The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable. During the financial year ended March 31, 2020, Reserve Bank of India (RBI) has vide its letter dated March 4, 2020, imposed a monetary penalty of ₹ 10,000/- on the bank with respect to certain deficiencies observed on note/coin exchange and clean note policy during the incognito visit at one of the branch of Bank.

We further report that -

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has undertaken following events/ actions –:

1. Members' approval has been obtained at the 5th Annual General Meeting held on July 25, 2019, inter alia for:

   [a] Approval for borrowing/raising of funds, from time to time, in Indian currency/ Foreign currency, by issue of debt securities including but not limited to Non-Convertible Debentures and Bonds on private placement basis upto an amount not exceeding ₹ 5,000 crores, outstanding at any point of time, within the overall borrowing limits of ₹ 1,50,000 crores;

   [b] Approval for increase in ESOP pool from 6% to 8% of the issued and paid up share capital of the Bank, from time to time and modification of exercise period and consequent modifications to 'IDFC FIRST Bank Employee Stock Option Scheme – 2015 ('IDFC FIRST Bank ESOS – 2015');

   [c] Approval for modification of IDFC FIRST Bank ESOS - 2015 and grant of Options to the Eligible Employee of the Subsidiary Company(ies) of the Bank under the said IDFC FIRST Bank ESOS – 2015;

2. During the financial year ended March 31, 2020, the Bank has bought back various series of Bonds aggregating to ₹ 30,452,394,824/-.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
UDIN: F000761B000263531

Place: Mumbai
Date: May 22, 2020

This report is to be read with our letter of even date which is annexed as **Annexure 'A'** and forms an integral part of this report.

ANNEXURE A

To
The Members,
IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)
CIN: L65110TN2014PLC097792

Our Secretarial Audit Report for the Financial Year ended on March 31, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
UDIN: F000761B000263531

Place: Mumbai
Date: May 22, 2020

Certificate on Corporate Governance

To
The Members of
IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)

We have examined the compliance of conditions of Corporate Governance by IDFC FIRST Bank Limited ("the Bank") for the year ended on 31^{st} March, 2020, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
UDIN: F000761B000263551

Place: Mumbai
Date: May 22, 2020

Corporate Governance Report

IDFC FIRST BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

IDFC FIRST Bank Limited ('IDFC FIRST Bank' or the 'Bank'), since its inception is committed to adopting the highest standards of Corporate Governance through its commitment to values and ethical business conduct. The Bank strongly believes that sound Corporate Governance is an essential ingredient for corporate success and sustainable economic growth. The Bank, through its stringent adherence to compliances, aims to enhance and retain investor trust and social acceptability.

The Bank endeavors to conduct its operations with transparency and honesty towards all its stakeholders including customers, shareholders, regulators, employees and the general public at large. The Bank's business focuses on maximizing return on assets while managing inherent risks, thus ensuring that the Bank's performance goals are met with integrity. The Bank's systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment. Governance practices not only deal with the growing size of business, but also deal with the increase in complexities of the organisational structure that supports such growth.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India ('SEBI') through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As a Bank, which believes in implementing Corporate Governance practices that go beyond just meeting the letter of law, IDFC FIRST Bank not only complies with the requirements of Companies Act, 2013, Banking Regulation Act, 1949 and mandated elements of Listing Regulations, but also incorporates most of the non-mandatory recommendations.

This Chapter, read with the chapters on Management Discussion & Analysis, and Directors' Report confirms IDFC FIRST Bank's compliance with the Listing Regulations.

BOARD OF DIRECTORS

The Board of Directors (the 'Board') of the Bank brings with them, a wide range of significant professional expertise, skills and rich experience across a wide spectrum of functional areas such as Management, Administration, Economics, Banking, Finance, Accounting, Auditing, Information Technology, Business Management, Agricultural Economics, Co-operation and Small-Scale Industry, etc.

The Bank encourages board diversity and balance of skills at the same time, to ensure effective decision making.

The Board has been constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Regulations and in accordance with the best practices in Corporate Governance across the Industry.

Changes in the Board

During the year under review, the Board of Directors of the Bank had an optimum combination of Professional and Independent Directors with excellent knowledge and experience in various fields relating to the business activities of the Bank.

The Board at its meeting held on May 10, 2019, had *inter-alia* approved appointment of Mr. Sanjeeb Chaudhuri (DIN: 03594427) as Independent Director of the Bank for a period of four (4) consecutive years with effect from May 10, 2019 and re-appointment of Mr. Anand Sinha (DIN: 00682433) as Independent Director for a second term of four (4) consecutive years with effect from August 01, 2019.

The aforesaid appointment/ re-appointment was approved by the shareholders at its 5th Annual General Meeting held on July 25, 2019.

Accordingly, as on March 31, 2020, the Board of the Bank consisted of below eleven (11) Directors, out of which six (6) were Independent Directors (the 'IDs'), one (1) Part-Time Non-Executive Chairman, three (3) Non-Executive Non-Independent Directors and one (1) Executive Director:

Dr. Rajiv B. Lall (DIN: 00131782)	:	Part-Time Non-Executive Chairman
Mr. V. Vaidyanathan (DIN: 00082596)	:	Managing Director & Chief Executive Officer (the 'MD & CEO')
Mr. Aashish Kamat (DIN: 06371682)	:	Independent Director
Mr. Anand Sinha (DIN: 00682433)	:	Independent Director
Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864)	:	Independent Director
Mr. Hemang Raja (DIN: 00040769)	:	Independent Director
Mr. Pravir Vohra (DIN: 00082545)	:	Independent Director
Mr. Sanjeeb Chaudhuri (DIN: 03594427)	:	Independent Director

Ms. Anindita Sinharay (DIN: 07724555)	:	Non-Executive Non-Independent Director
Mr. Sunil Kakar (DIN: 03055561)	:	Non-Executive Non-Independent Director
Mr. Vishal Mahadevia (DIN: 01035771)	:	Non-Executive Non-Independent Director

Mr. Sunil Kakar and Ms. Anindita Sinharay were representing IDFC Limited and the Government of India ('GOI'), respectively. As on March 31, 2020, IDFC Financial Holding Company Limited and Government of India held 40.00% and 5.43% equity shares respectively in the Bank.

Mr. Desh Raj Dogra (DIN: 00226775) resigned from the Bank with effect from April 04, 2019 before the expiry of his term in order to avoid potential conflict of interest with his other Board memberships. Also, Mr. Dogra has confirmed that there is no other material reason for his resignation other than the aforesaid.

Brief Profile of all the Directors are available on the Bank's website: www.idfcfirstbank.com.

The Board has complete access to all the information about the Bank. The Board is frequently provided with necessary documents, reports and internal policies to enable them to get familiarised with the Bank's procedures and practices. The details of familiarisation programmes imparted to Directors are disclosed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

Skills/ Expertise/ Competence of Board of Directors

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, experience and diversity of perspectives thereby ensuring effective Board governance. The Board has reviewed and adopted the Policy on Board Diversity, which sets out its approach to ensure Board diversity, so as to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The Bank considers diversity in skills, regional and industry experience, expertise and educational background whilst determining the composition of its Board. The Bank also considers the principles relating to fit and proper norms as prescribed by the RBI and confirms that each Director is also in compliance with the norms as prescribed by the Ministry of Corporate Affairs ('MCA') and SEBI under applicable laws, whilst determining the composition of its Board.

Our Bank, being a Banking Company, is regulated by the provisions of Banking Regulation Act, 1949, Listing Regulations and the Companies Act, 2013. In terms of Section 10A(2)(a) of the Banking Regulation Act, 1949 read with RBI notification no. DBR. Appt. BC. No.38/29.39.001/2016-17 dated November 24, 2016, requires that not less than 51% of the total number of members of the Board of Directors of a Banking Company shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely;

(i) accountancy
(ii) agriculture and rural economy
(iii) banking
(iv) co-operation
(v) economics
(vi) finance
(vii) law
(viii) small-scale industry
(ix) Information Technology
(x) Payment & Settlement Systems
(xi) Human Resources
(xii) Risk Management
(xiii) Business Management
(xiv) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the RBI, be useful to the Banking Company.

Further, not less than two Directors shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry.

The Bank has identified above skills/ expertise/ competencies as required to be possessed by its Board, in the context of its businesses and the sectors, for it to function effectively.

The details of Board of Directors possessing relevant skills/ expertise/ competencies as on March 31, 2020 are as under:

Name of the Director	DIN	Position on the Board	Core skills / expertise / competencies available with the Board
Dr. Rajiv Lall	00131782	Part-Time Non-Executive Chairman	Economics and Business Management
Mr. V. Vaidyanathan	00082596	Managing Director & Chief Executive Officer	Banking and Business Management
Mr. Aashish Kamat	06371682	Independent Director	Accounting, Auditing, Banking and Finance
Mr. Anand Sinha	00682433	Independent Director	Banking, Finance, Co-operation and Small-Scale Industry
Dr. (Mrs.) Brinda Jagirdar	06979864	Independent Director	Economics and Agricultural Economics
Mr. Hemang Raja	00040769	Independent Director	Finance and Management
Mr. Pravir Vohra	00082545	Independent Director	Information Technology and Banking
Mr. Sanjeeb Chaudhuri	03594427	Independent Director	Banking and Management
Ms. Anindita Sinharay	07724555	Non-Executive Non-Independent Director *(Representing Ministry of Finance, GOI-equity investor)*	Economics and Finance
Mr. Sunil Kakar	03055561	Non-Executive Non-Independent Director *(Representing IDFC Limited-equity investor)*	Finance
Mr. Vishal Mahadevia	01035771	Non-Executive Non-Independent Director	Economics and Finance

The Board of Directors of the Bank is guided by the above provisions and the business requirements during appointment of any new Director on the Board.

As on date of this Report, the Board of our Bank is formed in compliance with the requirements of all applicable laws.

CODE OF CONDUCT

The Bank has in place a Code of Conduct ('Code') for Board of Directors and designated Senior Management Personnel ('SMP') of the Bank. The Code is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

All Directors and designated SMP have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD & CEO is enclosed at the end of this Report.

Further, all the IDs have confirmed that they meet the criteria mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013. Also, they have given a declaration of independence pursuant to Section 149(7) of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014 along with their affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013. The Board confirms that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

Further, the Bank has received certificate from M/s. Bhandari & Associates, Company Secretaries that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority (Certificate annexed to this Report as **ANNEXURE A**).

The terms and conditions of appointment of IDs are also disclosed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results along with other agenda items and additional meetings are conducted from time to time to consider significant matters, whenever required. The dates of Board meetings for the next financial year are decided well in advance and are informed to the Directors so as to enable them to manage their schedule effectively and prepare for the meetings well in advance.

Also, the Bank makes available video conferencing facility or other audio-visual means, to enable larger participation of Directors in the meetings, whenever required.

In consultation with the Chairman, and the MD & CEO, the Company Secretary prepares the agenda along with the detailed notes thereon. Directors and invitees are free to recommend inclusion of any matter in the agenda for discussion.

SMP are also invited to attend the Board meetings, make presentations and provide additional inputs to the agenda items under discussion, whenever required.

The responsibilities of the Board *inter-alia* include formulating and monitoring plans, business strategies, budgets, information security methods, reviewing financial results, appointment/ cessation and remuneration of SMP and Key Managerial Personnel ('KMP'), perusing of policies and procedures, etc. The Board reviews on a quarterly basis the compliance reports of all laws applicable to the Bank, including the Corporate Governance reports submitted to the Stock Exchanges.

The RBI prescribes seven comprehensive critical themes in board deliberation, to be placed before the Board of Directors, vide its circular on 'Calendar of Reviews'. These themes include Business Strategy, Risk, Financial Reports and their integrity, Compliance, Customer Protection, Financial Inclusion and Human Resources. Agenda items within the scope of these themes are primarily presented to the relevant Committees of the Board, report of which is then placed at the Board meetings.

During FY 2019-20, seven (7) Board meetings were held on the following dates:

- April 05, 2019
- May 10, 2019
- July 24, 2019
- October 24, 2019
- January 29, 2020
- March 19, 2020
- March 27, 2020

The maximum gap between any two consecutive meetings was less than 120 days. The necessary quorum was present for all the meetings.

Periodic presentations are made at the Board/ Committee meetings on business strategy, performance updates, financial statements etc. Minimum Information to be placed before the Board of Directors as mentioned in Schedule II Part A of the Listing Regulations is placed before the Board for its consideration, as and when applicable.

The name and age of the Directors along with their attendance at the Board meetings held during FY 2019-20 and the last AGM, directorships, name of other listed companies in which the Director holds directorship and memberships/ chairmanships in Committees of other companies are given in **Table No. 1.**

Table No. 1 : Composition of Board of Directors for FY 2019-20

Name of the Director	DIN	Age	Position on the Board	**No. of Board Meetings Held in FY 2019-20 (Meetings held during tenure of Director)**	**No. of Board Meetings attended in FY 2019-20**	**Percentage of Attendance**
Dr. Rajiv B. Lall	00131782	62	Part-Time Non-Executive Chairman	7 (7)	6	85.71%
Mr. V. Vaidyanathan	00082596	52	Managing Director & Chief Executive Officer	7 (7)	7	100%
Mr. Aashish Kamat	06371682	54	Independent Director	7 (7)	5	71.43%
Mr. Anand Sinha	00682433	69	Independent Director	7 (7)	7	100%
Dr. (Mrs.) Brinda Jagirdar	06979864	67	Independent Director	7 (7)	7	100%
Mr. Hemang Raja	00040769	61	Independent Director	7 (7)	7	100%
Mr. Pravir Vohra	00082545	65	Independent Director	7 (7)	7	100%
Mr. Sanjeeb Chaudhuri	03594427	67	Independent Director	7 (5)	5	100%
Ms. Anindita Sinharay	07724555	44	Non-Executive Non-Independent Director *(Representing Ministry of Finance, GOI-equity investor)*	7 (7)	4	57.14%
Mr. Sunil Kakar	03055561	62	Non-Executive Non-Independent Director *(Representing IDFC Limited-equity investor)*	7 (7)	6	85.71%
Mr. Vishal Mahadevia	01035771	47	Non-Executive Non-Independent Director	7 (7)	7	100%

Notes:

1 Mr. Desh Raj Dogra has resigned as Independent Director of the Bank with effect from April 04, 2019.

2 Mr. Sanjeeb Chaudhuri has been appointed as Independent Director of the Bank, with effect from May 10, 2019.

3 None of the Directors of the Bank was Member of more than 10 committees or acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors in terms of Regulation 26 of the Listing Regulations.

4 None of the Directors held directorship in more than 10 Public Limited Companies.

5 None of the Directors were related to each other.

6 None of the Directors of the Bank served as Independent Director in more than 7 listed companies.

Whether attended Fifth AGM held on July 25, 2019*	Number of Directorships		Directorship in other Listed Company excluding IDFC FIRST Bank (Category of Directorship)	No. of Committee Membership (Chairmanship) of Companies (including IDFC FIRST Bank)#
	of Indian Public Limited Companies (including IDFC FIRST Bank)	of other Companies^		
No	1	3	None	0 (0)
Yes	1	0	None	1 (0)
Yes	1	0	None	1 (1)
Yes	1	2	None	0 (0)
Yes	4	0	Rane Engine Valve Limited (Non-Executive - Independent Director)	3 (0)
Yes	2	0	Multi Commodity Exchange of India Limited (Non-Executive – Non Independent Director) [Shareholder Nominee Director]	1 (0)
Yes	4	0	Thomas Cook (India) Limited (Non-Executive - Independent Director) Quess Corp Limited (Non-Executive - Independent Director)	6 (2)
Yes	2	0	Aditya Birla Fashion and Retail Limited (Non-Executive – Independent Director)	3 (1)
No	2	0	None	0 (0)
Yes	7	3	IDFC Limited (Executive Director, Managing Director & CEO)	3 (0)
No	2	1	None	1 (0)

7 Mr. V. Vaidyanathan, MD & CEO, was not an Independent Director of any other listed company.

* Chairpersons of the Audit Committee, the Nomination and Remuneration Committee, and the Stakeholders' Relationship and Customer Service Committee were present at the 5th AGM held on July 25, 2019. Dr. Rajiv B. Lall could not attend the 5th AGM held on July 25, 2019 due to health reasons. Further, Ms. Anindita Sinharay and Mr. Vishal Mahadevia, also could not attend the 5th AGM due to their other official commitments.

^ Excludes directorship held in Foreign Companies but includes Private Limited Companies and Section 8 Companies in India.

Includes memberships of Audit Committee and Stakeholders' Relationship Committee of all Indian Public Limited Companies including IDFC FIRST Bank Limited; figures in brackets indicate number of Committee Chairmanships as per Regulation 26 of the Listing Regulations. Section 8 Companies have been excluded for the purpose of Committee Memberships/ Chairmanships.

MEETING OF INDEPENDENT DIRECTORS

As per Schedule IV of the Companies Act, 2013 and the rules made thereunder, the IDs of a Company shall hold at least one (1) meeting in a year, without the attendance of Non-Independent Directors and members of the Management. This meeting is expected to review the performance of Non-Independent Directors and the Board as a whole; review the performance of the Chairperson of the Board and assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. Accordingly, a separate meeting of IDs of the Bank was held on May 09, 2019 without the presence of MD & CEO, Non-Independent Directors and SMP. The meeting was attended by all the five (5) IDs.

BOARD COMMITTEES

The Board has constituted various Board-level Committees to delegate particular matters that require greater and more focused attention. These Committees take informed decisions in the best interest of the Bank. Also, these Committees monitor the activities falling within their terms of reference and recommend their views to the Board.

Also, the Bank has put in place, a Management Committee framework to ensure that various submissions to the Board and its Committees are first reviewed, approved and recommended by the Management Committees. This enhances governance and helps to strengthen the compliances within the Bank.

As on March 31, 2020, the Bank had the following Board-level Committees:

- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Credit Committee
- Information Technology Strategy Committee
- Fraud Monitoring Committee
- Stakeholders' Relationship & Customer Service Committee
- Corporate Social Responsibility Committee
- Allotment, Transfer and Routine Matters Committee
- Wilful Defaulter or Non-Cooperative Borrower Review Committee

As on March 31, 2020, the Bank had the following Management Committees:

- Credit and Market Risk Committee
- Operational and Information Security Risk Committee
- Asset Liability Management Committee
- Product Approval Committee
- Internal Audit and Controls Committee
- Information Technology Steering Committee
- Premises and Outsourcing Committee
- Executive Committee
- Human Resources Committee
- Investment Committee
- Customer Service Committee

Majority of the members of most of the Board - level Committees are IDs and most of these Committees are chaired by IDs.

Mr. Satish Gaikwad, Head – Legal & Company Secretary acts as the Secretary for all the Board - level Committees and ensures adherence to all laws and regulations for conducting Committee meetings.

Details on composition of the Board-level Committees, brief terms of reference and number of meetings held during FY 2019-20, are given hereinafter:

1. Audit Committee

As on March 31, 2020, the Audit Committee comprised four (4) members, three (3) of whom were IDs and one (1) Non-Executive Non-Independent Director viz. Mr. Aashish Kamat – Chairperson, Mr. Pravir Vohra, Mr. Sanjeeb Chaudhuri and Mr. Sunil Kakar.

Mr. Vishal Mahadevia is the Permanent Invitee to the Committee.

Also, the Chief Financial Officer, Statutory Auditors and the Internal Auditors are invitees to the meetings of the Audit Committee.

All members of the Audit Committee were/ are financially literate and had/ have accounting and related financial management expertise.

The Committee met Seven (7) times during FY 2019-20, on May 10, 2019, May 20, 2019, July 24, 2019, August 02, 2019, October 24, 2019, January 29, 2020, and March 27, 2020. The time gap between two consecutive meetings was less than 120 days. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Audit Committee meetings held during FY 2019-20 are given in **Table No. 2.**

Table No. 2 : Attendance Details of Audit Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	**No. of Meetings held (Meetings held during tenure of Director)**	**No. of Meetings attended in FY 2019-20**	**% of Attendance**
Mr. Aashish Kamat	Independent Director	Chairperson	7 (7)	7	100%
Mr. Pravir Vohra	Independent Director	Member	7 (7)	7	100%
Mr. Sanjeeb Chaudhuri[1]	Independent Director	Member	7 (4)	4	100%
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	7 (7)	7	100%
Dr. (Mrs.) Brinda Jagirdar[2]	Independent Director	Member	7 (3)	3	100%

Notes:

1. Mr. Sanjeeb Chaudhuri was appointed as a member of Audit Committee with effect from July 24, 2019.
2. Dr. (Mrs.) Brinda Jagirdar ceased to be member of the Audit Committee with effect from July 24, 2019.

The Terms of Reference of the Audit Committee of the Board *inter-alia* includes the following:

- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements.
- Recommending to the Board, the appointment, re-appointment, remuneration, terms of appointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- Evaluation of internal financial controls and risk management systems.
- Review compliance report on directives issued by ACB/ Board/ RBI.
- Review the functioning of the Whistle Blower/ Vigil Mechanism.
- Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- Any other terms of reference as may be included from time to time in the Companies Act, 2013, Listing Regulations, and/ or applicable RBI Guidelines/ Regulations, or any re-enactment, amendment or modification thereto from time to time.

2. Risk Management Committee

IDFC FIRST Bank has in place a robust mechanism to inform the Board about its risk assessment and minimisation procedures with periodic reviews to ensure that the Management controls risk through a Board-approved well-defined framework. The Board is responsible for framing, implementing and monitoring the Risk Management Plan for the Bank. This is done through its Board-level Risk Management Committee ('RMC') and it monitors and reviews risks of the Bank on a regular basis. The RMC reviews and monitors mainly four types of risks across the organisation viz. credit risk, market risk, liquidity risk and operational risk. This is done under the overall framework of the Enterprise Risk Management System.

As on March 31, 2020, the RMC comprised five (5) members, four (4) of whom were IDs and one (1) Executive Director viz. Mr. Anand Sinha – Chairperson, Dr. (Mrs.) Brinda Jagirdar, Mr. Hemang Raja, Mr. Pravir Vohra and Mr. V. Vaidyanathan.

The Committee met five (5) times during FY 2019-20, on May 09, 2019, June 26, 2019, July 23, 2019, October 23, 2019, and January 28, 2020. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson and their attendance at the RMC meetings held during FY 2019-20 are given in **Table No. 3.**

Table No. 3 : Attendance Details of the Risk Management Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	**No. of Meetings held (Meetings held during tenure of Director)**	**No. of Meetings attended in FY 2019-20**	**% of Attendance**
Mr. Anand Sinha	Independent Director	Chairperson	5 (5)	5	100%
Dr. (Mrs.) Brinda Jagirdar[1]	Independent Director	Member	5 (2)	2	100%
Mr. Hemang Raja	Independent Director	Member	5 (5)	5	100%
Mr. Pravir Vohra	Independent Director	Member	5 (5)	5	100%
Mr. V. Vaidyanathan	Managing Director & CEO	Member	5 (5)	5	100%

Notes:

1. Dr. (Mrs.) Brinda Jagirdar was appointed as member of the Risk Management Committee with effect from July 24, 2019.
2. Pursuant to resignation of Mr. Desh Raj Dogra from the Board with effect from April 04, 2019, he ceased to be member of the Risk Management Committee.

The Terms of Reference of the Risk Management Committee *inter-alia* includes the following:

- To identify, monitor and measure the risk profile of the Bank (including market risk, liquidity risk, operational risk, reputational risk, fraud management and credit risk).
- To monitor and review the cyber security processes of the Bank.
- To oversee the risk management policy.
- To monitor and review the risk management plan of the Bank.
- To oversee the Bank's integrated risk measurement system.
- To review and evaluate the overall risk faced by the bank including market risk and liquidity risk.
- To review management's formulation of procedures, action plans and strategies to mitigate risks on short term as well as long term basis.
- To review and recommend to the Board, the Bank's ICAAP proposal.
- Design stress scenarios to measure the impact of unusual market conditions and monitor variance between actual volatility of portfolio value and that predicted by risk measures.
- To ensure that the Bank's credit exposure to any one group or industry does not exceed the internally set limits and that the risk is prudently diversified.
- To carry out any other function as referred by the Board from time to time or enforced by any statutory authority, as may be applicable.

3. Nomination and Remuneration Committee

As on March 31, 2020, the Nomination and Remuneration Committee ('NRC') comprised four (4) members, three (3) of whom were IDs and one (1) Non-Executive Non-Independent Director viz. Mr. Hemang Raja – Chairperson, Mr. Aashish Kamat, Dr. (Mrs.) Brinda Jagirdar and Mr. Vishal Mahadevia.

The Committee met six (6) times during FY 2019-20, on May 09, 2019, July 24, 2019, September 05, 2019, October 24, 2019, January 29, 2020 and March 27, 2020. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the NRC meetings held during FY 2019-20 are given in **Table No. 4**.

Table No. 4 : Attendance Details of Nomination and Remuneration Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	**No. of Meetings held (Meetings held during tenure of Director)**	**No. of Meetings attended in FY 2019-20**	**% of Attendance**
Mr. Hemang Raja	Independent Director	Chairperson	6 (6)	6	100%
Mr. Aashish Kamat	Independent Director	Member	6 (6)	5	83.33%
Dr. (Mrs.) Brinda Jagirdar	Independent Director	Member	6 (6)	6	100%
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	6 (6)	6	100%

The Terms of Reference of the Nomination and Remuneration Committee of the Board *inter-alia* includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, key managerial personnel and other employees.
- Devising a policy on diversity of Board of Directors.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Determine the Bank's policy on specific remuneration packages for Whole-time Directors/ Executive Directors including pension rights and any compensation payment.
- The NRC shall review and recommend to the Board the payment of profit related commission to the Non-Executive Directors of the Bank within the overall limits as may be approved by the shareholders of the Bank, in terms of the Companies Act, 2013 and RBI Guidelines.
- The Committee shall plan for CEO/ Senior Management succession including plans for interim succession in the event of an unexpected occurrence and submit a report to the Board to nominate potential successors to CEO/ Senior Management personnel.
- Oversee the Director's succession planning process for ensuring the right mix of Directors on the Board.
- Approve and monitor grant of employee stock options as a part of compensation of Whole-time Directors, Senior Management Personnel, Key Managerial Personnel and other employees.
- Provide a framework for the remuneration of all employees (including risk-takers).
- Abide by any other requirement in accordance with the applicable provisions of the Listing Regulations, Companies Act, 2013 and/ or applicable RBI Guidelines/ Regulations, or any re-enactment, amendment or modification thereto from time to time.

Performance Evaluation

The Companies Act, 2013 and Listing Regulations contain broad provisions on Board evaluation i.e. evaluation of the performance of (a) Board as a Whole, (b) Individual Directors (including Independent Directors and Chairperson) and (c) Various Committees of the Board.

SEBI vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017 issued a guidance note on Board evaluation in order to guide listed entities by elaborating various aspects of board evaluation that may help them to improve the evaluation process, derive the best possible benefit and achieve the objective of the entire process.

For FY 2018-19

The IDs at their meeting held on May 09, 2019 commenced the evaluation process for FY 2018-19. Three (3) questionnaires for the above categories were circulated to all the Directors of the Bank for Evaluation Process of FY 2018-19.

Duly filled in questionnaires pertaining to the evaluation of the Board as a Whole and Various Committees of the Board were received from all the Directors. Evaluation process for "Individual Directors (including Independent Directors and Chairperson of the Board)" was carried out on a software named 'Diligent' wherein the Software kept all submissions 'Anonymous'.

Questionnaire for evaluation of Chairperson of the Board was sent to all the Directors of the Bank (except the Chairperson himself) and the results thereon were sent directly to Mr. Hemang Raja, Chairperson of the NRC. Further, Questionnaire for evaluation of other individual Directors (i.e. excluding the Chairperson of the Board) was sent to all the Directors and the results thereon were sent directly to Mr. Rajiv B. Lall, Chairperson of the Board.

Mr. Hemang Raja and Mr. Rajiv B. Lall informed Mr. Satish Gaikwad, Head – Legal & Company Secretary, that the performance evaluation results for evaluation of "Individual Directors (including Independent Directors and Chairperson)" were communicated to each individual Director and accordingly, the entire evaluation process for FY 2018-19 have been completed satisfactorily.

For FY 2019-20

Evaluation Process for the FY 2019-20 was carried out in a similar manner, where-in three (3) questionnaires for the above categories were circulated to all the Directors of the Bank for evaluation.

Evaluation process for "Board as a Whole", "Committee(s) of the Board" and "Individual Directors (including Independent Directors and Chairperson of the Board)" was carried out on 'Diligent' wherein the Software kept all submissions 'Anonymous'.

Questionnaire for evaluation of Chairperson of the Board was sent to all the Directors of the Bank (except the Chairperson himself) and the results thereon were sent directly to Mr. Hemang Raja, Chairperson of the NRC. Further, Questionnaire for evaluation of other individual Directors (i.e. excluding the Chairperson of the Board) was sent to all the Directors and the results thereon were sent directly to Mr. Rajiv B. Lall, Chairperson of the Board.

The IDs at their meeting held on May 21, 2020 discussed on the evaluation process for FY 2019-20.

Mr. Hemang Raja and Mr. Rajiv B. Lall informed Mr. Satish Gaikwad, Head – Legal & Company Secretary, that the performance evaluation results for evaluation of "Individual Directors (including Independent Directors and Chairperson)" would be communicated to each individual Director and accordingly, the entire evaluation process for FY 2019-20 have been completed satisfactorily.

Remuneration of Directors

Pursuant to the requirement of Companies Act, 2013 read with Rules and provision of Listing Regulations as amended from time to time, the Board of Directors on the recommendation of Nomination and Remuneration Committee have adopted the following remuneration policies:

(i) Remuneration Policy for Whole Time/ Executive Directors, Non-Executive/ Independent Directors, Key Managerial Personnel and Senior Management Personnel.

(ii) Remuneration Policies for Employees (Including Risk Takers) (Except for the Whole Time/ Executive Directors, Non-Executive/ Independent Directors, Key Managerial Personnel and Senior Management Personnel).

These policies are in line with the provisions of the Banking Regulation Act, 1949 and RBI guidelines issued in this regard, from time to time.

Salient features of all the remuneration policies are produced in the Directors' Report, which forms part of this Annual Report.

The aforesaid policies are available on the Bank's website at www.idfcfirstbank.com under 'Investor Relations' section.

The NRC, after taking into consideration the Remuneration Policy for the Whole time/ Executive Directors, Non-Executive/ Independent Directors, Key Managerial Personnel and Senior Management Personnel, recommends their remuneration to the Board for its approval.

IDFC FIRST Bank pays remuneration to the Executive Directors by way of salary, allowance, perquisites including retirement benefits (fixed component), stock options and a variable component based on the recommendation of the NRC and approvals of the RBI, Board of Directors and Shareholders of the Bank.

The detailed break-up of the remuneration paid to Mr. V. Vaidyanathan for FY 2019-20 have been disclosed in the Directors' Report, which forms part of this Annual Report.

The IDs are paid by way of commission/ remuneration and sitting fees. Based on the recommendation of the NRC, the Board approved sitting fees to be paid to Non-Executive Directors ('NEDs') at ₹ 100,000 per Board meeting and ₹ 50,000 per Committee meeting.

Further, the shareholders at their meeting held on July 27, 2016 approved payment of remuneration by way of commission to the NEDs of the Bank (i.e. Directors other than Managing Director and Whole-time Directors), not exceeding in aggregate, 1% of the net profits of the Bank as computed in the manner laid down in Section 198 of the Companies Act, 2013 or maximum of ₹ 10 Lakh per annum to each of such Directors as per RBI guidelines, whichever is lower.

The criteria for making payments to NEDs has been disseminated on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

The Bank had incurred losses during FY 2019-20, therefore the Bank did not pay any commission to its IDs.

During FY 2019-20, the Bank had not granted any stock options to NEDs of the Bank. The Bank did not advance loans to any of its Directors during FY 2019-20. The Executive Director(s) are not entitled to severance fee and the notice period shall be subject to compliance with the provisions of Banking Regulation Act, 1949, Banks' policy and other regulations, as applicable. None of the employees of the Bank are related to any of the Directors. There is no *inter-se* relationship between the members of the Board. None of the Directors of the Bank are related to each other.

Except Dr. Rajiv B. Lall, Mr. Pravir Vohra, Mr. Sanjeeb Chaudhuri and Mr. Sunil Kakar, who held 26,24,686 equity shares, 5,10,000 equity shares, 16,000 equity shares and 20,000 equity shares of the Bank as on March 31, 2020 respectively, no other NEDs held any shares or convertible instruments of IDFC FIRST Bank as on March 31, 2020.

There were no pecuniary relationships or transactions of NEDs *vis-à-vis* the Bank which has potential conflict with the interests of the Bank at large.

The remuneration paid to the Directors is well within the limits prescribed under the Banking Regulation Act, 1949 and is in line with the guidelines issued by RBI, from time to time.

Details of remuneration paid to the Directors during FY 2019-20 are given in **Table No. 5**.

Table No. 5 : Details of the Remuneration paid to the Directors

(in ₹)

Name of the Director	Stock Options granted during the year (No.)	Sitting Fees	Salary and Perquisites	Contribution to Provident and Other Funds	Performance Bonus/ Commission for FY 2018-19 (Paid during FY 2019-20)
Dr. Rajiv B. Lall	-	6,50,000	4,27,419	-	73,33,333[3]
Mr. V. Vaidyanathan	30,00,000[2]	-	5,81,48,068	60,51,600	2,30,00,000[4]
Mr. Aashish Kamat	-	12,50,000	-	-	-
Mr. Anand Sinha	-	13,50,000	-	-	-
Dr. (Mrs.) Brinda Jagirdar	-	18,00,000	-	-	-
Mr. Hemang Raja	-	19,50,000	-	-	-
Mr. Pravir Vohra	-	19,00,000	-	-	-
Mr. Sanjeeb Chaudhuri[1]	-	9,00,000	-	-	-
Ms. Anindita Sinharay	-	-	-	-	-
Mr. Sunil Kakar	-	-	-	-	-
Mr. Vishal Mahadevia	-	-	-	-	-

Notes:

1 Mr. Sanjeeb Chaudhuri has been appointed as Independent Director of the Bank with effect from May 10, 2019.

2 During FY 2019-20, the Board of Directors of the Bank, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on October 24, 2019 had approved grant of 30,00,000 stock options to Mr. V. Vaidyanathan, MD & CEO under 'IDFC FIRST Bank – Employees Stock Option Scheme 2015'. In terms of Section 35B of the Banking Regulation Act, 1949, the said grant was duly approved by the Reserve Bank of India vide its email dated April 13, 2020. The aforesaid grant has not been accounted for in the current financial statements for FY 2019-20, in terms of the relevant applicable accounting norms.

3 During FY 2019-20, an amount of ₹ 60,00,000 was paid to Dr. Lall towards Performance Bonus for the period April 01, 2018 to December 18, 2018 for the services rendered as Founder MD & CEO for FY 2018-19, as per the approval of RBI. Also, during FY 2019-20, an amount of ₹ 13,33,333 was paid to Dr. Lall towards deferred payment of Performance Bonus for FY 2015-16, as per the approval of RBI.

4 During FY 2019-20, an amount of ₹ 2,30,00,000/- was paid to Mr. V. Vaidyanathan towards Performance Bonus, calculated for his performance in erstwhile Capital First Limited as Chairman and Managing Director (from April 01, 2018 to December 18, 2018) amounting to ₹ 1,97,54,795/- and as approved by RBI, for MD & CEO of the Bank (from December 19, 2018 to March 31, 2019) amounting to ₹ 32,45,205/-

5 Mr. Desh Raj Dogra has resigned as Independent Director of the Bank with effect from April 04, 2019.

4. Credit Committee

As on March 31, 2020, the Credit Committee comprised four (4) members, two (2) of whom were IDs, one (1) Non-Executive Non-Independent Director and one (1) Executive Director viz. Mr. Hemang Raja – Chairperson, Dr. (Mrs.) Brinda Jagirdar, Mr. Vishal Mahadevia and Mr. V. Vaidyanathan.

The Committee met twelve (12) times during FY 2019-20, on April 05, 2019, April 23, 2019, May 09, 2019, June 06, 2019, June 26, 2019, July 10, 2019, August 07, 2019, September 27, 2019, November 18, 2019, February 26, 2020, March 14, 2020 and March 27, 2020. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Credit Committee meetings held during FY 2019-20 are given in **Table No. 6.**

Table No. 6 : Attendance Details of the Credit Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended in FY 2019-20	% of Attendance
Mr. Hemang Raja	Independent Director	Chairperson	12 (12)	12	100%
Dr. (Mrs.) Brinda Jagirdar[1]	Independent Director	Member	12 (4)	4	100%
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	12 (12)	7[2]	58.33%
Mr. V. Vaidyanathan	Managing Director & CEO	Member	12 (12)	12	100%

Notes:

1 Dr. (Mrs.) Brinda Jagirdar was appointed as member of the Credit Committee with effect from October 24, 2019.

2 Mr. Vishal Mahadevia attended the Credit Committee Meeting held on April 23, 2019, August 07, 2019 and February 26, 2020 via tele-conference and the same were not included for the purpose of the attendance of respective meetings in accordance with the provisions of Companies Act, 2013 read with rules made thereunder and other applicable law.

3 Pursuant to resignation of Mr. Desh Raj Dogra from the Board with effect from April 04, 2019, he ceased to be member of the Credit Committee.

The Terms of Reference of the Credit Committee *inter-alia* includes the following:

- To formulate clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks, delegation of credit approving powers, prudential limits on large credit exposures, asset concentrations, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, norms for write-off and compromise/ settlement proposals, recovery procedures, sale of NPAs, regulatory/ legal compliance, etc.

- To approve credit exposures which are beyond the powers delegated to executives of the Bank as per the Delegation of Authority.

- To control the risk through effective loan review mechanism and portfolio management.

5. Information Technology (IT) Strategy Committee

As on March 31, 2020, the IT Strategy Committee comprised four (4) members, three (3) of whom were IDs and one (1) Executive Director viz. Mr. Pravir Vohra – Chairperson, Mr. Anand Sinha, Mr. Sanjeeb Chaudhuri and Mr. V. Vaidyanathan.

The Committee met four (4) times during FY 2019-20, on May 09, 2019, July 23, 2019, October 23, 2019 and January 28, 2020. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the IT Strategy Committee meetings held during FY 2019-20 are given in **Table No. 7**.

Table No. 7 : Attendance Details of the IT Strategy Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended in FY 2019-20	% of Attendance
Mr. Pravir Vohra	Independent Director	Chairperson	4 (4)	4	100%
Mr. Anand Sinha	Independent Director	Member	4 (4)	4	100%
Mr. Sanjeeb Chaudhuri[1]	Independent Director	Member	4 (2)	2	100%
Mr. V. Vaidyanathan	Managing Director & CEO	Member	4 (4)	4	100%

Notes:

1 Mr. Sanjeeb Chaudhuri was appointed as member of the IT Strategy Committee with effect from July 24, 2019.

2 Pursuant to resignation of Mr. Desh Raj Dogra from the Board with effect from April 04, 2019, he ceased to be member of the IT Strategy Committee.

The Terms of Reference of the IT Strategy Committee *inter-alia* includes the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.

- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.

- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.

- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

- Ensuring proper balance of IT investments for sustaining Bank's growth and becoming aware about exposure towards IT risks and controls.

- Such other roles and functions as may be prescribed by Reserve Bank of India or as may be delegated by the Board of Directors from time to time.

6. Fraud Monitoring Committee

As on March 31, 2020, the Fraud Monitoring Committee comprised five (5) members, three (3) of whom were IDs, one (1) Non-Executive Non-Independent Director and one (1) Executive Director viz. Mr. Anand Sinha – Chairperson, Mr. Aashish Kamat, Mr. Pravir Vohra, Mr. Sunil Kakar and Mr. V. Vaidyanathan.

The Committee met three (3) times during FY 2019-20, on July 23, 2019, October 23, 2019 and January 28, 2020. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Fraud Monitoring Committee meetings held during FY 2019-20 are given in **Table No. 8**.

Table No. 8 : Attendance Details of the Fraud Monitoring Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended in FY 2019-20	% of Attendance
Mr. Anand Sinha	Independent Director	Chairperson	3 (3)	3	100%
Mr. Aashish Kamat	Independent Director	Member	3 (3)	1	33.33%
Mr. Pravir Vohra[1]	Independent Director	Member	3 (3)	3	100%
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	3 (3)	3	100%
Mr. V. Vaidyanathan	Managing Director & CEO	Member	3 (3)	3	100%

Notes:

1 Mr. Pravir Vohra was appointed as member of the Fraud Monitoring Committee with effect from April 05, 2019.

2 Pursuant to resignation of Mr. Desh Raj Dogra from the Board with effect from April 04, 2019, he ceased to be member of the Fraud Monitoring Committee.

The Terms of Reference of the Fraud Monitoring Committee *inter alia* include the following:

The major function of the Fraud Monitoring Committee would be to monitor and review of all the frauds of ₹ 10 million and above so as to:

- Identify the systemic lacunae, if any, that facilitated perpetration of the fraud, and put in place measures to plug the same;
- Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI;
- Monitor progress of CBI / Police Investigation, and recovery position;
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds;
- To initiate process of fixing staff accountability for cases involving very senior executive of the Bank;
- To monitor and review the progress of the mitigating steps taken by the Bank in case of electronic frauds and efficacy of the same in containing fraud numbers and values; and
- To review a report providing *inter alia*, a synopsis of the remedial action taken together with their current status of the Red Flagged Accounts.

7. Stakeholders' Relationship and Customer Service Committee

As on March 31, 2020, the Stakeholders' Relationship and Customer Service ('SRCS') Committee comprised five (5) members, three (3) of whom were IDs, one (1) Non-Executive Non-Independent Director and one (1) Executive Director viz. Mr. Sanjeeb Chaudhuri – Chairperson, Dr. (Mrs.) Brinda Jagirdar, Mr. Pravir Vohra, Mr. Sunil Kakar and Mr. V. Vaidyanathan.

Mr. Satish Gaikwad, Head – Legal and Company Secretary is the designated person responsible for handling Investor/ Shareholder Grievances and is the Compliance Officer of the Bank under Listing Regulations. He is also the Nodal Officer of the Bank for handling Investor Grievances with respect to Investor Education and Protection Fund ('IEPF').

The Bank has a dedicated team of professionals to respond to queries and grievances received from the investors, customers, shareholders and bond holders. The designated e-mail address for lodging equity and bond complaints is ig@idfcfirstbank.com.

The Committee met four (4) times during FY 2019-20, on May 10, 2019, July 24, 2019, October 23, 2019 and January 29, 2020. All the meetings were held during the year with requisite quorum. The Committee looks into various aspects of interests of the Bank's Shareholders and Debenture holders.

The composition, names of members and chairperson, and their attendance at the SRCS Committee meetings held during FY 2019-20 are given in **Table No. 9**.

Table No. 9 : Attendance Details of Stakeholders' Relationship and Customer Service Committee Meetings held during FY 2019-20

Name of the Member	Position on the Board	Status	**No. of Meetings held (Meetings held during tenure of Director)**	**No. of Meetings attended in FY 2019-20**	**% of Attendance**
Mr. Sanjeeb Chaudhuri[1]	Independent Director	Chairperson	4 (2)	2	100%
Dr. (Mrs.) Brinda Jagirdar[2]	Independent Director	Member	4 (4)	4	100%
Mr. Pravir Vohra	Independent Director	Member	4 (4)	4	100%
Mr. Sunil Kakar	Non-Executive Non-Independent Director	Member	4 (4)	4	100%
Mr. V. Vaidyanathan	Managing Director & CEO	Member	4 (4)	4	100%

Notes:

1 Mr. Sanjeeb Chaudhuri was appointed as a Member and as the Chairperson of SRCS Committee with effect from July 24, 2019.

2 Dr. (Mrs.) Brinda Jagirdar ceased to be Chairperson of the SRCS Committee with effect from July 24, 2019; however, she continues to be member of the SRCS Committee.

Details of Complaints received and attended by the Bank during FY 2019-20 for Equity Shares and 80CCF Infrastructure Bonds are given in **Table Nos. 10A and 10B** respectively.

Table No. 10A : Nature of Complaints received and attended during FY 2019-20 for Equity Shares

Nature of Complaint	**Pending as on April 01, 2019**	**Received during the year**	**Resolved during the year**	**Pending as on March 31, 2020**
Non-receipt of Refund	NIL	NIL	NIL	NIL
Non-receipt of Electronic Credit	NIL	NIL	NIL	NIL
Non-receipt of Annual Report	NIL	359	359	NIL
Non-receipt of Securities	NIL	8	8	NIL
Non-receipt of Dividend Warrants	9	162	171	NIL
SEBI	NIL	5	5	NIL
Stock Exchange	NIL	4	4	NIL
TOTAL	**9**	**538**	**547**	**NIL**

Table No. 10B : Nature of Complaints received and attended during FY 2019-20 for Infrastructure Bonds issued under Section 80CCF of Income Tax Act, 1961

Nature of Complaint	**Pending as on April 01, 2019**	**Received during the year**	**Resolved during the year**	**Pending as on March 31, 2020**
Non-receipt of Bond Certificates	NIL	997	997	NIL
Non-receipt of Securities after Transfer	NIL	34	34	NIL
Non-receipt of Electronic Credit	NIL	4	4	NIL
Non-receipt of Refund	NIL	8	8	NIL
Non-receipt of Interest Warrant	NIL	4680	4677	3
SEBI	NIL	3	3	NIL
Stock Exchange / Depositories	NIL	NIL	NIL	NIL
ROC	NIL	NIL	NIL	NIL
TOTAL	**NIL**	**5726**	**5723**	**3**

During FY 2019-20, no Complaints were received in respect of the bonds/ Non-Convertible Debentures issued by the Bank on private placement basis.

During FY 2019-20, total 7,596 complaints were received from the customers of the Bank. As on March 31, 2020, 93% of the cases were resolved and 7% of the cases were pending.

The Terms of Reference of the Stakeholders' Relationship and Customer Service Committee of the Board *inter-alia* includes the following:

For Security and Other Stakeholders

- To consider and resolve the grievances of security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of balance sheet, non-receipt of annual report, non-receipt of declared dividend, issue of new/ duplicate certificates, general meetings etc.
- Propose to the Board of Directors, the appointment/ re-appointment of the Registrar and Share Transfer Agent, including the terms and conditions, remuneration, service Charge/ fees.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review the existing "Stakeholder Redressal System" and suggest measures for improvement.
- Take measures to enhance operational transparency to Stakeholders and suggest measures for improvement in Stakeholder relations.
- Develop mechanism to provide access to Stakeholders to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process.
- Any other requirement in accordance with the applicable provisions of the Companies Act, Listing Regulations and RBI Guidelines.

For Customers:

- To oversee the functioning of the Bank's internal committee set-up for customer service.
- To review the level of customer service in the Bank including customer complaints and the nature of their resolution.
- To ensure customers are treated fairly all the times and complaints raised by them is dealt with courtesy and in time.
- To formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- To monitor implementation of awards under the Banking Ombudsman Scheme.
- To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- Any other requirement in accordance with the applicable provisions of RBI Guidelines.

8. Corporate Social Responsibility Committee

The Board of Directors has constituted the Corporate Social Responsibility ('CSR') Committee pursuant to Section 135 of the Companies Act, 2013 and corresponding rules thereunder.

As on March 31, 2020, the CSR Committee comprised three (3) members, one (1) Executive Director and two (2) of whom were IDs. viz. Mr. V. Vaidyanathan – Chairperson, Dr. (Mrs.) Brinda Jagirdar and Mr. Hemang Raja. The Committee met one (1) time during FY 2019-20, on May 09, 2019. The meeting was held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the CSR Committee meeting held during FY 2019-20 are given in **Table No. 11**.

Table No. 11 : Attendance Details of the Corporate Social Responsibility Committee Meeting held during FY 2019-20

Name of the Member	Position on the Board	Status	No. of Meetings held (Meetings held during tenure of Director)	No. of Meetings attended in FY 2019-20	% of Attendance
Mr. V. Vaidyanathan	Managing Director & CEO	Chairperson	1 (1)	1	100%
Dr. (Mrs.) Brinda Jagirdar	Independent Director	Member	1 (1)	1	100%
Mr. Hemang Raja	Independent Director	Member	1 (1)	1	100%

Details of CSR initiatives undertaken by IDFC FIRST Bank can be referred in the Directors' Report, which forms part of this Annual Report.

The Board approved CSR Policy is placed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section

The Terms of Reference of the Corporate Social Responsibility Committee *inter-alia* includes the following:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013 and applicable rules as amended from time to time.

- Recommend the amount of expenditure to be incurred on the activities referred to in Point above.
- Monitor the CSR Policy of the Bank from time to time.
- Review and monitor the CSR activities of the Bank on behalf of the Board to ensure that the Bank is in compliance with appropriate laws and legislations.
- Formulate a transparent monitoring mechanism for implementation of CSR Projects or programs or activities undertaken by the Bank.
- Regularly report to the Board on the CSR initiatives and status and also provide reasons to the Board if the amount earmarked for CSR initiatives has not been spent and action steps for the same.
- Review management's position on key stakeholder expectations involving CSR and provide perspectives for Board's consideration.
- Review on a continuous basis the Bank's communication strategies relating to CSR.
- Review the Bank's annual CSR report prior to its issuance.
- Review and assess the remit and reports of any audit process to gain assurance over the CSR activities.
- Review management-identified opportunities to optimize the use of technology for the use of CSR activities.

9. Allotment, Transfer and Routine Matters Committee

As on March 31, 2020, the Allotment, Transfer and Routine Matters Committee comprised five (5) members, three (3) of whom were Directors consisting of one (1) Executive Director, one (1) ID and one (1) Non-Executive Non-Independent Director. viz. Mr. V. Vaidyanathan - Chairperson, Mr. Sanjeeb Chaudhuri and Mr. Sunil Kakar, and two (2) were officers of the Bank consisting of Chief Financial Officer & Head - Corporate Centre and Chief Human Resource Officer.

The Committee met one (1) time during FY 2019-20, on April 05, 2019. The meeting was held during the year with requisite quorum.

These meeting including Circular Resolutions were held mainly for dematerialisation/ rematerialisation of Infrastructure Bonds issued under Section 80CCF of the Income Tax Act, 1961, delegation powers for opening and closing of Bank accounts, directions to the banks for operating of accounts, for transfer and allotment of securities and other routine operational matters.

The Terms of Reference of the Allotment, Transfer and Routine Matters Committee *inter-alia* includes the following:

- To address, approve and monitor all matters related with the allotment, transfer, transmission, transposition, name deletion, consolidation, rematerialization, dematerialization and splitting of share and debenture certificates of the Bank.
- To open, operate and close different types of bank accounts/ Demat accounts of the Bank as may be necessary, from time to time and update the operating instructions of existing bank accounts of the Bank.
- To apply for memberships to various exchanges, central counterparties and other quasi regulatory bodies.
- To grant authorization for labour and HR operations matter including signing of leave and license agreement(s).
- To appoint/ empanel such intermediaries and consultants or service providers, as may be required from time to time.
- To open/ operate/ close dividend account/ G Sec account.
- To give authority for signing documents for treasury transactions.
- To do such other things as may be delegated by the Board/ any other Committee of the Bank.

10. Wilful Defaulter or Non-Cooperative Borrower Review Committee

As on March 31, 2020, the Wilful Defaulter or Non-Cooperative Borrower Review Committee comprised three (3) members, one (1) Executive Director and two (2) of whom were IDs. viz. Mr. V. Vaidyanathan – Chairperson, Mr. Aashish Kamat and Mr. Anand Sinha.

No Meeting of Wilful Defaulter or Non-Cooperative Borrower Review Committee has been held during FY 2019-20.

The Terms of Reference of the Wilful Defaulter or Non-Cooperative Borrower Review Committee *inter-alia* include the following:

- To review the order passed by the Identification Committee which concludes that an event of wilful default or non-cooperation has occurred and issues a Show Cause Notice to the concerned borrower (and the promoter / whole time director) and calls for their submissions and after considering their submissions, issues an order, recording the fact of wilful default or non-cooperation and the reasons for the same.
- To review as on half yearly basis the status of non–cooperative borrowers for deciding whether their names can be declassified as evidenced by its return to credit discipline and cooperative dealings.

- To review the status of and matters relating to Non-Cooperative Borrowers or Wilful Defaulters.
- Any other requirement in accordance with the applicable provisions of RBI Guidelines.
- Any other matters which the Committee may deem fit in this connection and as may be required by any regulatory authority, from time to time.

The Composition of all the Board-level Committees is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

RELATED PARTY TRANSACTIONS

During FY 2019-20, all transactions entered into with related parties as defined under the Companies Act, 2013 and the Listing Regulations, were in the ordinary course of business and on arm's length basis and did not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Bank. Suitable disclosures as required by the Accounting Standards (AS18) have been made in the notes to the Financial Statements. The details of the transactions with related parties are placed before the Audit Committee, from time to time. The Board has approved a policy for related party transactions in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations which is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

MD & CEO AND CFO CERTIFICATION

In compliance with Regulation 17 of the Listing Regulations, the MD & CEO and Chief Financial Officer certification on the financial statements and internal controls relating to financial reporting for FY 2019-20 is enclosed at the end of this Report.

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

In accordance with the provisions of Listing Regulations, every listed entity shall formulate a policy for determining its 'material' subsidiaries. IDFC FIRST Bank has one subsidiary company viz. IDFC FIRST Bharat Limited (formerly known as IDFC Bharat Limited) and it does not fall under the definition of material subsidiary as per Regulation 16(1)(c) of the Listing Regulations. The policy for determining 'material' subsidiaries is available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

The Bank has adopted a Code of Conduct for Prohibition of Insider Trading (the 'Code') in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, with a view to regulate trading in securities by the Board of Directors and Employees of IDFC FIRST Bank, their immediate relatives and other insiders as defined in the Code. When the trading window is open, 'Designated Persons' as defined in the Code are required to obtain pre-clearance from the Compliance Officer before trading (buy/ sell) in securities of IDFC FIRST Bank. Also, during the period of closure of the trading window, no Employee/ Designated Person is permitted to trade with or without pre-clearance in securities of restricted companies as informed by the Secretarial Department, from time to time. Timely disclosures are made to the Stock Exchanges by the Bank where transactions over any calendar quarter, aggregates to a traded value (buy/ sell) in excess of ₹ 10 lakh.

No Employee/ Designated Person is permitted to communicate, provide, or allow access to any Unpublished Price Sensitive Information relating to IDFC FIRST Bank, its securities or any other company (listed or proposed to be listed), to any person except where such communication is in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.

The Bank periodically monitors and facilitates compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and report the status to Audit Committee on a periodic basis.

During FY 2019-20, the identified Designated Persons ('DPs') of the Bank were given online training in order to understand the Bank's Code of Conduct for Prohibition of Insider Trading (the 'Code') as well as framework of the SEBI (PIT) Regulations, 2015, as amended ('Insider Trading Regulations'). Further, efforts were made to create awareness and sensitize the employees (including DPs) of the Bank about important topics & aspects of the Code and Insider Trading Regulations through periodic e-mailers.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

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

The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. None of the Whistle Blowers has been denied access to the Audit Committee of the

Board. The Whistle Blower Policy is available on the Bank's website at: www.idfcfirstbank.com under 'Investor Relations' section. The Whistle Blower Policy is communicated to the employees and is also posted on the Bank's intranet.

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

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

PENALTIES AND STRICTURES

During the last three years, there were no instances of non-compliance by the Bank or any penalties and/ or strictures imposed on the Bank by the RBI or stock exchange(s) or SEBI or any other statutory authority, on any matter relating to capital markets.

ANNUAL GENERAL MEETINGS

Details of the Annual General Meetings held in the last three (3) financial years have been given in **Table No. 12**.

Table No.12 : Annual General Meetings held in last three years

Financial Year	Location of the Meeting	Date	Time	Special Resolutions passed with requisite majority
FY 2018-19 5th AGM	The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India	July 25, 2019	11:00 a.m.	1. Re-appointment of Mr. Anand Sinha as an Independent Director of the Bank. 2. Increase in ESOP pool from 6% to 8% of the issued and paid up capital of the Bank, from time to time and modification of exercise period and consequent modification to "IDFC FIRST Bank ESOS – 2015. 3. Modification of IDFC FIRST Bank ESOS – 2015 and grant of Options to Eligible Employee of the Subsidiary Company(ies) of the Bank under the Scheme 4. Offer and Issue of Debt Securities on Private Placement basis.
FY 2017-18 4th AGM	Sir Mutha Venkatasubba Rao Concert Hall (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 031, Tamil Nadu, India	July 31, 2018	10:30 a.m.	1. Offer and Issue of Debt Securities on Private Placement basis 2. Re-appointment of Mr. Abhijit Sen as an Independent Director of the Bank 3. Re-appointment of Ms. Veena Mankar as an Independent Director of the Bank 4. Re-appointment of Mr. Ajay Sondhi as an Independent Director of the Bank 5. Re-appointment of Mr. Rajan Anandan as an Independent Director of the Bank 6. Alteration of Articles of Association
FY 2016-17 3rd AGM	The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India	July 28, 2017	10:30 a.m.	1. Offer and Issue of Debt Securities on Private Placement basis

POSTAL BALLOT

There was no postal ballot held during the financial year 2019-20.

Pursuant to Postal Ballot Notice dated May 01, 2020, the shareholders of the Bank were requested to approve following Special Businesses:

1. To increase the Authorized Share Capital of the Bank and consequent alteration of the Memorandum Of Association of the Bank (Ordinary Resolution); and

2. To issue, offer and allot equity shares on preferential basis (Special Resolution).

The result of the Postal Ballot is awaited as on the date of this Report and will be declared on or before Wednesday, June 05, 2020 and will be posted on the Bank's website www.idfcfirstbank.com and on Bank's Registrar and Share Transfer Agent - KFin Technologies Private Limited E-Voting portal https://evoting.karvy.com and will also be communicated to the Stock Exchanges where the Bank's shares are listed.

Apart from above, resolution(s), if any, to be passed through Postal Ballot during the financial year 2020-21 will be taken up as and when necessary.

PROCEDURE FOR POSTAL BALLOT

In view of the pandemic situation of COVID-19 and pursuant to the guidelines and notification issued by the Ministry of Home Affairs, Government of India and in light of circulars issued by the Ministry of Corporate Affairs, Government of India (the 'MCA') vide its General Circular No.14/2020 dated April 08, 2020 and General Circular No.17/2020 dated April 13, 2020 (the 'MCA Circulars') and pursuant to Section 110 of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, the Bank proposed to pass the necessary resolutions as per the said guidelines, circulars and provisions of the Act as mentioned in Postal Ballot Notice. In terms of said Section of the Act and the Rules, a company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by Postal Ballot, shall, get any resolution (other than Ordinary Business and any Business in respect of which Directors or Auditors have right to be heard at any meeting) passed by means of Postal Ballot, instead of transacting the business in general meeting of the Company.

Accordingly, the Postal Ballot procedure for Postal Ballot Notice dated May 01, 2020, has been carried out as per the above provisions and therefore, the hard copy of Postal Ballot Notice were not sent to the shareholders for this Postal Ballot and shareholders were required to communicate their assent or dissent through the E-Voting system only.

Apart from above, the Postal Ballot, if any, post closure of COVID-19 pandemic situation, would be carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013 read with the rules framed thereunder.

MEANS OF COMMUNICATION

As per Regulation 46 of Listing Regulations, IDFC FIRST Bank maintains a website viz. www.idfcfirstbank.com containing information about the Bank, such as details of its business, financial results, shareholding pattern, compliance with the corporate governance requirements and contact details of the designated officials who are responsible for assisting and handling investor grievances.

The Bank also displays all official press releases and presentations to institutional investors or analysts made by the Bank.

This information is regularly updated on the Bank's website www.idfcfirstbank.com.

The National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') have their respective electronic platforms namely NSE Electronic Application Processing System ('NEAPS') and BSE Listing Centre Online Portal for submission of various filings by listed companies. IDFC FIRST Bank ensures that the requisite compliances are filed through these platforms on time.

The financial and other information filed by the Bank from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE.

The quarterly, half-yearly and annual results of IDFC FIRST Bank's performance and other news articles are published in leading newspapers like the Hindu Business Line (All India), and Makkal Kural (in Chennai) and are also displayed on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

IDFC FIRST Bank has duly complied with all the mandatory Corporate Governance requirements as given under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations, to the extent applicable.

The Bank has also adopted and complied with the non-mandatory requirements as follows:

The Board and Separate Posts of Chairperson and CEO

The Bank has complied with the requirement of having separate persons to the post of Chairperson, and MD & CEO. Dr. Rajiv B. Lall is the Part-Time Non-Executive Chairman and Mr. V. Vaidyanathan is the MD & CEO of the Bank. The office of Non-Executive Chairman of the Bank is maintained by the Bank at its expenses and all the expenses incurred in performance of his duties are reimbursed by the Bank.

Audit Qualification

For the year under review, there were no audit qualifications with respect to Bank's financial statements. IDFC FIRST Bank strives to adopt the best practices to ensure a regime of financial statements with unmodified audit opinion.

Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

Shareholder Rights

Quarterly, half-yearly and annual financial results along with Investor Presentations thereon are uploaded on the Bank's website: www.idfcfirstbank.com

SECRETARIAL AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V of Listing Regulations, the Secretarial Auditors' Certificate on Corporate Governance is provided at the beginning of this Report.

GENERAL SHAREHOLDER INFORMATION

6th Annual General Meeting:

DAY and DATE: Thursday, July 30, 2020

TIME: 11:00 a.m.

VENUE: The Bank is conducting meeting through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the Annual General Meeting ('AGM'). For details please refer to the Notice of this AGM.

As required under Regulation 36(3) of the Listing Regulations and Secretarial Standard 2, particulars of Director seeking appointment at this AGM is given in the Annexure to the Notice of this AGM.

Financial Calendar

Financial year: The financial year of the Bank is from April 01 to March 31 of the following year.

For the year ended March 31, 2020, results were announced on:

- July 24, 2019 for first quarter
- October 24, 2019 for second quarter and half year
- January 29, 2020 for third quarter and nine months
- May 22, 2020 for fourth quarter and full year

For the year ending March 31, 2021, results will be announced latest by:

- Second week of August 2020 for first quarter
- Second week of November 2020 for second quarter and half year
- Second week of February 2021 for third quarter and nine months
- Last week of May 2021 for fourth quarter and full year

Dividend Payment Date

During FY 2019-20, the Bank had incurred losses. Further, it may be noted that RBI vide its circular no. RBI/2019-20/218 DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 has directed that banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. RBI advised that in an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses.

Accordingly, the Board of Directors did not recommend any dividend on equity shares for the FY 2019-20.

STOCK EXCHANGES WHERE SECURITIES OF IDFC FIRST BANK ARE LISTED

Equity Shares

The equity shares of IDFC FIRST Bank are listed on BSE and NSE.

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited

Exchange Plaza, C/ 1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The Stock Exchange Codes and ISIN for equity shares of the Bank are as follows:

BSE: 539437

NSE: IDFCFIRSTB

ISIN: INE092T01019

The annual listing fees for equity shares for FY 2020-21 has been paid.

Bonds & Debentures

80CCF Infrastructure Bonds

Infrastructure Bonds issued by IDFC Limited under Section 80CCF of the Income Tax Act, 1961 and the Bonds issued by IDFC Limited on private placement basis were transferred to IDFC FIRST Bank on October 01, 2015 pursuant to the Demerger Scheme. The 80CCF Infrastructure Bonds of IDFC FIRST Bank are listed and traded on NSE and BSE. The trading details for the 80CCF Infrastructure Bonds are mentioned in **Table No. 13.**

Table No. 13 : Trading details of 80CCF Infrastructure Bonds

SN	Folio Code	Tranche	Series	ISIN	BSE		NSE		Maturity Date
					Scrip code	**Scrip ID**	**Symbol**	**Series**	
1	IDA	Tranche 1/FY11	Series 1 - Annual	INE092T08CC6	961694	IDFCFBLD1A	IDFCFIRSTB	N1	November 12, 2020
2	IDA	Tranche 1/FY11	Series 2 - Cumulative	INE092T08CD4	961695	IDFCFBLD1B	IDFCFIRSTB	N2	November 12, 2020
3	IDA	Tranche 1/FY11	Series 3 - Annual	INE092T08CE2	961696	IDFCFBLD1C	IDFCFIRSTB	N3	November 12, 2020
4	IDA	Tranche 1/FY11	Series 4 - Cumulative	INE092T08CF9	961697	IDFCFBLD1D	IDFCFIRSTB	N4	November 12, 2020
5	IDB	Tranche 2/FY11	Series 1 - Annual	INE092T08CG7	961699	IDFCFBLD1E	IDFCFIRSTB	N5	February 21, 2021
6	IDB	Tranche 2/FY11	Series 2 - Cumulative	INE092T08CH5	961700	IDFCFBLD1F	IDFCFIRSTB	N6	February 21, 2021
7	IDC	Tranche 3/FY11	Series 1 - Annual	INE092T08CI3	961709	IDFCFBLD1G	IDFCFIRSTB	N7	March 30, 2021
8	IDC	Tranche 3/FY11	Series 2 - Cumulative	INE092T08CJ1	961710	IDFCFBLD1H	IDFCFIRSTB	N8	March 30, 2021
9	IDD	Tranche 1/FY12	Series 1 - Annual	INE092T08CK9	961719	IDFCFBLD1I	IDFCFIRSTB	N9	December 30, 2021
10	IDD	Tranche 1/FY12	Series 2 - Cumulative	INE092T08CL7	961720	IDFCFBLD1J	IDFCFIRSTB	NA	December 30, 2021
11	IDE	Tranche 2/FY12	Series 1 - Annual	INE092T08CM5	961735	87IDFCBFBL	IDFCFIRSTB	NB	March 21, 2022
12	IDE	Tranche 2/FY12	Series 2 - Cumulative	INE092T08CN3	961736	870IDFCFBL	IDFCFIRSTB	NC	March 21, 2022
13	IDF	Tranche 3/FY12	Series 1 - Annual	INE092T08CO1	961745	843IDFCFBLL	IDFCFIRSTB	ND	March 31, 2022
14	IDF	Tranche 3/FY12	Series 2 - Cumulative	INE092T08CP8	961746	843IDFCFBL	IDFCFIRSTB	NE	March 31, 2022

Private Placement Bonds

Private Placement bonds of IDFC FIRST Bank are listed and traded on NSE and BSE. The trading details for Private Placement bonds can be obtained by sending an e-mail at bank.info@idfcfirstbank.com.

The annual listing fees for FY 2020-21 for both the aforesaid bonds have been paid.

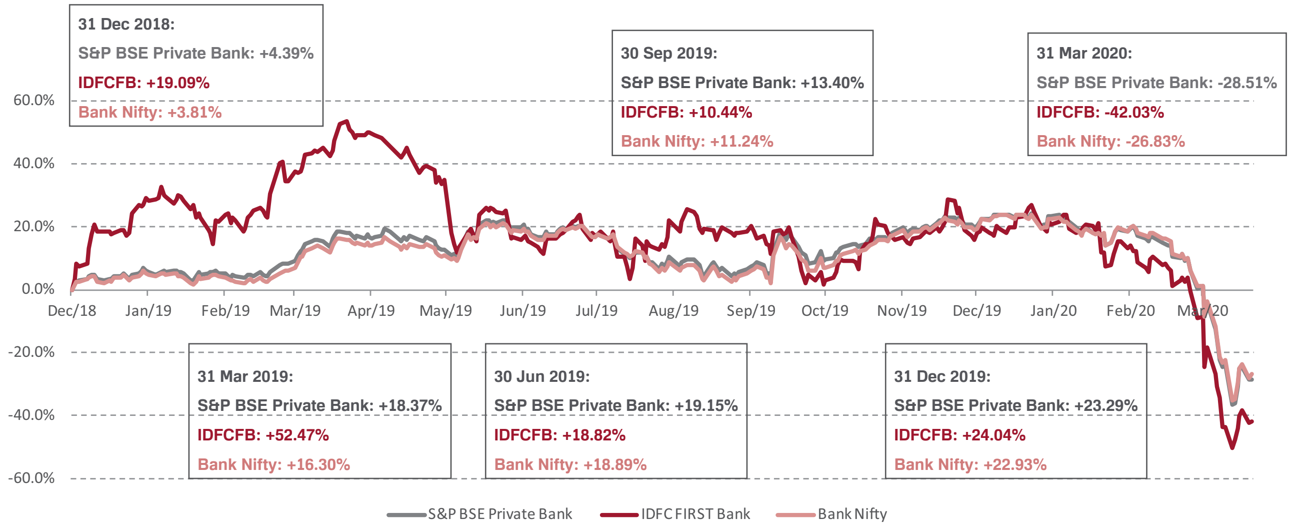
MARKET PRICE DATA

Table No. 14 gives the monthly high and low quotation of IDFC FIRST Bank's equity shares traded on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') during Financial Year 2019-20.

Table No. 14 : Monthly High & Low Prices of IDFC FIRST Bank's Equity Shares during FY 2019-20 along with Traded Volumes

Month	BSE			NSE		
	High (in ₹)	**Low (in ₹)**	**Volume**	**High (in ₹)**	**Low (in ₹)**	**Volume**
April 2019	56.90	48.95	3,28,45,608	56.85	49.10	21,66,81,560
May 2019	51.10	39.95	4,04,39,141	51.20	40.00	44,17,51,845
June 2019	46.30	39.85	1,37,67,484	46.35	39.80	19,69,91,591
July 2019	45.75	36.15	2,36,86,280	45.75	36.00	34,16,63,627
August 2019	46.75	39.60	1,87,75,153	46.75	39.60	30,62,54,153
September 2019	44.50	39.45	1,63,87,787	44.55	39.40	30,01,86,592
October 2019	45.00	36.15	2,72,41,549	45.00	36.20	39,03,64,428
November 2019	48.00	40.85	1,93,67,964	47.95	40.90	36,62,13,492
December 2019	47.70	41.95	1,37,32,701	47.65	41.90	29,42,98,158
January 2020	46.50	40.20	1,76,45,322	46.55	40.20	41,37,69,767
February 2020	42.70	36.60	1,40,96,612	42.70	36.60	27,07,89,087
March 2020	39.30	17.75	4,01,01,473	39.25	17.65	83,45,03,221

Performance of the Equity Shares of the Bank relative to indices of BSE (S&P BSE Private Bank) and NSE (Bank Nifty) respectively is given below:



UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

Pursuant to SEBI's Circular No. CIR/ CFD/ DIL/ 10/ 2010 dated December 16, 2010, IDFC Limited had credited the unclaimed shares lying in the Escrow Account, allotted in the Initial Public Offer of the company during July – August 2005, into a Demat Suspense Account opened specifically for this purpose. Pursuant to the Demerger Scheme, the shareholders of IDFC Limited as on the record date i.e. October 05, 2015 were allotted one equity share of IDFC FIRST Bank for every one equity share held by them in IDFC Limited. Therefore, 100 Shareholders who were holders of 28,453 shares lying in the Demat Suspense Account of IDFC Limited were eligible and allotted equity shares of IDFC FIRST Bank.

As on April 01, 2019, the Demat Suspense Account of IDFC FIRST Bank held 28,253 equity shares of ₹ 10 each belonging to 99 shareholders. During FY 2019-20, no shareholder had approached the Registrar and Share Transfer Agent for transfer of shares from the Demat Suspense Account. As on March 31, 2020, the Demat Suspense Account of IDFC FIRST Bank held 28,253 equity shares of ₹ 10 each belonging to 99 shareholders.

The voting rights on the shares outstanding shall remain frozen till the rightful owner claims their shares. The details of the Shareholders whose equity shares are lying in the Demat Suspense Account are available on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

UNCLAIMED/ UNPAID INTEREST/ DIVIDEND AND SHARES

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), any dividend/ refund which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend/ refund account is required to be transferred to the IEPF established by the Central Government. After such a transfer, no claim shall lie against the Bank. However, the investor can claim the unpaid dividend from the IEPF Authority.

As on March 31, 2020, the amounts lying in the unclaimed/ unpaid dividend account with respect to the final dividend that were declared by the Bank and erstwhile Capital First Limited and last tentative date for claiming dividend before they become due to be credited to the IEPF are as below:

SN	Financial Year	IDFC FIRST Bank (₹)	Last Tentative Date for claiming Dividend	erstwhile Capital First Limited (₹)	Last Tentative Date for claiming Dividend
1.	2012-2013	NA	NA	₹ 3,66,028.20	September 21, 2020
2.	2013-2014	NA	NA	₹ 3,62,358.00	July 18, 2021
3.	2014-2015	NA	NA	₹ 4,34,564.00	August 19, 2022
4.	2015-2016	₹ 10,59,435.00	August 26, 2023	₹ 4,31,465.20	August 26, 2023
5.	2016-2017	₹ 34,81,395.75	August 27, 2024	₹ 5,22,449.80	August 27, 2024
6.	2017-2018	₹ 42,84,522.00	August 30, 2025	₹ 6,29,235.60	August 30, 2025
7.	2018-2019	No Dividend Declared		Not Applicable	

Shareholders who either have not received or have not encashed their dividend warrant(s) as specified above, are requested to write to KFin Technologies Private Limited [earlier Karvy Fintech Private Limited] ('KFIN'), mentioning the relevant Folio number(s)/ DP ID and Client ID, for issuance of duplicate/ revalidated dividend warrant(s).

All shares in respect of which dividend has not been claimed or paid for a period of seven consecutive years or more from the date they became due for payment are required to be transferred to the demat account of IEPF in the manner prescribed under the IEPF Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 as may be amended from time to time. Upon transfer of such shares, all benefits (e.g. bonus, spilt etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

In this connection, IDFC FIRST Bank had sent intimation letters to shareholders in respect of the shares on which dividend declared by erstwhile Capital First Limited for FY 2011-12, had remained unpaid or unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF authority. Simultaneously, an advertisement to this effect was published in leading English and vernacular newspapers.

During FY 2019-20 IDFC FIRST Bank had transferred to the IEPF, the following unclaimed Dividends which were declared by erstwhile Capital First Limited for FY 2011-12 and shares:

Particulars	Amount of Dividend (₹)	No. of shares
Unclaimed Dividend for the FY 2011-12 and Shares on which Dividend had remained unpaid or unclaimed for seven consecutive years or more, transferred during FY 2019-20 to IEPF	₹ 3,56,537	2,975

During the Financial Year 2020-21, the Bank would be transferring unclaimed Dividend amount for the financial year ended March 31, 2013 on or before October 26, 2020 to IEPF.

The dividend amount and shares transferred to the IEPF can be claimed by the concerned shareholders from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Bank's website at www.idfcfirstbank.com under 'Investor Relations' section and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through www.iepf.gov.in.

As on March 31, 2020, 4,72,169 equity shares are lying with IEPF.

Pursuant to the Demerger Scheme, the Financing Undertaking of IDFC Limited was transferred to IDFC FIRST Bank with effect from October 01, 2015 (Effective Date of Demerger Scheme).

Accordingly, Infra Bonds issued by IDFC Limited under Section 80CCF of the Income Tax Act, 1961 and the Bonds issued by IDFC Limited on private placement basis were transferred to IDFC FIRST Bank on October 01, 2015. The status of unclaimed interest/ buyback amount on 80CCF Infrastructure Bonds is given in **Table No. 15** and is also uploaded on the Bank's website: www.idfcfirstbank.com under 'Investor Relations' section.

Table No. 15 : Status of Unclaimed Interest/ Buyback amount on 80CCF Infrastructure Bonds as on March 31, 2020

Year	Particulars	Unclaimed Interest/ Buyback Amount (₹)
2011-2012	Interest Payment- Tranche 1-Series 1/2010-11	₹ 6,92,760.00
2011-2012	Interest Payment- Tranche 1-Series 1/2010-11	₹ 15,01,125.00
2011-2012	Interest Payment- Tranche 1-Series 3/2010-11	₹ 13,91,850.00
2011-2012	Interest Payment- Tranche 2-Series 1/2010-11	₹ 60,87,000.00
2012-2013	Interest Payment- Tranche 1-Series 1/2010-11	₹ 8,03,200.00
2012-2013	Interest Payment- Tranche 1-Series 1/2011-12	₹ 36,65,700.00
2012-2013	Interest Payment- Tranche 3-Series 1/2010-11	₹ 29,70,420.00
2012-2013	Interest Payment- Tranche 1-Series 3/2010-11	₹ 6,68,000.00
2012-2013	Interest Payment- Tranche 1-Series 3/2010-11	₹ 15,09,750.00
2012-2013	Interest Payment- Tranche 2-Series 1/2010-11	₹ 69,60,800.00
2012-2013	Interest Payment- Tranche 2-Series 1/2011-12	₹ 1,00,22,922.00
2013-2014	Interest Payment- Tranche 1-Series 1/2011-12	₹ 39,42,990.00

Year	Particulars	Unclaimed Interest/ Buyback Amount (₹)
2013-2014	Interest Payment- Tranche 3-Series 1/2010-11	₹ 28,11,978.00
2013-2014	Interest Payment- Tranche 3-Series 1/2011-12	₹ 35,12,366.00
2013-2014	Interest Payment- Tranche 1-Series 1/2011-12	₹ 35,29,350.00
2013-2014	Interest Payment- Tranche 2-Series 1/2010-11	₹ 72,88,000.00
2013-2014	Interest Payment- Tranche 2-Series 1/2011-12	₹ 91,64,145.00
2013-2014	Interest Payment- Tranche 3-Series 1/2010-11	₹ 28,38,010.00
2014-2015	Interest Payment- Tranche 3-Series 1/2011-12	₹ 38,16,692.00
2014-2015	Interest Payment- Tranche 1-Series 1/2010-11	₹ 9,31,200.00
2014-2015	Interest Payment- Tranche 1-Series 1/2011-12	₹ 42,89,400.00
2014-2015	Interest Payment- Tranche 1-Series 3/2010-11	₹ 18,98,625.00
2014-2015	Interest Payment- Tranche 1-Series 3/2010-11	₹ 17,64,075.00
2014-2015	Interest Payment- Tranche 2-Series 1/2010-11	₹ 83,92,560.00
2014-2015	Interest Payment- Tranche 2-Series 1/2011-12	₹ 96,81,360.00
2015-2016	Buyback Payment- Tranche 1-Series 2/2011-12	₹ 77,68,619.00
2015-2016	Buyback Payment- Tranche 1-Series 3/2010-11	₹ 59,85,436.00
2015-2016	Buyback Payment- Tranche 1-Series 4/2010-11	₹ 2,42,52,523.00
2015-2016	Buyback Payment- Tranche 2-Series 1/2010-11	₹ 53,90,000.00
2015-2016	Buyback Payment- Tranche 2-Series 2/2010-11	₹ 3,30,38,250.00
2015-2016	Buyback Payment- Tranche 3-Series 1/2010-11	₹ 1,00,000.00
2015-2016	Buyback Payment- Tranche 3-Series 2/2010-11	₹ 29,740.00
2015-2016	Interest Payment- Tranche 2-Series 1/2010-11	₹ 90,01,880.00
2015-2016	Interest Payment- Tranche 2-Series 1/2011-12	₹ 1,04,16,858.00
2015-2016	Interest Payment- Tranche 3-Series 1/2010-11	₹ 31,33,198.00
2015-2016	Interest Payment- Tranche 3-Series 1/2010-11	₹ 8,250.00
2015-2016	Interest Payment- Tranche 3-Series 1/2011-12	₹ 10,959.00
2015-2016	Interest Payment- Tranche 1-Series 1/2010-11	₹ 9,04,000.00
2016-2017	Interest Payment- Tranche 3-Series 1/2011-12	₹ 35,50,900.00
2016-2017	Buyback Payment- Tranche 1-Series 1/2011-12	₹ 13,40,000.00
2016-2017	Buyback Payment- Tranche 2-Series 1/2011-12	₹ 28,20,000.00
2016-2017	Buyback Payment- Tranche 2-Series 2/2011-12	₹ 1,92,25,470.00
2016-2017	Buyback Payment- Tranche 3-Series 1/2011-12	₹ 8,75,000.00
2016-2017	Buyback Payment- Tranche 3-Series 2/2011-12	₹ 45,64,455.00
2016-2017	Interest Payment- Tranche 1-Series 1/2010-11	₹ 9,29,760.00
2016-2017	Interest Payment- Tranche 1-Series 1/2011-12	₹ 56,60,190.00
2016-2017	Interest Payment- Tranche 1-Series 3/2010-11	₹ 15,33,150.00
2016-2017	Interest Payment- Tranche 2-Series 1/2010-11	₹ 90,45,160.00
2016-2017	Interest Payment- Tranche 2-Series 1/2011-12	₹ 1,27,34,625.00
2016-2017	Interest Payment- Tranche 3-Series 1/2010-11	₹ 37,72,408.00
2016-2017	Interest Payment- Tranche 3-Series 1/2011-12	₹ 45,87,454.00
2017-2018	Interest Payment- Tranche 1-Series 1/2011-12	₹ 58,23,360.00
2017-2018	Interest Payment- Tranche 2-Series 1/2010-11	₹ 99,40,000.00
2017-2018	Interest Payment- Tranche 2-Series 1/2011-12	₹ 1,32,97,515.00
2017-2018	Interest Payment- Tranche 3-Series 1/2010-11	₹ 40,84,091.00
2017-2018	Interest Payment- Tranche 3-Series 1/2011-12	₹ 41,60,206.00
2018-2019	Interest Payment- Tranche 1-Series 1/2011-12	₹ 65,56,050.00
2018-2019	Interest Payment- Tranche 2-Series 1/2010-11	₹ 86,84,720.00
2018-2019	Interest Payment- Tranche 2-Series 1/2011-12	₹ 1,45,93,467.00

Year	Particulars	Unclaimed Interest/ Buyback Amount (₹)
2018-2019	Interest Payment- Tranche 3-Series 1/2010-11	₹ 46,64,977.00
2018-2019	Interest Payment- Tranche 3-Series 1/2011-12	₹ 54,20,673.00
2019-2020	Interest Payment- Tranche 1-Series 1/2010-11	₹ 7,89,760.00
2019-2020	Interest Payment- Tranche 1-Series 3/2010-11	₹ 14,51,250.00
2019-2020	Interest Payment- Tranche 2-Series 1/2010-11	₹ 1,32,63,160.00
2019-2020	Interest Payment- Tranche 2-Series 1/2011-12	₹ 3,71,46,882.00
2019-2020	Interest Payment- Tranche 3-Series 1/2010-11	₹ 1,26,66,132.00
2019-2020	Interest Payment- Tranche 3-Series 1/2011-12	₹ 1,28,42,620.00

Note: On completion of seven years from the respective Tranche maturity date (refer Table No. 13 for Tranche wise maturity dates), the unclaimed Interest and Principal amount will be transferred to IEPF as per requirement of law.

Share Transfer System

IDFC FIRST Bank has appointed KFIN as its Registrar and Share Transfer Agent. All share transfers and related operations are conducted by KFIN, which is registered with SEBI as a Category I Registrar.

Pursuant to SEBI Listing Regulations Amendment, effective April 01, 2019, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository. Only cases which were lodged for transfer on or before March 31, 2019 and returned under objection can be lodged further for physical transfer of shares.

IDFC FIRST Bank has a Stakeholders' Relationship and Customer Service Committee for redressing complaints and queries raised by Shareholders, Investors and Customers, from time to time.

IDFC FIRST Bank's shares are compulsorily traded in dematerialised mode. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Practising Company Secretary and a copy of the certificate is filed with the Stock Exchanges.

As required by SEBI, Reconciliation of Share Capital Audit is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, inter-alia, of reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/ paid-up equity capital of the Bank.

Certificates issued in this regard are filed with BSE and NSE on a quarterly basis.

Distribution of Shareholding

The distribution of the shareholding of IDFC FIRST Bank's equity shares by size and by ownership as on March 31, 2020 are given in **Table No. 16** and **Table No. 17** respectively. Top ten equity shareholders of IDFC FIRST Bank as on March 31, 2020 are given in **Table No. 18**.

Table No. 16 : Distribution of Shareholding as on March 31, 2020 (Total) (By Size)

SN	Category (Shares)	No. of Holders	% To Holders	No. of Equity Shares	% To Equity
1.	1 - 5,000	8,78,873	96.63	41,63,96,340	8.66
2.	5,001 - 10,000	15,934	1.75	11,66,66,323	2.43
3.	10,001 - 20,000	7,865	0.86	11,16,62,692	2.32
4.	20,001 - 30,000	2,595	0.29	6,43,60,153	1.34
5.	30,001 - 40,000	1,122	0.12	3,93,84,778	0.82
6.	40,001 - 50,000	719	0.08	3,32,04,013	0.69
7.	50,001 - 100,000	1,302	0.14	9,28,63,006	1.93
8.	100,001 and above	1,148	0.13	3,93,53,65,711	81.82
TOTAL		**9,09,558**	**100.00**	**4,80,99,03,016**	**100.00**

Table No. 17 : Distribution of Shareholding as on March 31, 2020 (Total) (By Ownership)

SN	Description	No. of Holders	No. of Equity Shares	% To Equity
1.	Promoters Bodies Corporate	1	1,92,39,61,207	40.00
2.	Resident Individuals	873,605	1,03,71,42,229	21.56
3.	Foreign Portfolio - Corp	166	65,21,41,752	13.56
4.	Foreign Corporate Bodies	1	47,17,33,265	9.81
5.	President of India	1	26,14,00,000	5.43
6.	Mutual Funds	23	15,26,12,161	3.17
7.	Bodies Corporates	3,431	9,21,68,653	1.92
8.	Non-Resident Indians	7,020	5,82,60,407	1.21
9.	HUF	20,697	3,79,21,153	0.79
10.	Clearing Members	462	3,35,88,554	0.70
11.	Insurance Companies	23	3,35,31,357	0.70
12.	Non-Resident Indian Non Repatriable	4,021	1,93,25,197	0.40
13.	Qualified Institutional Buyer	11	1,67,28,751	0.35
14.	Indian Financial Institutions	3	81,07,616	0.17
15.	Trusts	42	60,72,459	0.13
16.	Alternative Investment Fund	6	25,86,090	0.05
17.	Banks	14	14,47,935	0.03
18.	NBFC	17	6,55,854	0.01
19.	Investor Education and Protection Fund	1	4,72,169	ß
20.	Foreign Nationals	13	46,207	ß
TOTAL		**9,09,558**	**4,80,99,03,016**	**100.00**

ß denotes negligible value

Table No. 18 : Top Ten Equity Shareholders as on March 31, 2020 (Client Id based)

SN	Name	No. of Equity Shares	% To Equity
1	IDFC Financial Holding Company Limited	1,92,39,61,207	40.00
2	Cloverdell Investment Ltd	47,17,33,265	9.81
3	President of India	26,14,00,000	5.43
4	ODYSSEY 44 A S	22,85,94,390	4.75
5	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Tax Relief 96	6,24,12,016	1.30
6	Platinum International Fund	4,94,75,422	1.03
7	Vanguard Total International Stock Index Fund	4,45,87,749	0.93
8	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life MNC Fund	3,73,30,284	0.78
9	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,51,05,349	0.73
10	Wellington Trust Company, National Association Multiple Common Trust Funds Trust, Emerging Markets Opportunities Portfolio	2,97,41,543	0.62

Dematerialisation of Shares and Liquidity

The Bank's shares are compulsorily traded in dematerialised form on NSE and BSE and are available for trading on both the depositories in India i.e. NSDL and CDSL. As on March 31, 2020, over 99.99% equity shares of IDFC FIRST Bank were held in dematerialised form. Details on the same are given in **Table No. 19**.

Table No. 19 : Statement of Dematerialisation of Shares as on March 31, 2020

Category	No. of Equity Shares	% To Equity
NSDL	4,38,83,56,380	91.24
CDSL	42,15,02,161	8.76
Physical	44,475	ß
TOTAL	**4,80,99,03,016**	**100.00**

ß denotes negligible value

Credit Ratings and Change/ Revisions in Credit Ratings:

As on the date of this report, the credit ratings assigned by the rating agencies are as below:

Domestic Rating	Long Term					Outlook	Short-term		Month of Press Release
	Tier 2 Bonds	NCDs	Infrastructure Bonds	Fixed Deposits	Bank Loan[1]		Certificates of Deposits	Commercial Papers[1]	
CRISIL	CRISIL AA	-	-	FAAA[2]	-	Stable	CRISIL A1+	-	Apr-20
ICRA	-	ICRA AA	ICRA AA	-	-	Stable	ICRA A1+	ICRA A1+	May-19
India Ratings	IND AA+	IND AA+	IND AA+	-	-	Negative	-	-	Dec-19
CARE	-	CARE AA+	-	-	CARE AA+	Negative	-	CARE A1+	Oct-19
Brickworks	-	BWR AA+	-	-	BWR AA+	Stable	-	-	May-19

Notes:

1 The Instruments have been transferred from Capital First Limited (CFL) and Capital First Home Finance Limited (CFHFL) to IDFC FIRST Bank Limited (erstwhile IDFC Bank Limited) as per the Scheme of Amalgamation between CFL, CFHFL and Capital First Securities Limited with IDFC FIRST Bank Limited.

2 CRISIL has assigned 'FAAA/Stable' rating to the Bank's Fixed Deposit in April 2020.

During the FY 2019-20 following revisions in credit rating took placed:

CRISIL: Long term rating of CRISIL AA (Stable) was assigned to IDFC FIRST Bank's Tier II Bonds and Short term rating of CRISIL A1+ was assigned to IDFC FIRST Bank's Certificate of Deposits (February 2020)

India Ratings: Long term ratings of IDFC FIRST Bank's NCD and Infrastructure Bonds was revised to IND AA+ (Negative) from IND AA+ (Stable) (July 2019) and rating of IND AA+ (Negative) was assigned to IDFC FIRST Bank's Tier II Bonds (December 2019)

ICRA: Long term ratings of IDFC FIRST Bank's NCD and Infrastructure Bonds was downgraded to ICRA AA (Stable) from ICRA AA+ (Stable) (May 2019)

CARE: Long term ratings of IDFC FIRST Bank's NCD and bank loans were revised to CARE AA+ (Negative) from CARE AA+ (Stable) (October 2019)

Brickworks: Long term ratings of BWR AA+ (Stable) was assigned to IDFC FIRST Bank's NCD and Bank loans (May 2019)

Details of utilization of funds raised through preferential allotment or qualified institutions placement:

The Bank has not raised any fund through Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations, during the FY 2019-20.

Recommendations of Committees of the Board

There were no instances during the FY 2019-20, wherein the Board had not accepted recommendations made by any Committee of the Board.

Total fees paid to Statutory Auditors of the Bank

During FY 2019-20, total fees of ₹ 3.57 crore was paid / provided on a consolidated basis to B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), the Statutory Auditors, for all the services provided by them to the Bank.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

The Bank has in place a policy on Anti-Sexual Harassment, which reflects the Bank's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. The Bank has set up an ICC to receive and redress complaints of sexual harassment. The Bank undertakes ongoing trainings to create awareness on this policy.

The following is the summary of the complaints received and disposed of during the FY 2019-20:

[a] number of complaints received during the financial year : 6

[b] number of complaints disposed of during the financial year : 5

[c] number of complaints pending as on end of the financial year : 1

One complaint pending as on March 31, 2020 was received in the month of March 2020; hence under work in progress which will be resolved within the timelines. During FY 2019-20, employees were given online training and classroom training was imparted to all ICC members in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment.

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity

The Bank does not have any Outstanding GDRs/ ADRs/ Warrants or any other convertible instruments as on date.

Commodity Price Risk or Foreign Exchange Risk and Commodity Hedging Activities

The Bank has a Board approved Market Risk Management Policy, Limit Management Framework and Foreign Exchange and Derivatives Policy which defines the risk control framework for undertaking foreign exchange transactions and for managing the risks associated with it. The Board of the Bank has defined Net Overnight Open Position ('NOOP') Limit, Stop Loss Limit, Value at Risk ('VaR') limit to control the Foreign exchange risk within the approved framework. The Bank uses derivatives including FORWARDS and SWAPS for hedging its currency risk in its balance sheet and offers these products to customers and proprietary trading in due compliance with overall risk limits, control framework and applicable regulatory guidelines. Bank does not offer commodity hedging products.

The management of these products is governed by the policies mentioned above. The Bank did not exceed any of the Board approved risk limits during the period under review.

Plant Location

As the Bank is engaged in the business of banking / financial services, the Bank does not have any plant location.

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO:

Registered Office Address

IDFC FIRST Bank Limited
KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet,
Chennai - 600 031, Tamil Nadu, India.
Tel: +91 44 4564 4000 Fax: +91 44 4564 4022
E-mail: bank.info@idfcfirstbank.com
Website: www.idfcfirstbank.com

Mr. Satish Gaikwad
Head – Legal & Company Secretary

Corporate Office Address

IDFC FIRST Bank Limited
Naman Chambers, C-32, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051, Maharashtra, India.
Tel: +91 22 7132 5500 Fax: +91 22 2654 0354
E-mail: secretarial@idfcfirstbank.com
Website: www.idfcfirstbank.com

Details of the Registrar and Share Transfer Agent

For Equity Shares and 80CCF Long Term Infrastructure Bonds

KFin Technologies Private Limited
(Unit: IDFC FIRST Bank Limited)
Selenium Tower B, Plot 31 & 32, Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032, Telangana, India.
Tel: +91 40 6716 2222/ 7961 1000
Fax: +91 40 2342 0814;
Toll Free: 1800 345 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

For Certificate of Deposits, Bonds and Debentures issued on Private Placement basis

NSDL Database Management Limited
4th Floor, Trade World, A Wing, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013,
Maharashtra, India
Tel: +91 22 4914 2700 Fax: +91 22 4914 2503
Email: maksoodk@nsdl.co.in
Website: www.ndml.in

Details of the Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001, Maharashtra, India.
Tel: +91 22 4080 7000 Fax: +91 22 6631 1776
E-mail : itsl@idbitrustee.com
Website: www.idbitrustee.com

Catalyst Trusteeship Limited
GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Pune – 411 038
Maharashtra, India.
Tel. No.: +91 20 2528 0081 Fax No.: +91 20 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

Date : May 22, 2020
Place : Mumbai

ANNEXURE A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Member of
IDFC FIRST BANK LIMITED
(Formerly known as IDFC Bank Limited)
KRM Tower, 7th Floor, No. 1 Harrington Road,
Chetpet, Chennai-600031

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IDFC FIRST Bank Limited**, having CIN: L65110TN2014PLC097792 and having registered office at KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai-600031 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers.

We hereby certify that none of the Directors on the Board of the Bank as stated below for the financial year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment
1.	Dr. (Mrs). Brinda Jagirdar	06979864	18/12/2018
2.	Mr. Anand Sinha	00682433	01/08/2016
3.	Mr. Pravir Kumar Vohra	00082545	01/08/2018
4.	Mr. Aashish Kamat	06371682	18/12/2018
5.	Mr. Hemang Raja	00040769	18/12/2018
6.	Mr. Sanjeeb Chaudhuri	03594427	10/05/2019
7.	Ms. Anindita Sinharay	07724555	01/02/2017
8.	Mr. Sunil Kakar	03055561	16/07/2017
9.	Mr. Vishal Mahadevia	01035771	18/12/2018
10.	Mr. Rajiv Lall Behari	00131782	21/10/2014
11.	Mr. Vaidyanathan Vembu	00082596	19/12/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
UDIN: F000761B000263529

Date: May 22, 2020
Place: Mumbai

CEO & CFO CERTIFICATE

We, V. Vaidyanathan, Managing Director & Chief Executive Officer and Sudhanshu Jain, Chief Financial Officer & Head - Corporate Centre of IDFC FIRST Bank Limited ('the Bank') hereby certify to the Board that:

[a] We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

[b] There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.

[c] We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

[d] We have indicated to the Auditors and the Audit Committee:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

[e] We affirm that no personnel has been denied access to the Audit Committee of the Bank (in respect of matters involving alleged misconduct, if any).

[f] We further declare that all Board members and Senior Management Personnel have affirmed compliance with the 'Code of Conduct for Board of Directors & Senior Management Personnel' for the current year.

for **IDFC FIRST Bank Limited**

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head - Corporate Centre

Date: May 22, 2020
Place: Mumbai

Independent Auditor's Report

To The Members of IDFC FIRST Bank Limited
(formerly, IDFC BANK LIMITED)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* (the 'Bank'), which comprise the standalone balance sheet as at 31 March 2020, the standalone profit and loss account, the standalone cash flow statement for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') in the manner so required for banking companies 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 31 March 2020, and its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of matter

As more fully described in Note 18.13(d) to the standalone financial statements, the extent to which the COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Provisions on advances
P&L Charge (including write-off): ₹ 1,859 crore for year ended 31 March 2020
Provision on advances: ₹ 1,471 crore as at 31 March 2020
Refer to the accounting policies in "Note 17.02 to the Standalone Financial Statements: Significant Accounting Policies -Advances" and "Schedule 9 to the Standalone Financial Statements: Advances"</td></tr>
<tr><td>Significant estimate and judgment involved
Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed by the Reserve Bank of India (RBI) from time to time. The provision on non-performing assets (NPAs) are also based on the valuation of the security available. In case of restructured accounts, provision is made in accordance with the RBI guidelines.

We identified provision on advances as a key audit matter because of the management judgement involved in determining the provision and the valuation of the security available in determining NPA loans and because of its significance to the financial results of the Bank.

Impact of COVID-19
On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID-19 pandemic as a key event and consideration for recognition and measurement of NPAs on account of application of regulatory package and relaxations announced by the RBI on asset classification, regulatory reporting and provisioning.

Management has conducted an assessment of the loan portfolio which may be impacted on account of COVID-19 with respect to moratorium benefit and provision computation to borrowers prescribed by the regulatory package.</td><td>Our key audit procedures included:
Design / controls
• Assessing the design, implementation and operating effectiveness of key internal financial controls over monitoring of watch list loans, including monitoring process of overdue loans (and those which became overdue subsequent to the reporting date), measurement of provision, identification of NPA accounts, assessing the reliability of management information (including overdue reports). Also, assessing how management has factored in the deterioration in the overall economic environment arising from COVID-19 in its NPA assessment.
• Understanding management's approach, interpretation, systems and controls implemented in relation to NPA computation, particularly in light of the COVID-19 regulatory package.
• For corporate loans, testing controls over credit review processes, approval of external collateral valuation vendors and review controls over the approval of significant individual specific provisions.
• Tested review controls over measurement of provisions including documentation of the relevant approvals along with basis and rationale of the provision and disclosures in financial statements.
• Involving information system specialist to gain comfort over data integrity, extraction of reports and system interface reconciliations.
• Testing key controls operating over the information technology in relation to NPA systems, including system access and system change management, program development and computer operations.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
	Substantive tests • Test of details over calculation of NPA provisions as at the year-end for assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the Prudential Norms on Income Recognition, Asset Classification & Provisioning. • Further for the accounts which meet the criteria for asset classification benefit in accordance with the RBI COVID-19 Regulatory Package, as per days past due status at 29 February 2020, testing calculation of provisions in line with the Bank's Board approved policy and regulatory guidelines. • Selection of a sample of loans to test potential cases of loans repaid and disbursed to the same customer during the current financial year and fresh disbursement(s) to stressed customers. • Testing a sample (based on quantitative and qualitative thresholds) of large corporate loans where impairment indicators had been identified by management. Obtaining management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenging whether individual impairment provisions, or lack thereof, were appropriate. **This included the following procedures:** – Reviewing in detail the statement of accounts, approval process, board minutes, credit review of customers, review of SMA reports and other related documents to assess recoverability and the classification of the facility; – assessing external collateral valuer's credentials and comparing external valuations to values used in management's assessment. – For a risk-based sample of corporate loans not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customer and formed our own view whether any impairment indicators were present. • Assessing the factual accuracy and appropriateness of the additional financial statement disclosures made by the Bank regarding impact of COVID-19.

Key Audit Matter	How the matter was addressed in our audit
Assessment of the realizability of deferred tax assets **Deferred tax asset (net): ₹ 2,021 crore as at 31 March 2020** Refer to the accounting policies in "Note 17.08 to the Standalone Financial Statements: Significant Accounting Policies – Income Tax" and "Note 18.29 to the Standalone Financial Statements: Deferred Tax"	
Significant estimate and judgement involved Recognition of deferred tax assets require a determination of future taxable income based on the Bank's expectations. The assessment of realizability of deferred tax assets is based on a virtual or reasonable certainty test, depending on the composition of the deferred tax assets. Given the Bank's recent financial performance and uncertainty in business growth on account of COVID-19, we identified recognition of deferred tax assets as a key audit matter because of the significant management judgement and assumptions involved in estimating the future taxable income based on the income forecasts approved by the Bank's Board of Directors.	**Our key audit procedures included:** • Assessing the design, implementation and operating effectiveness of management's key internal financial controls over the recognition of deferred tax assets. • Obtained details of different components of deferred tax assets and details of estimates of taxable incomes for future periods as approved by the Board of Directors. • Sighted minutes of the meetings of the Board of Directors where the future forecasts were approved. • Evaluating management assessment for estimating availability of future taxable profits for determination of recognition of deferred tax assets. • Evaluated management's considerations involved in forecasting future taxable profits due to the uncertainty on account of COVID-19. • Assessed the period over which the deferred tax assets would be recovered against future taxable income. • Evaluated the Bank's actual performance vis-à-vis the budgets for the current and past years and discussed with management their basis and assumptions in respect of convincing evidence to support that there will be sufficient taxable income to absorb the deferred tax asset. • Performed sensitivity analysis over the Bank's expectations of the future taxable income.
Valuation of Investments **Net Value of Investments: ₹ 45,405 crore as at 31 March 2020** Refer to the accounting policies in "Note 17.01 to the Standalone Financial Statements: Significant Accounting Policies-Investments" and "Schedule 8 to the Standalone Financial Statements: Investments"	
Subjective estimates and judgment involved **Investments** Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments classified as HTM are carried at amortised cost. Where, in the opinion of management, a diminution other than temporary, in the value of investments has taken place, appropriate provisions are required to be made. Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines. We identified valuation of investments as a key audit matter because of the management judgement involved in determining the value of certain investments (bonds and debentures, security receipts, venture capital units, pass through certificates and unquoted equity securities) based on the policy and methodology developed by the Bank, impairment assessment for HTM book, specific provisions on certain investments and the overall significance of investments to the financial statements of the Bank.	**Our key audit procedures included:** **Test of design / controls** • Assessed the design, implementation and operating effectiveness of management's key internal financial controls over classification, valuation, valuation models and specific provisions on certain investments. • Read investment agreements / term sheets entered during the current year, on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments. **Substantive tests** • For a selection of investments, we re-performed valuations. For cases where no directly observable inputs were used, we examined and challenged the assumptions used by the Bank in determination of net assets and cashflows while using a discounted cashflow method. • We verified the management assessment of specific provisions against certain investments and evaluated the appropriateness of the provisions made. • Assessed whether the financial statement disclosures appropriately reflect the Bank's exposure to investments with reference to the requirements of the prevailing RBI guidelines.

Key Audit Matter	How the matter was addressed in our audit
Information technology **Information Technology (IT) systems and controls** The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting. The Bank has also undertaken few data migration projects post the merger in the last financial year. Further, the prevailing COVID-19 situation has caused the required IT applications to be made accessible on a remote basis. We have identified 'IT systems and controls' as a key audit matter because of the high level of automation, significant number of systems being used by management and the complexity of the IT architecture.	**Our key IT audit procedures included:** • We focused on user access management, change management, segregation of duties, system interface controls, system application controls and Information Provided by entity (IPE) controls over key financial accounting and reporting systems. • We tested a sample of key controls for data migration operating over the information technology in relation to financial accounting and reporting systems, including analysis of strategy documents, review of data mapping sheets and reconciliation confirmations from operations team, user acceptance test (UAT) sign offs, incidents monitoring and approvals for pre and post migration. • We tested the design and operating effectiveness of key controls over user access management which include new user creation and granting access rights, removal of user rights, user access review and preventive controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Other areas that were assessed included password policies, security configurations, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end.

Information other than the standalone financial statements and Auditor's Report thereon

The Bank's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual report, but does not include the standalone financial statements and our auditor's report thereon. The Bank's Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Bank's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and Board of Director's Responsibility for the Standalone Financial Statements

The Bank's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, loss and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The comparative figures for the year ended 31 March 2019 provided in the standalone financial statements have been audited by the predecessor auditor who expressed an unmodified opinion on those Audited Standalone Financial Statements vide their Independent Auditors' Report dated 10 May 2019.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Report on other legal and regulatory requirements

The standalone balance sheet and the standalone profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

A. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

[a] we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

[b] read with the matter discussed in Note 18.01 of standalone financial statements, transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

[c] since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 14 branches.

B. Further, as required by Section 143(3) of the Act, we report that:

[a] we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

[b] in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

[c] the standalone balance sheet, the standalone profit and loss account, and the standalone cash flow statement dealt with by this Report are in agreement with the books of account;

[d] in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

[e] on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and

[f] with respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

C. 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Schedule 12 and Note 18.59 to the standalone financial statements;

[ii] the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 12 and Note 18.59 to the standalone financial statements;

[iii] there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and

[iv] The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

D. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 20046882AAAABF4728

Place: Mumbai
Date: 22 May 2020

Annexure A to the Independent Auditor's Report

of even date on the standalone financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (B (f)) under 'Report on other legal and regulatory requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* (the 'Bank') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements 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').

Management's responsibility for internal financial controls

The Bank's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Bank considering the essential components of internal control stated in 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 the 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 'Act').

Auditor's responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 with reference to standalone financial statements.

Meaning of internal financial controls over financial reporting

A bank's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 20046882AAAABF4728

Place: Mumbai
Date: 22 May 2020

Balance Sheet
as at March 31, 2020

(₹ in Thousands)

Particulars	Schedule No.	As at March 31, 2020	As at March 31, 2019
Capital and Liabilities			
Capital	1	48,099,030	47,816,764
Reserves and surplus	2	105,326,974	133,775,850
Deposits	3	651,079,712	704,790,087
Borrowings	4	573,971,855	699,833,902
Other liabilities and provisions	5	113,526,415	85,632,012
TOTAL		**1,492,003,986**	**1,671,848,615**
Assets			
Cash and balances with Reserve Bank of India	6	33,799,209	41,495,314
Balances with banks and money at call and short notice	7	8,108,642	54,172,456
Investments	8	454,045,798	584,753,854
Advances	9	855,953,595	863,022,859
Fixed assets	10	10,377,265	9,502,051
Other assets	11	129,719,477	118,902,081
TOTAL		**1,492,003,986**	**1,671,848,615**
Contingent liabilities	12	2,806,760,832	2,999,106,258
Bills for collection		9,149,534	4,543,650
Significant accounting policies and notes to accounts	17 & 18		

The schedules referred to above form an integral part of the standalone Balance Sheet.

As per our report of even date.

The balance sheet has been prepared in conformity with form 'B' of the Third Schedule to the Banking Regulation Act, 1949

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

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

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : May 22, 2020
Place : Mumbai

Profit & Loss Account

for the year ended March 31, 2020

(₹ in Thousands)

		Schedule No.	Year Ended March 31, 2020	Year Ended March 31, 2019
I	**Income**			
	Interest earned	13	158,673,097	119,481,724
	Other income	14	17,221,577	8,520,839
	Total		**175,894,674**	**128,002,563**
II	**Expenditure**			
	Interest expended	15	102,319,989	87,490,834
	Operating expenses	16 & 18.01	54,207,326	58,867,333
	Provisions and contingencies	18.30	48,009,463	1,086,180
	Total		**204,536,778**	**147,444,346**
III	**Net Profit / (Loss) for the year (I-II)**		(28,642,104)	(19,441,783)
	Balance in profit and loss account brought forward from previous year		(5,300,472)	17,096,651
IV	**Amount Available for Appropriation**		(33,942,576)	(2,345,132)
V	**Appropriations:**			
	Transfer to statutory reserve	18.32	-	-
	Transfer from investment reserve	18.32	-	-
	Transfer to capital reserve	18.32	1,660,000	15,100
	Transfer to special reserve	18.32	-	-
	Transfer to investment fluctuation reserve	18.32	-	-
	Dividend paid (includes tax on dividend)	18.55	-	2,940,240
	Balance in profit and loss account carried forward		(35,602,576)	(5,300,472)
	Total		**(33,942,576)**	**(2,345,132)**
VI	**Earnings per Share**	18.49		
	(Face value ₹ 10 per share)			
	Basic (₹)		(5.98)	(4.75)
	Diluted (₹)		(5.91)	(4.71)
Significant accounting policies and notes to accounts		17 & 18		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

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

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date : May 22, 2020
Place : Mumbai

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Cash Flow Statement

for the year ended March 31, 2020

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2020	Year ended March 31, 2019
A.	**Cash flow from operating activities**			
	Profit / (Loss) after tax		(28,642,104)	(19,441,783)
	Add: Provision for tax		4,856,929	(13,510,081)
	Net profit / (loss) before taxes		(23,785,175)	(32,951,864)
	Adjustments for :			
	Depreciation on fixed assets	16 (V)	3,054,447	28,126,751
	Amortisation of premium on held to maturity investments		1,286,952	1,335,469
	Provision for depreciation in value of investments	18.30	10,514,904	3,741,035
	Provision/(Write back) towards non performing advances	18.30	4,415,807	(1,059,177)
	Provision/(Write back) for restructured assets	18.30	205,915	(202,065)
	Provision/(Write back) on identified standard assets	18.30	(410,618)	551,954
	Provision for standard assets	18.30	3,309,472	37,215
	Loss on sale of loans to ARC	18.30	-	8,136,830
	Bad-debts including technical / prudential write off	18.30	13,864,356	2,866,187
	Loss on sale of fixed assets (net)	14 (IV)	1,731	12,257
	Other provisions and contingencies	18.30	11,252,696	524,388
	Adjustments for:			
	(Increase) / decrease in investments (excluding held to maturity investment and investment in subsidiary)		152,616,283	35,144,987
	Increase in advances		(11,006,196)	(75,128,777)
	Increase / (Decrease) in deposits		(53,710,374)	222,808,061
	Increase in other assets		(25,639,600)	(24,543,729)
	Increase in other liabilities and provisions		24,584,931	2,759,530
	Direct taxes paid / (refund) (net)		(1,287,424)	774,727
	Net cash flow generated from / (used in) operating activities (A)		**109,268,106**	**172,933,780**
B	**Cash flow from investing activities**			
	Purchase of fixed assets		(4,005,264)	(2,608,504)
	Proceeds from sale of fixed assets		73,872	41,980
	Increase in held to maturity investments		(33,710,082)	(10,927,732)
	Dividend from subsidiary		-	669,600
	Net cash flow used in investing activities (B)		**(37,641,474)**	(12,824,656)

Cash Flow Statement

for the year ended March 31, 2020

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2020	Year ended March 31, 2019
C	**Cash flow from financing activities**			
	Decrease in borrowings		(125,862,047)	(119,099,416)
	Proceeds from issue of share capital (other than shares issued on amalgamation)		475,496	21,541
	Payment of securities issue expenses		-	(47,388)
	Payment of dividend including dividend distribution tax (net off dividend distribution tax paid by subsidiary)		-	(2,940,240)
	Net cash flow generated from / (used in) financing activities (C)		**(125,386,551)**	**(122,065,502)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		(53,759,919)	38,043,622
	Cash and cash equivalents at the beginning of the year		95,667,770	48,917,974
	Cash and cash equivalents acquired on amalgamation		-	8,706,174
	Cash and cash equivalents at the end of the year		**41,907,851**	**95,667,770**
	Represented by :			
	Cash and Balances with Reserve Bank of India	6	33,799,209	41,495,314
	Balances with Banks and Money at Call and Short Notice	7	8,108,642	54,172,456
	Cash and cash equivalents at the end of the year		**41,907,851**	**95,667,770**

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

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

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Date : May 22, 2020
Place : Mumbai

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Schedules

forming part of the Balance Sheet as at March 31, 2020

Schedule 1 - Capital

(₹ in Thousands)

	As at March 31, 2020	As at March 31, 2019
Authorised capital		
5,325,000,000 (Previous Year - 5,325,000,000) equity shares of ₹ 10 each	53,250,000	53,250,000
3,800,000 (Previous Year - 3,800,000) Preference shares of ₹ 100 each	380,000	380,000
Equity Share Capital^		
Issued, subscribed and paid-up capital		
4,809,903,016 (Previous Year - 4,781,676,412) equity shares of ₹ 10 each, fully paid up	48,099,030	47,816,764
Total	**48,099,030**	**47,816,764**

^ Includes 28,226,604 equity shares (Previous Year 492,450 equity shares) allotted pursuant to the exercise of options under the Employee Stock Option Scheme.

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Statutory reserves**		
	Opening balance	8,197,951	5,880,000
	Additions on Amalgamation	-	2,317,951
	Additions during the year (refer note 18.32)	-	-
	Deduction during the year	-	-
	Closing balance	**8,197,951**	**8,197,951**
II	**Capital reserves**		
	Opening balance	2,915,100	2,900,000
	Additions during the year (refer note 18.32)	1,660,000	15,100
	Deduction during the year	-	-
	Closing balance	**4,575,100**	**2,915,100**
III	**Share premium**		
	Opening balance	117,949,061	80,315,823
	Additions on Amalgamation	-	37,663,933
	Additions during the year	193,230	16,693
	Deduction during the year	-	(47,388)
	Closing balance	**118,142,291**	**117,949,061**
IV	**General reserve**		
	Opening balance	6,882,161	6,882,161
	Additions during the year (refer note 18.32)	-	-
	Deduction during the year	-	-
	Closing balance	6,882,161	6,882,161
V	**Amalgamation Reserve**	**(2,317,951)**	**(2,317,951)**
VI	**Special reserve**		
	Opening balance	5,450,000	5,450,000
	Additions during the year (refer note 18.32)	-	-
	Deduction during the year	-	-
	Closing balance	**5,450,000**	**5,450,000**
VII	**Investment Fluctuation Reserve (refer note 18.32)**	-	-
VIII	**Investment Reserve Account (IRA)**		
	Opening balance	-	-
	Additions during the year	-	-
	Deduction during the year (refer note 18.32)	-	-
	Closing balance	**-**	**-**
IX	**Balance in Profit and Loss Account**	(35,602,576)	(5,300,472)
	Total (I+II+III+IV+V+VI+VII+VIII+IX)	**105,326,974**	**133,775,850**

Schedules

forming part of the Balance Sheet as at March 31, 2020

Schedule 3 - Deposits

(₹ in Thousands)

			As at March 31, 2020	As at March 31, 2019
A	I	**Demand deposits**		
		(i) From banks	1,599,190	1,694,280
		(ii) From others	40,868,300	21,944,561
	II	**Savings bank deposits**	166,929,213	67,500,193
	III	**Term deposits**		
		(i) From banks	19,604,899	47,518,700
		(ii) From others	422,078,110	566,132,353
		Total (I+II+III)	**651,079,712**	**704,790,087**
B.	I	**Deposits of branches in India**	651,079,712	704,790,087
	II	**Deposits of branches outside India**	-	-
		Total	**651,079,712**	**704,790,087**

Schedule 4 - Borrowings

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Borrowings in India**		
	(i) Reserve Bank of India	-	62,500,000
	(ii) Other banks ^	40,924,349	123,960,784
	(iii) Other institutions and agencies $	486,367,444	444,691,784
II	**Borrowings outside India***	46,680,062	68,681,334
	Total (I + II)	**573,971,855**	**699,833,902**
	Secured borrowings included in I and II above **	70,855,239	142,155,583

^ Borrowings from banks include long term infrastructure bonds of ₹ 281.50 crore (Previous Year ₹ 281.50 crore).

$ Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 10,152.50 crore (Previous Year ₹ 10,152.50 crore) and Bonds under section 80CCF of the Income tax Act, 1961 of ₹ 1,689.92 crore (Previous Year ₹ 1,690.03 crore).

* Borrowings outside India include External Commercial Borrowings (ECB) of ₹ 321.83 crore (Previous Year ₹ 550.88 crore).

** Secured borrowings includes borrowings under Collateralised Borrowing and Lending Obligation / Triparty Repo (TREPS), market repurchase transactions with banks & financial institutions, transactions under Liquidity Adjustment Facility and Marginal Standing Facility secured against Government Securities.

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Bills payable	3,831,576	1,324,743
II	Inter-office adjustments (net)	-	-
III	Interest accrued	34,887,705	33,578,394
IV	Proposed dividend (includes tax on dividend) (refer note 18.55)	-	-
V	Contingent provision against standard assets (refer note 18.20)	7,542,712	4,026,725
VI	Others (including provisions)	67,264,422	46,702,150
	Total (I + II + III + IV + V + VI)	**113,526,415**	**85,632,012**

Schedules

forming part of the Balance Sheet as at March 31, 2020

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Cash in hand (including foreign currency notes)	5,033,988	2,317,812
II	Balances with Reserve Bank of India:		
	(i) In current accounts	28,765,221	39,177,502
	(ii) In other accounts	-	-
	Total (I + II)	**33,799,209**	**41,495,314**

Schedule 7 - Balances with Banks and Money at call and short notice

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**In India**		
	(i) Balance with banks		
	(a) In current accounts	1,805,098	6,166,390
	(b) In other deposit accounts	-	-
	(ii) Money at call and short notice		
	(a) With banks	5,250,000	31,000,000
	(b) With other institutions	-	-
	Total	**7,055,098**	**37,166,390**
II	**Outside India**		
	(i) In current accounts	189,669	80,836
	(ii) In other deposit accounts	-	-
	(iii) Money at call and short notice	863,875	16,925,230
	Total	**1,053,544**	**17,006,066**
	Grand Total (I+II)	**8,108,642**	**54,172,456**

Schedule 8 - Investments (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Investments in India in:**		
	(i) Government securities	330,138,163	353,849,422
	(ii) Other approved securities	-	-
	(iii) Shares#	3,827,243	1,776,289
	(iv) Debentures and bonds	50,797,993	127,326,566
	(v) Subsidiaries and/or joint ventures	2,324,021	2,324,021
	(vi) Others (venture capital funds, commercial papers, certificate of deposits, security receipts, PTC etc.)	66,955,118	99,477,556
	Total Investments in India	**454,042,538**	**584,753,854**
II	**Investments Outside India in:**		
	(i) Government securities (including local authorities)	-	-
	(ii) Subsidiaries and/or joint ventures abroad	-	-
	(iii) Others	3,260	-
	Total Investments outside India	**3,260**	**-**
	Grand Total (I+II)	**454,045,798**	**584,753,854**

Includes investments in associates

Schedules

forming part of the Balance Sheet as at March 31, 2020

Schedule 9 - Advances (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
A	(i) Bills purchased and discounted	15,650,404	28,299,102
	(ii) Cash credits, overdrafts and loans repayable on demand	55,798,000	70,567,369
	(iii) Term loans#	784,505,191	764,156,388
	Total	**855,953,595**	**863,022,859**
B	(i) Secured by tangible assets *	516,370,564	541,516,215
	(ii) Covered by bank / government guarantees $	9,846,717	10,266,198
	(iii) Unsecured	329,736,314	311,240,446
	Total	**855,953,595**	**863,022,859**
C I	Advances in India		
	(i) Priority sector	199,738,539	156,825,124
	(ii) Public sector	8,600,000	10,705,977
	(iii) Banks	3,138,122	2,722,896
	(iv) Others	644,476,934	692,768,862
	Total	**855,953,595**	**863,022,859**
C II	Advances Outside India		
	(i) Due from banks	-	-
	(ii) Due from others:		
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	-	-
	(c) Others	-	-
	Total	**-**	**-**
	Grand Total (CI + CII)	**855,953,595**	**863,022,859**

The above advances are net of provisions of ₹ 2,153.36 crore (Previous Year ₹ 1,752.88 crore).

Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹ 3,484.12 crores (previous year Nil)

* Includes advances against book debts

$ Includes advances against LCs issued by banks

Schedules

forming part of the Balance Sheet as at March 31, 2020

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Premises (including land)**		
	Gross block		
	At cost at the beginning of the year	2,963,562	2,969,142
	Additions on Amalgamation	-	2,700
	Additions during the year	-	16,534
	Deductions during the year	-	(24,814)
	TOTAL	**2,963,562**	**2,963,562**
	Depreciation		
	As at the beginning of the year	536,833	492,276
	Additions on Amalgamation	-	-
	Charge for the year	52,081	52,038
	Deductions during the year	-	(7,481)
	Depreciation to date	**588,914**	**536,833**
	Net block of premises	**2,374,648**	**2,426,729**
II	**Other fixed assets (including furniture and fixtures) (refer note 18.53)**		
	Gross block		
	At cost at the beginning of the year	39,178,700	8,866,260
	Additions on Amalgamation	-	28,098,250
	Additions during the year	3,610,730	2,339,043
	Deductions during the year	(300,257)	(124,853)
	TOTAL	**42,489,173**	**39,178,700**
	Depreciation		
	As at the beginning of the year	32,439,508	3,535,693
	Additions on Amalgamation	-	917,052
	Charge for the year	3,002,366	28,074,713
	Deductions during the year	(224,654)	(87,950)
	Depreciation to date	**35,217,220**	**32,439,508**
	Net block of other fixed assets (including furniture and fixtures)	**7,271,953**	**6,739,192**
III	**Capital Work-In-Progress (Including Capital Advances)**	730,664	336,130
	Grand Total (I+II+III)	**10,377,265**	**9,502,051**

Schedules

forming part of the Balance Sheet as at March 31, 2020

Schedule 11 - Other Assets

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Inter-office adjustments (net)	-	-
II	Interest accrued	16,593,655	16,477,185
III	Tax paid in advance / tax deducted at source (net of provisions)	10,522,581	9,112,136
IV	Stationery and stamps	97	50
V	Non banking assets acquired in satisfaction of claims	-	-
VI	Others*	102,603,144	93,312,710
	TOTAL (I + II + III + IV + V + VI)	**129,719,477**	**118,902,081**

* Includes RIDF Deposit of ₹ 2,736.59 crore (Previous Year ₹ 3,456.17 crore), Deferred Tax Asset (net) of ₹ 2,020.75 crore (Previous Year ₹ 2,518.75 crore), and security deposits of ₹ 704.99 crore (Previous Year ₹ 425.18 crore).

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Claims against the bank not acknowledged as debts	640,506	408,326
II	Liability for partly paid investments	143,993	741,437
III	Liability on account of forward exchange and derivative contracts :		
	(a) Forward Contracts	732,933,712	628,231,750
	(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	1,740,855,788	2,016,880,847
	(c) Foreign currency options	75,460,600	81,636,467
	Total (a+b+c)	**2,549,250,100**	**2,726,749,064**
IV	Guarantees given on behalf of constituents		
	In India	165,222,583	167,962,734
	Outside India	-	-
V	Acceptances, endorsements and other obligations	89,279,212	102,307,638
VI	Other items for which the bank is contingently liable	2,224,438	937,059
	Grand Total (I+II+III+IV+V+VI)	**2,806,760,832**	**2,999,106,258**

Schedules

forming part of Profit and Loss Account for the year ended March 31, 2020

Schedule 13 - Interest Earned

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Interest / discount on advances / bills	116,345,448	78,255,375
II	Income on investments	39,172,849	39,056,535
III	Interest on balances with Reserve Bank of India and other inter-bank funds	805,243	231,868
IV	Others *	2,349,557	1,937,946
	Total	**158,673,097**	**119,481,724**

* Includes interest on income tax refunds amounting to ₹ 42.89 crore (Previous Year ₹ 34.54 crore).

Schedule 14 - Other Income

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Commission, exchange and brokerage	14,201,187	7,616,172
II	Profit / (loss) on sale of investments (net)	3,904,461	325,432
III	Profit / (loss) on revaluation of investments (net)	-	-
IV	Profit / (loss) on sale of land, buildings and other assets (net)	(1,731)	(12,257)
V	Profit / (loss) on exchange/derivative transactions (net)	(1,106,447)	498,677
VI	Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	-	-
VII	Miscellaneous Income	224,107	92,815
	Total	**17,221,577**	**8,520,839**

Schedule 15 - Interest Expended

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Interest on deposits	47,117,972	39,034,061
II	Interest on borrowings from Reserve Bank of India / inter-bank borrowings	15,925,879	9,706,982
III	Others	39,276,138	38,749,791
	Total	**102,319,989**	**87,490,834**

Schedule 16 - Operating Expenses

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Payments to and provisions for employees	15,275,824	11,181,915
II	Rent, taxes and lighting	2,785,191	1,706,489
III	Printing and stationery	582,771	342,429
IV	Advertisement and publicity	1,391,236	611,840
V	Depreciation on bank's property (refer note 18.01)	3,054,447	28,126,751
VI	Directors' fees, allowance and expenses	17,197	8,741
VII	Auditors' fees and expenses	35,680	34,063
VIII	Law charges	73,853	46,551
IX	Postage, telegrams, telephones etc.	846,885	507,535
X	Repairs and maintenance	1,800,849	942,142
XI	Insurance	536,293	453,640
XII	Other expenditure	27,807,100	14,905,237
	Total	**54,207,326**	**58,867,333**

Schedules

forming part of the Financial Statements as at and for the year ended March 31, 2020

17 Significant accounting policies forming part of the financial statements for the year ended March 31, 2020

A Background

IDFC FIRST Bank Limited (Formerly 'IDFC Bank Limited') (""the Bank"") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015. Pursuant to approval from shareholders and Central Government - Ministry of Corporate Affairs, the name of the Bank has changed to IDFC FIRST Bank Limited and the change has been incorporated in the Second Schedule to the Reserve Bank of India Act, 1934 with effect from January 12, 2019.

The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited ("Merging entities") with IDFC Bank Limited ('IDFC - CFL Merger') has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ('NCLT'), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme has been given effect to in the financial results for the year ended March 31, 2019 and it includes results for the merged entity for the period from October 1, 2018 to March 31, 2019.

The Bank has 464 branches and 128 Banking Outlets in India. The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited.

B Basis of preparation

The financial statements have been prepared based on historical cost convention and accrual basis of accounting, unless otherwise stated and are 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 read together with Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 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 these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

D Significant accounting policies :

17.01 Investments Classification :

In accordance with the RBI Guidelines on investment classification and valuation; Investments are classified into following categories:

- Held for Trading ('HFT'),
- Available for Sale ('AFS') and
- Held to Maturity ('HTM').

Transfer of securities between categories of investments is accounted as per the RBI guidelines. However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM in accordance with the RBI guidelines. Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Cost of acquisition :

- Costs such as brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First out Method for all categories of Investments including Short sales.

- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation :

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line method basis, while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM Category is provided.

Investments classified under AFS and HFT categories are marked to market as per the extant RBI guidelines. Traded investments are valued based on the trades / quotes on the recognised stock exchanges, or prices/yields declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA') / Financial Benchmark India Pvt. Ltd. ('FBIL'), periodically.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FIMMDA / FBIL.
- Special bonds such as oil bonds, DISCOM bonds, fertilizer bonds etc. that do not qualify for SLR are valued using the prices published by FIMMDA/FBIL by applying the appropriate mark up above the corresponding yield on GOI securities.
- The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved securities, Bonds and Debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA / FBIL. For Tax-free bonds, the valuation is done after grossing up the coupon in line with FIMMDA/FBIL guidelines.
- Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines.
- Units of mutual funds are valued at the latest repurchase price / net asset value ('NAV') declared by the mutual fund.
- Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments, are valued at carrying cost. Accretion of discount on discounted Money Market Securities is computed on straight line method and for long term discounted securities, constant YTM method is used.
- Security receipts (SR) are valued as per NAV as provided by the Reconstruction Company ('RC') / Securitization Company (SC).
- Units of Venture Capital Funds ('VCF') and Alternate Investment Fund ('AIF') held under AFS category are marked to market based on the NAV provided by VCF/AIF based on the latest audited financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF/AIF. Banks' investments in units of VCFs is classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines.
- Priority Sector pass through certificates ('PTCs') are valued at book value as per FIMMDA guidelines.

Investments in subsidiaries are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines. Dividend received from pre-acquisition profits is reduced from cost of investments as per AS - 13 - Accounting for Investments.

Securities are valued script wise and depreciation / appreciation is aggregated for each category. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised except to the extent of depreciation already provided. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification. The valuation of investments includes securities under repo transactions.

Non-performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.

As a prudent risk measure, specific provision against identified investments are made based on management's assessment of impairment based on qualitative factors, subject to minimum provision determined under FIMMDA/FBIL valuation guidelines. These provisions are netted off from carrying value of such investments.

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Investment Fluctuation Reserve ('IFR') :

The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Further, the Bank may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of profit/loss as disclosed in the profit and loss account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS investment portfolio, a draw down is permitted subject to the following conditions:

[a] The drawn down amount is used only for meeting the minimum Common Equity Tier 1/Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss and

[b] The amount drawn down is not more than the extent the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

IFR is eligible for inclusion in Tier 2 capital.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with the RBI guidelines and these are shown under Schedule 8 - Investments. The short position is marked to market along with other securities in that category and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

Repo and Reverse Repo Transaction :

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions are accounted as interest income.

17.02 Advances

In accordance with the RBI guidelines, advances are classified as performing and non-performing. Non-Performing advances ('NPA') are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). In addition, based on extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on specific advances which are classified as standard advances as these are not non-performing advances ('identified advances'). Advances are stated net of provisions against NPA, specific provisions against identified advances, provisions for non-performing funded interest term loan and provisions in lieu of diminution in the fair value of restructured asset.

The Bank may transfer advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

The Bank makes general provisions on all standard advances and restructured advances based on the rates under each category of advance as prescribed by the RBI. In addition, the Bank makes provisions for standard assets in telecom sector (as defined by RBI) and other stressed sectors, at rates higher than the regulatory minimum, based on evaluation of risk and stress as per the Board approved policy. The provision on standard advances is not reckoned for arriving at net NPAs. The provision against standard advances (other than provision against identified advances) is shown separately as "Contingent Provisions against Standard Assets" under "Schedule 5 - Other Liabilities".

In case of corporate loans, specific loan loss provisions in respect of identified advances and non-performing advances are made based on the management's assessment of the degree of impairment, subject to the minimum provisioning level prescribed by the RBI. The Bank can provide additional specific provision on standard advances at higher than prescribed rates as a prudent risk measure. These provisions are reviewed and reassessed at least once in a year. Provision on /

write off of homogeneous retail loans and advances, subject to minimum provisioning requirement of the RBI, is assessed on the basis of ageing of loans as prescribed in the Board approved policy of the Bank. Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable RBI guidelines.

The RBI has issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on all single counterparties of the Bank.

The guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') will attract prudential measures.

Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognized by way of additional standard asset provisioning and higher risk weights.

In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise. Amounts recovered from borrowers against debts written off is recognised in the Profit and Loss Account.

Further, the RBI has issued guidelines on "Prudential Framework for Resolution of Stressed Assets dated June 07, 2019" with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank is required to put in place Board-approved policy for resolution of distressed Borrowers with an objective to initiate the process of resolution of a distressed Borrower even before a default and prior to the initiation of proceedings under the IBC.

The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under:

[a] Additional provision of 20% of total outstandings if RP is implemented beyond 180 days from the end of the review period

[b] Additional provision of 35% of total outstandings if RP is implemented beyond 360 days from the end of the review period

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding:

[a] The provisions already held; or,

[b] The provisions required to be made as per IRAC norms

COVID-19 – Regulatory Package

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Bank is required to make general provision in terms of the RBI circular dated April 17, 2020.

The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts.

Aforesaid benefit is not available for accounts already classified as NPA as on February 29, 2020. Hence, the Bank has made provisions in these account in the usual manner as specified in IRAC norms.

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%.

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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.

17.03 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, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified advances and any other facility given to the same borrower is reversed to the Profit and Loss and subsequent interest income is accounted into interest suspense.

The unrealized interest represented by Funded Interest Term Loan ('FITL') is reversed in Profit & Loss Account with the corresponding credit in Sundry Liabilities Account- Interest Capitalization account. Interest income is booked in Profit & Loss account upon realization, by debiting the sundry liabilities account.

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortized balance is disclosed as part of other liabilities. On foreclosure, balance unamortised subvention income is recognised in the Profit and Loss Account. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of NPAs wherein interest income is recognised on receipt basis as per RBI guidelines.

Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges :

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership/syndication fee is accounted on completion of the agreed service and when right to receive is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received except for commission not exceeding ₹ 25 lacs which is recognised at the time of issuance of the guarantee or letter of credit.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period.

Underwriting commission earned to the extent not reduced from the cost of the securities is recognised as fees on closure of issue.

All other fees and charges is recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments :

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category, is appropriated from Profit and Loss Account to "Capital Reserve" (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines.

Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers' Association of India ('FEDAI').

Other operating income :

Securitisation transactions :

Net income arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the life of the securities issued by the Special Purpose Vehicle (SPV). Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs.

In case of Non-Performing Assets sold to Securitisation Company ('SC') / Reconstruction Company ('RC') for cash, excess provision is reversed to Profit and Loss Account. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. If sale is against issuance of SRs by SC / RC, the sale will be recognised at lower of redemption value of SRs and net book value of financial asset sold. On realisation, the proceeds are reduced against the carrying value of SRs and surplus, if any, is recognised in the Profit and Loss Account.

With effect from April 1, 2018 investments in SRs by more than 10 percent of the SRs backed by the assets sold and issued under the scheme of securitization, provisioning requirement on SRs will be higher of provisioning rate required in terms of net asset value declared by the SCs/RCs or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books.

Direct Assignments :
Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non-performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non-performing financial assets and shortfall if any is charged to the Profit and Loss Account.

17.04 Priority Sector Lending Certificates ('PSLCs')
The bank may enter into transactions for the purchase or sale of Priority Sector Lending Certificates ('PSLCs'). In case of a purchase transaction the bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. Fees paid for purchase of the PSLCs is recorded as 'Other Expenditure' and fees received for the sale of PSLCs is recorded as 'Miscellaneous Income' in Profit and Loss Account.

17.05 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 relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. All outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

17.06 Accounting for derivative transactions
Derivative transactions comprises of forward contracts, futures, swaps and options. The Bank undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines. The Hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re-assessment or termination of underlying, the Bank shall de-designate the derivative as trade.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income / expense on accrual basis and is amortized on a pro-rata basis over the underlying swap period.

Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on all derivative contracts with the same counter-parties are reversed in Profit and Loss Account.

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Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'.

Valuation of Exchange Traded Currency Options ('ETCO') is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures ('IRF') is carried out on the basis of the daily settlement price of each contract provided by the exchange.

As per the RBI guidelines on 'Prudential Norms for Off Balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. For provisioning purpose, the credit exposure for all the counterparties except Qualified Central Counter Party ('QCCP') are calculated at deal level, i.e. Gross Positive MTM after netting of margin to the extent of Positive MTM. The credit exposure reckoned for standard provisioning on QCCP is calculated at counterparty level i.e. Net Positive MTM.

17.07 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.

The management believes that the useful life of assets assessed by the Bank, pursuant to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also include advances paid to acquire fixed assets.

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below :

Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (including software and system development)	5 years

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

During FY 2018-19, the Bank accounted for the intangibles acquired and arising on account of IDFC-CFL merger as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme.

Under AS 14, the goodwill arising on amalgamation should be amortised over period not exceeding five years unless a longer period can be justified. However, in view of restriction under Section 15 of the Banking Regulation Act 1949 to declare dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet, as a prudent measure, the intangible assets acquired or arising on amalgamation have been fully amortised through Profit and Loss Account.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the Profit and Loss Account till the date of sale. Profit on sale of premises net of taxes and transfer to statutory reserve is appropriated to Capital Reserve as per the RBI guidelines.

17.08 Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of history of tax losses, deferred tax assets on unabsorbed depreciation or carried forward loss under taxation laws are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.09 Employees' stock option scheme

The Bank has formulated Employees' Stock Option Scheme - IDFC FIRST Bank Limited ESOS -2015 ('the Scheme') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The scheme provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the grant price as determined under the option plan. Compensation cost, if any is amortized over the vesting period on a straight line method. In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

17.10 Employee benefits

Defined contribution plan :

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered.

Defined benefit plan :

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences :

Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Profit and Loss Account for the year 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 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

17.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 Securities issue expenses

Securities issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

17.15 Segment reporting

As per the RBI guidelines, business segments are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business. Business segments have been identified and reported considering the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the RBI.

17.16 Impairment of assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Profit and Loss Account, except in case of revalued assets.

17.17 Fraud Provisioning

As per the RBI guidelines, in case of frauds due to the Bank or for which the Bank is liable, provision needs to be immediately recognised in Profit and Loss Account. However, the banks have an option to make provisions over a period, not exceeding four quarters, commencing from the quarter in which the fraud has been detected.

17.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

17.19 Corporate social responsibility

Spends towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

17.20 Accounting for Dividend

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Bank does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

18 Notes forming part of the financial statements for the year ended March 31, 2020

Amounts in notes forming part of the financial statements for the year ended March 31, 2020 are denominated in ₹ crore to conform with the extant RBI guidelines.

18.01

IDFC FIRST Bank Limited (Formerly 'IDFC Bank Limited') ("the Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015.

During the year ended March 31, 2018, the Board of Directors of the Bank approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited ("Merging entities") with the Bank ('IDFC - CFL Merger') in an all-stock transaction through a Composite Scheme of Arrangement ("Scheme"). The same was approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the Scheme was given effect to in the financial results for the year ended March 31, 2019 and it includes results for the Merging entities for the period from October 1, 2018 to March 31, 2019. The Bank has sought for renewal of dispensation from the Reserve Bank of India, which was valid till December 31, 2019, to grandfather certain loan accounts which were given by the erstwhile Capital First Limited as a Non Banking Financial Company (NBFC). Whilst the application for dispensation is pending approval with RBI, the Bank expects that the dispensation will be granted and that this matter has no material financial impact on the results of the Bank.

The IDFC-CFL Merger was accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the Scheme in FY 2018-19. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date were recorded by the Bank at their fair values as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 1,377,109,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets was represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets on its Balance Sheet. Therefore, while the Bank has acquired intangibles as part of the merger and continues to have access to these intangibles, as a prudent measure, the Bank fully amortised such intangibles through profit and loss account in FY 2018-19. This accelerated amortisation charge to profit and loss account for the previous year of ₹ 2,599.35 crore was exceptional in nature and resulted in loss for the previous year.

18.02 Capital adequacy

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Tier I capital	14,690.12	17,373.23
of which common equity tier I capital	14,690.12	17,373.23
Tier II capital	89.93	219.16
Total capital	**14,780.05**	**17,592.39**
Total Risk Weighted Assets	110,481.46	113,745.82
Common equity Tier I capital ratio (%)	13.30%	15.28%
Tier I capital ratio (%)	13.30%	15.28%
Tier II capital ratio (%)	0.08%	0.19%
Total capital ratio (CRAR) (%)	**13.38%**	**15.47%**
Percentage of the shareholding of the Government of India	5.43%	5.47%
Amount of equity capital raised*	-	-
Amount of additional Tier I capital raised; of which		
Perpetual non cumulative preference shares	-	-
Perpetual debt instruments	-	-

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(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Amount of Tier II capital raised; of which		
Debt capital instrument	-	-
Preference share capital instruments	-	-

* The Board of Directors of the Bank at its meeting held on January 5, 2019 approved the allotment of 1,377,109,057 equity shares of face value of ₹ 10 each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date of December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the scheme. Accordingly, the paid up equity share capital of the Bank increased to ₹ 4,781.52 crore (4,781,521,604 equity shares of ₹ 10 each).

The Board, at its meeting held on May 01, 2020 had, subject to the approval of the Shareholders and such other requisite approvals, approved the preferential issue, involving the issue and allotment of up to 86,24,40,704 equity shares, fully paid-up, at the price of ₹ 23.19/- per equity share (including premium), aggregating up to ₹ 2,000 crore (rounded off) on a preferential basis in accordance with the applicable provisions of law.

18.03 Business ratios / information

Particulars	March 31, 2020	March 31, 2019
Interest income as a percentage to working funds $	9.30%	8.25%
Non-interest income as a percentage to working funds $	1.01%	0.59%
Operating profit as a percentage to working funds $ &	1.14%	(1.27%)
Return on assets @	(1.79%)	(1.20%)
Business per employee # ^ (₹ in crore)	9.59	14.99
Net Profit/(loss) per employee ^ (₹ in crore)	(0.18)	(0.21)

$ Working funds represents average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

@ Return on assets is based on the simple average of opening and closing total assets excluding accumulated losses if any.

Business is the total of average net advances and average deposits (net of inter-bank deposits). The average advances and the average deposits represents the simple average of the opening and closing figures.

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

& Operating profit is profit before provisions and contingencies.

18.04 Investments

I Value of investments:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
i. Gross value of investments		
a. In India	48,267.63	60,287.28
b. Outside India	0.33	-
ii Provisions for depreciation		
a. In India	(2,863.38)	(1,811.89)
b. Outside India	-	-
iii Net value of investments		
a. In India	45,404.25	58,475.39
b. Outside India	**0.33**	-

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	1,811.89	1,437.79
Add: Provisions made during the year	2,314.39	436.70
Less: Write-back of provisions during the year	(1,262.90)	(62.60)
Closing balance	**2,863.38**	**1,811.89**

18.05

In accordance with RBI circular DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018, the Bank had exercised the option in Q1 FY 2018-19 to spread MTM loss on investment in Available For Sale (AFS) and Held For Trading (HFT) portfolio equally over four quarters. Accordingly, the Bank had provided for MTM loss of ₹ 19.80 crore for the quarter ended June 30, 2018 and MTM loss of ₹ 59.40 crore was spread over remaining quarters of FY 2018-19. There was no unamortised portion in balance sheet as on March 31, 2020 and March 31, 2019.

18.06 Repo transactions

Following are the details of securities sold and purchased under repo / reverse repo transactions (in face value terms) respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) done during the years ended March 31, 2020 and March 31, 2019 :

Year ended March 31, 2020

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo				
i Government securities	229.50	9,516.81	4,594.23	229.50
ii Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i Government securities	95.00	7,802.79	1,550.65	470.52
ii Corporate debt securities	-	-	-	-

Year ended March 31, 2019

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2019
Securities sold under repo				
i Government securities	1,232.98	19,770.66	7,136.63	8,804.07
ii Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i Government securities	-	2,946.38	612.89	2,946.38
ii Corporate debt securities	-	-	-	-

18.07 Non-SLR investment portfolio

i) Issuer composition of non SLR investments as at March 31, 2020 * :

(₹ 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	142.74	0.88	-	-	ß
ii	Financial institutions	3,036.17	2,074.81	295.96	-	92.22
iii	Banks	756.61	756.61	-	-	27.36
iv	Private corporates	3,969.63	3,969.63	2,100.00	-	1,235.72
v	Subsidiaries / joint ventures	232.40	232.40	-	-	232.40
vi	Others	7,116.59	7,116.59	-	-	7,116.59
vii	Provision held towards depreciation	(2,863.38)				
	Total	**12,390.76**	**14,150.92**	**2,395.96**	**-**	**8,704.29**

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

* excludes investment in excess SLR government securities of ₹ 7,188.62 crore.

^ Excludes investments in equity shares, units of equity oriented mutual funds / venture capital funds and Security Receipts

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Issuer composition of non SLR investments as at March 31, 2019$:

(₹ in crore)

No	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities^	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i	Public sector undertakings	1,033.42	215.61	-	-	ß
ii	Financial institutions	7,800.26	5,670.18	-	-	284.14
iii	Banks	535.85	535.85	-	-	27.36
iv	Private corporates	5,132.65	5,129.56	-	-	1,438.48
v	Subsidiaries / joint ventures	232.40	232.40	-	-	232.40
vi	Others	10,167.75	10,167.75	-	-	10,167.75
vii	Provision held towards depreciation	(1,811.89)				
	Total	**23,090.44**	**21,951.35**	**-**	**-**	**12,150.13**

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

$ excludes investment in excess SLR government securities of ₹ 11,473.99 crore.

^ Excludes investments in equity shares, units of equity oriented mutual funds / venture capital funds and Security Receipts

ii Non performing Non-SLR investments:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of Non performing Non-SLR investments	1,290.34	665.48
Additions during the year	285.41	662.55
Reductions during the year	(52.73)	(37.69)
Closing balance of Non performing Non-SLR investments	**1,523.02**	**1,290.34**
Total provisions held	1,523.02	1,290.34

18.08

During the years ended March 31, 2020 and March 31, 2019, the value of sales / transfers of securities to / from HTM category (excluding one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year and with approval of the Board of Directors and sales to the RBI under open market operation auctions and redemptions in units of Venture Capital Funds as these are not initiated by the Bank) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Market value of investments held in HTM category	N.A.	N.A
Excess of book value over market value for which provision is not made	N.A.	N.A

18.09 Forward rate agreement / interest rate swap (IRS)

(₹ in crore)

	Particulars	March 31, 2020	March 31, 2019
i	The notional principal of swap agreements	165,940.28	194,192.05
ii	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1,693.46	1,013.38
iii	Collateral required by the bank upon entering into swaps	-	-
iv	Concentration of credit risk arising from the swaps *	53.95%	57.67%
v	The fair value of the swap book (Net MTM)	(246.83)	53.24

* Concentration of credit risk basis CEM arising from swaps with Banks & FI as at March 31, 2020 & March 31, 2019

The nature and terms of the IRS as on March 31, 2020 are set out below:

(₹ in crore)

Nature	No. of deals	Notional principal	Benchmark	Terms
Trading	1,186	51,024.75	INROIS	Pay Fixed/Receive Floating
Trading	1,047	64,833.34	INROIS	Pay Floating/Receive Fixed
Trading	121	17,950.45	USD LIBOR	Pay Fixed/Receive Floating
Trading	88	24,052.58	USD LIBOR	Pay Floating/Receive Fixed
Trading	1	43.45	EURIBOR	Pay Fixed/Receive Floating
Trading	1	43.45	EURIBOR	Pay Floating/Receive Fixed
Trading	82	3,687.25	INRMIFOR	Pay Floating/Receive Fixed
Trading	53	4,305.00	INRMIFOR	Pay Fixed/Receive Floating
Total	**2,579**	**165,940.28**		

The nature and terms of the IRS as on March 31, 2019 are set out below:

(₹ in crore)

Nature	No. of deals	Notional principal	Benchmark	Terms
Trading	1,126	52,131.63	INROIS	Pay Fixed/Receive Floating
Trading	1,097	98,707.89	INROIS	Pay Floating/Receive Fixed
Trading	121	16,082.92	USD LIBOR	Pay Fixed/Receive Floating
Trading	83	21,328.62	USD LIBOR	Pay Floating/Receive Fixed
Trading	1	54.37	EURIBOR	Pay Floating/Receive Fixed
Trading	1	54.37	EURIBOR	Pay Fixed/Receive Floating
Trading	73	3,307.25	INRMIFOR	Pay Fixed/Receive Floating
Trading	35	2,525.00	INRMIFOR	Pay Fixed/Receive Floating
Total	**2,537**	**194,192.05**		

18.10 Exchange traded interest rate derivatives

(₹ in crore)

	Particulars	March 31, 2020	March 31, 2019
i	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	10.38	0.96
	7.17% GOI 2028	-	0.96
	7.26% GOI 2029	10.38	-
ii	Notional principal amount of exchange traded interest rate derivatives outstanding.	-	-
iii	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
iv	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-

18.11 Disclosures on risk exposure in derivatives

Qualitative disclosures:

a. Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants :

i The Bank undertakes transactions in FX and derivatives for the purpose of hedging the Balance Sheet, support customer FX and Derivatives hedging / business requirements and takes proprietary positions. Bank deals in various kinds of products viz. FX spot and forwards, INR and CCY Swaps and Foreign currency options. The Bank undertakes trading positions FX Spot, Forward, Swaps and Futures. The Bank does not run Option book as of now. All the Option products are offered to the clients on a back to back basis.

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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 :

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines.

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the balance sheet date are revalued using the closing rate.

Quantitative disclosure on risk exposure in derivatives:

(₹ in crore)

Sr. No.	Particulars	March 31, 2020 Currency Derivatives	March 31, 2020 Interest rate derivatives
1	Derivatives (notional principal amount)		
	a. For hedging	7,473.04	945.81
	b. For trading	81,511.69	164,994.47
2	Marked to market positions *		
	a. Asset (+)	2,062.25	1,693.46
	b. Liability (-)	(1,527.12)	(1,940.30)
3	Credit exposure	5,033.12	3,100.08
4	Likely impact of one percentage change in interest rate (100*PV01)^		
	a. On hedging derivatives	1.11	0.01
	b. On trading derivatives	14.12	95.07

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(₹ in crore)

Sr. No.	Particulars	March 31, 2020 Currency Derivatives	March 31, 2020 Interest rate derivatives
5	Maximum and minimum of 100*PV01 observed during year^		
	a. On hedging		
	- minimum	0.36	-
	- maximum	1.27	6.66
	b. On trading		
	- minimum	9.58	95.07
	- maximum	14.12	240.48

* includes present value of future receivables on cancelled forward contracts.

^ Excludes instruments such as FX forwards, FX Swaps etc.

(₹ in crore)

Sr. No.	Particulars	March 31, 2019 Currency Derivatives	March 31, 2019 Interest rate derivatives
1	Derivatives (notional principal amount)		
	a. For hedging	8,232.83	-
	b. For trading	70,250.02	194,192.05
2	Marked to market positions *		
	a. Asset (+)	1,094.57	1,013.38
	b. Liability (-)	(1,244.57)	(960.14)
3	Credit exposure	3,749.46	2,605.37
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a. On hedging derivatives	0.35	-
	b. On trading derivatives	8.47	138.43
5	Maximum and minimum of 100*PV01 observed during year		
	a. On hedging		
	- minimum	0.35	-
	- maximum	0.63	-
	b. On trading		
	- minimum	0.26	68.33
	- maximum	8.47	471.71

* includes present value of future receivables on cancelled forward contracts.

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.

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18.12 Credit Default Swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2020 and March 31, 2019. Further, there are no outstanding CDS as on March 31, 2020 and March 31, 2019.

18.13 Asset quality

a	Particulars			As at March 31, 2020	As at March 31, 2019
	i	**Net NPAs to net advances (%)**		0.94%	1.27%
	ii	**Provision Coverage Ratio (Excluding Technical / Prudential Write offs)**		66.40%	48.68%
	iii	**Movement of gross NPAs:**			
		a.	Opening balance	2,136.04	1,779.05
		b.	Additions during the year	2,693.50	1,786.31
		c.	Additions on amalgamation	-	583.16
		d.	Reductions during the year :		
			- Upgradation	(663.19)	(72.64)
			- Recoveries (excluding recoveries made from upgraded accounts)	(376.56)	(220.27)
			- Write offs including technical / prudential write-offs	(1,510.23)	(316.45)
			- Sale to ARC	-	(1,403.12)
		e.	Closing balance	**2,279.56**	**2,136.04**
	iv	**Movement of net NPAs:**			
		a.	Opening balance	1,106.63	891.16
		b.	Additions during the year	695.47	637.17
		c.	Additions on amalgamation	-	371.94
		d.	Reductions during the year	(993.53)	(793.64)
		e.	Closing balance	**808.57**	**1,106.63**
	v	**Movement of provisions for NPAs (excluding provisions on standard assets):**			
		a.	Opening balance	1,029.41	887.89
		b.	Additions during the year :		
			Additions	1,998.03	956.82
			Additions on amalgamation	-	211.22
			Transfer on downgrade of restructured advances	-	132.46
			Transfer on downgrade of identified advances	-	59.86
		c.	Reductions during the year :		
			Write-back of provision on sale to ARC	-	(739.36)
			Write-offs including technical / prudential write-offs	(1,225.49)	(314.61)
			Write-back on recovery / upgradation	(330.96)	(164.87)
		d.	Closing balance	**1,470.99**	**1,029.41**

b Divergence in Asset Classification and Provisioning for NPAs :

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in the notes to accounts.

There was no divergence observed by the RBI for the year ended March 31, 2019 and March 31, 2018 in respect of the Bank's assets classification and provisioning under the extant prudential norms on Income Recognition, Asset Classification and Provisioning.

c Implementation of Resolution Plans (RPs):

(₹ in crore)

Cases eligible for RPs during FY20*		RPs successfully implemented during FY20*		RPs under implementation during FY20*	
No. of cases	Balance Outstanding	No. of cases	Balance Outstanding	No. of cases	Balance Outstanding
4	769.82	1	49.70	3	720.12

* Aggregate Exposure of the Borrower to Lenders above ₹ 1,500 crore

Note - As per the approved policy of the Bank, in addition to the above, RP is at various stages of implementation for 4 customers with aggregate outstanding of ₹ 143.12 Crores as on March 31, 2020.

d COVID19 Regulatory Package - Asset Classification and Provisioning:

With reference to the RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020, Banks are advised to disclose as under.

(₹ in crore)

Amounts in SMA/overdue categories, where the moratorium/deferment was extended	Respective amount where asset classification benefits is extended.	Provisions made during the Q4 FY2020	Provisions adjusted during FY2021 against slippages and the residual provisions
3,600.90	259.48	25.95	N.A

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. The Bank's capital and liquidity position is strong and would continue to be the focus area for the bank during this period.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). The Bank has created additional provisions amounting to ₹ 225 crores during against the potential impact of COVID-19 on standard assets based on all the available information at this point in time. This includes ₹ 25 crores as the minimum amount required at March 31, 2020 (In respect of borrowers to whom the benefit of asset classification was extended) as prescribed by Reserve Bank of India in terms of circular dated April 17, 2020; while the RBI has permitted this amount to be spread over two quarters, the Bank has decided to provide for the entire amount in the current quarter.

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18.14 Particulars of Accounts Restructured

Details of loans subjected to restructuring during the year ended March 31, 2020 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, 2019 (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	1	1	-	7	5	1	1	-	7
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	353.38	27.50	401.53	-	782.41	353.38	27.50	401.53	-	782.41
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	32.68	-	-	-	32.68	32.68	-	-	-	32.68
		Provision there on	-	-	-	-	-	-	-	-	-	-	49.99	4.13	102.89	-	157.01	49.99	4.13	102.89	-	157.01
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1	1	-	2	-	1	1	-	2
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	50.00	4.87	-	54.87	-	50.00	4.87	-	54.87
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	7.50	4.87	-	12.37	-	7.50	4.87	-	12.37
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-	-	1	-	(1)	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	401.53	-	(401.53)	-	-	401.53	-	(401.53)	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	20.04	-	(102.89)	-	(82.86)	20.04	-	(102.89)	-	(82.86)
4	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2020	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(2.74)	(0.30)	(0.20)	-	(3.23)	(2.74)	(0.30)	(0.20)	-	(3.23)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	(2.66)	-	-	-	(2.66)	(2.66)	-	-	-	(2.66)
		Provision there on	-	-	-	-	-	-	-	-	-	-	(2.18)	-	2.55	-	0.37	(2.18)	-	2.55	-	0.37
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding (restructured facility)	-				-	-				-	-				-	-				-
		Amount outstanding (other facility)	-				-	-				-	-				-	-				-
		Provision there on	-				-	-				-	-				-	-				-
6	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	(1)	1	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	(27.50)	27.50	-	-	-	(27.50)	27.50	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	(4.13)	4.13	-	-	-	(4.13)	4.13	-	-
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, 2020 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	6	1	2	-	9	6	1	2	-	9
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	752.17	49.70	32.17	-	834.05	752.17	49.70	32.17	-	834.05
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	30.02	-	-	-	30.02	30.02	-	-	-	30.02
		Provision there on	-	-	-	-	-	-	-	-	-	-	67.85	7.50	11.55	-	86.90	67.85	7.50	11.55	-	86.90

Note: The Bank does not have MSME restructuring cases.

Details of loans subjected to restructuring during the year ended March 31, 2019 are given below:

(₹ in crore)

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2018 (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	6	-	5	-	11	6	-	5	-	11
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	677.86	-	690.13	-	1,367.99	677.86	-	690.13	-	1,367.99
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	34.83	-	-	-	34.83	34.83	-	-	-	34.83
		Provision there on	-	-	-	-	-	-	-	-	-	-	194.04	-	454.64	-	648.68	194.04	-	454.64	-	648.68
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	1	-	-	2	1	1	-	-	2
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	229.10	118.45	-	-	347.55	229.10	118.45	-	-	347.55
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	11.45	68.11	-	-	79.56	11.45	68.11	-	-	79.56
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2019	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(14.32)	(90.95)	(85.93)	-	(191.20)	(14.32)	(90.95)	(85.93)	-	(191.20)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	(2.15)	-	-	-	(2.15)	(2.15)	-	-	-	(2.15)
		Provision there on	-	-	-	-	-	-	-	-	-	-	(0.04)	(63.98)	(29.57)	-	(93.59)	(0.04)	(63.98)	(29.57)	-	(93.59)
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding (restructured facility)	-				-	-				-	-				-	-				-
		Amount outstanding (other facility)	-				-	-				-	-				-	-				-
		Provision there on	-				-	-				-	-				-	-				-
6	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	-	1	-	-	(1)	-	1	-	-
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(487.46)	-	487.46	-	-	(487.46)	-	487.46	-	-
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(132.46)	-	132.46	-	-	(132.46)	-	132.46	-	-
7	Write-offs / recoveries of restructured accounts during the year *	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	-	(5)		(6)	(1)	-	(5)	-	(6)
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	(51.81)	-	(690.13)		(741.94)	(51.81)	-	(690.13)	-	(741.94)
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-	(23.00)	-	(454.64)		(477.64)	(23.00)	-	(454.64)	-	(477.64)
8	Restructured Accounts as on March 31, 2019 (closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	1	1	-	7	5	1	1	-	7
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	353.38	27.50	401.53	-	782.41	353.38	27.50	401.53	-	782.41
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	32.68	-	-	-	32.68	32.68	-	-	-	32.68
		Provision there on	-	-	-	-	-	-	-	-	-	-	49.99	4.13	102.89	-	157.01	49.99	4.13	102.89	-	157.01

* Increase / (decrease) in borrower level outstanding of existing restructured accounts includes actual write offs amounting to ₹ 55.25 Crore

Notes

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18.15 Specific Provision against identified advances

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	695.15	619.89
Addition during the year	136.33	381.92
Addition on amalgamation	-	20.06
Reduction / Transfer during the year	(149.78)	(246.86)
Reduction on account of sale to ARC	-	(20.00)
Transfer to provisions on NPA	(27.61)	(59.86)
Closing balance	**654.09**	**695.15**

18.16 Movement in technical / prudential written-off accounts:

Technical or prudential write-offs refers to the amount of non-performing advances which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. Movement in the stock of technically or prudentially written-off accounts are given below :

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of technical / prudential written- off accounts	20.35	997.56
Add: Technical / prudential write-offs during the year	111.62	13.52
Less: Recoveries made from previously technical / prudential written-off accounts during the year	(5.05)	(0.28)
Less: Sacrifice made from previously technical/prudential written-off accounts	-	(34.59)
Less: Sale to ARC	-	(955.86)
Closing balance of technical / prudential write off	**126.93**	**20.35**

18.17 Provisioning pertaining to Fraud Accounts

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Number of frauds reported	321	111
Amounts involved*@	30.56	42.16
Provisions held at the beginning of the year	0.60	0.01
Provisions made during the year	3.55	0.73
Release in provision	(1.05)	(0.14)
Provisions held at the end of the year	3.10	0.60
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* Includes fraudulent accounts which are NPAs and provision of ₹ 14.12 crore (Previous year ₹ 39.04 crore) has been made as part of NPA provisions.

@ Includes written off fraudulent accounts of ₹ 11.44 crore (Previous year Nil).

18.18 Securitisation and Direct Assignment

a Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
No. of accounts	-	14
Aggregate value (net of provisions) of accounts sold to SC / RC	-	623.91
Aggregate consideration	-	622.60
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	-	(1.31)

Details of book value of investments in security receipts

Year ended March 31, 2020

(₹ in crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Backed by NPAs sold by the bank as underlying	258.68	154.85	-
	Provision held against (i)	102.48	154.85	-
ii	Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	-	-	14.19
	Provision held against (ii)	-	-	14.19
	Total book value of investments in security receipts (i+ii)	**258.68**	**154.85**	**14.19**

Year ended March 31, 2019

(₹ in crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Backed by NPAs sold by the bank as underlying	789.41	155.81	-
	Provision held against (i)	102.48	155.81	-
ii	Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	-	-	15.86
	Provision held against (ii)	-	-	15.86
	Total book value of investments in security receipts (i+ii)	**789.41**	**155.81**	**15.86**

b Disclosures relating to Securitisation

(₹ in crore)

Particulars				March 31, 2020	March 31, 2019
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	256.71	506.97
	b	On-balance sheet exposures			
		i.	Exposure to own securitizations		
			First loss	-	-
			Others	-	-
		ii.	Exposure to third party securitisations		
			First loss	-	-
			Others	-	-

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c Disclosures relating to loans sold through direct assignment

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
1 No. of SPVs sponsored by the bank for securitisation transactions	-	-
2 Total amount of assets sold through direct assignment during the year	-	77.06
3 Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
a Off-balance sheet exposures		
First loss	9.00	9.00
Others	10.58	10.42
b On-balance sheet exposures		
First loss	-	-
Others*	334.06	478.87
4 Amount of exposures to securitisation transactions other than MRR		
a Off-balance sheet exposures		
i. Exposure to own securitizations		
First loss	-	-
Others	-	-
ii. Exposure to third party securitisations		
First loss	-	-
Others	-	-
b On-balance sheet exposures		
i. Exposure to own securitizations		
First loss	-	-
Others	-	-
ii. Exposure to third party securitisations		
First loss	-	-
Others	-	-

* Represents MRR portion for direct assignment transactions done by the Merging entities before the appointed date of the merger.

18.19 Details of non-performing financial assets purchased / sold (excluding securitisation / reconstruction companies)

A Details of non performing financial assets purchased:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
1 a. No. of accounts purchased during the year	-	21
b. Aggregate outstanding	-	2.40
2 a. Of these, number of accounts restructured during the year	-	-
b. Aggregate outstanding	-	-

B Details of non performing financial assets sold:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
1 No. of accounts sold	920	-
2 Aggregate outstanding	3.77	-
3 Aggregate consideration received	3.77	-

18.20 Provisions on standard assets (including unhedged foreign currency exposure)

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Provisions towards standard assets	754.27	402.67

18.21 Exposure to real estate sector

(₹ in crore)

Category			March 31, 2020	March 31, 2019
1	**Direct exposure**			
	i	Residential mortgages	6,621.28	5,981.50
		of which housing loans eligible for inclusion in priority sector advances	1,586.45	1,967.76
	ii	Commercial real estate	1,680.27	3,163.63
	iii	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
		a. Residential	1,506.53	1,855.26
		b. Commercial real estate	-	-
2	**Indirect exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		3,276.46	5,136.48
	Others		50.00	100.00
	Total Exposure to Real Estate Sector		**13,134.54**	**16,236.87**

18.22 Exposure to capital market

(₹ in crore)

Particulars		March 31, 2020	March 31, 2019
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 *	1,260.82	1,062.51
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	13.07	14.15
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	19.40	19.93
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	168.38	705.38
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	121.10	324.79
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)	615.57	638.68
	Total exposure to capital market	**2,198.34**	**2,765.45**

* Excludes investment in equity shares on account of conversion of debt into equity as part of Strategic Debt Restructuring amounting to ₹ 274.02 crore (Previous Year ₹ 274.02 crore) which are exempted from exposure to Capital Market.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2020

18.23 Risk category wise country exposure

(₹ in crore)

Risk Category	March 31, 2020		March 31, 2019	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	6,511.95	-	10,988.48	-
Low	1,182.57	-	2,910.93	-
Moderate	140.00	-	239.60	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**7,834.52**	**-**	**14,139.01**	**-**

18.24 Maturity pattern of certain items of assets and liabilities

A maturity pattern of certain items of assets and liabilities as at March 31, 2020:

(₹ in crore)

Particulars	Day 1	2 days to 7 days	8 days to 14 days	15 days to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	249.68	1,933.90	2,692.18	888.65	8,627.24	6,336.34	7,178.08	7,887.99	26,981.23	1,675.65	657.03	65,107.97
Advances	207.03	1,854.13	1,044.79	130.52	3,375.47	1,411.33	7,528.69	11,174.83	27,502.39	23,278.62	8,087.56	85,595.36
Investments	9,806.89	8,509.51	611.95	696.42	978.40	2,701.69	2,187.46	2,581.25	9,903.19	1,591.39	5,836.43	45,404.58
Borrowings	-	7,427.71	230.12	1,561.20	2,921.83	4,610.16	2,752.05	4,830.46	12,330.42	14,974.70	5,758.54	57,397.19
Foreign Currency assets*	106.65	0.06	73.45	29.27	214.96	226.85	174.22	51.26	114.47	98.42	110.16	1,199.77
Foreign Currency liabilities *	0.71	4.29	7.38	7.83	1,951.59	2,631.92	1,017.62	1,382.82	587.80	348.01	-	7,939.97

* The net FX risk is dynamically hedged by the Balance Sheet Management Group of the Bank.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets are based on the returns submitted to RBI for the relevant periods. In accordance with the regulatory package announced by the Reserve Bank of India on March 27, 2020, the Bank has extended the option of payment moratorium for all dues falling due between March 1, 2020 and May 31, 2020 to its eligible borrowers. As the moratorium has been given effect in April 2020, inflows from advances are based on the original cash flows prevailing at March 31, 2020 along with the effect of applicable behavioral studies.

A maturity pattern of certain items of assets and liabilities as at March 31, 2019:

(₹ in crore)

Particulars	Day 1	2 days to 7 days	8 days to 14 days	15 days to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	162.88	3,332.32	2,682.82	4,154.96	9,516.85	10,184.71	11,791.66	14,597.71	12,801.30	529.85	723.95	70,479.01
Advances	29.15	1,600.21	724.30	2,388.99	3,261.95	3,820.62	7,548.97	8,384.65	24,960.70	20,327.73	13,255.02	86,302.29
Investments	1,105.58	15,337.15	1,613.99	1,501.42	2,170.50	229.81	3,848.99	5,678.46	12,376.81	3,347.75	11,264.93	58,475.39
Borrowings	-	16,060.71	818.41	595.67	2,630.28	2,698.90	4,205.68	8,763.44	11,826.40	8,875.80	13,508.10	69,983.39
Foreign Currency assets*	8.70	1,737.95	4.92	67.38	108.94	218.33	216.82	26.83	133.98	33.19	34.58	2,591.62
Foreign Currency liabilities *	0.31	1.86	2.48	21.66	1,446.19	1,931.20	2,335.19	3,418.86	413.05	126.42	44.91	9,742.13

* The net FX risk is dynamically hedged by the Balance Sheet Management Group of the Bank.

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.

18.25 Unsecured advances

During the year ended March 31, 2020, there are unsecured advances of ₹ 811.38 crore (Previous Year ₹ 610.11 crore) for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank and the estimated value of the intangible collaterals was ₹ 2,154.12 crore (Previous Year ₹ 1,323.49 crore).

18.26 Disclosure of penalties imposed by RBI

During the year ended March 31, 2020 RBI imposed penalty of ₹ 10,000 on the Bank with respect to certain deficiencies observed on note /coin exchange and clean note policy during the Incognito Visit of a branch. In the previous year, no penalty was imposed by RBI.

18.27 Employee benefits

i The Bank has charged the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under schedule 16 (I):

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Provident fund	53.89	36.34
Superannuation fund	-	1.12
Pension fund	2.79	2.89

ii Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees) :

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Current service cost	13.48	9.72
Interest on defined benefit obligation	4.87	3.98
Expected return on plan assets	(3.92)	(2.84)
Net actuarial losses / (gains) recognised in the year	(4.83)	0.45
Past service cost	0.20	0.20
Losses / (gains) on Acquisition / Divestiture	-	ß
Total included in "employee benefit expense" [schedule 16(I)]	**9.79**	**11.51**
Actual return on plan assets	3.58	2.65

Balance Sheet

Details of provision for gratuity:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Fair value of plan assets	44.32	52.64
Present value of funded obligations	(54.41)	(53.13)
Unrecognised Past Service Cost	0.39	0.59
Net Liability/Asset (Included under Schedule 5 - Other Liabilities/ Schedule 11 - Other Assets)	**(9.69)**	**0.10**

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	53.13	36.90
Current service cost	13.48	9.72
Interest cost	4.87	3.98
Actuarial losses / (gains)	(5.18)	0.27
Past service cost	-	-
Liabilities assumed on acquisition / (settled on divestiture)	-	9.67
Benefits paid	(11.89)	(7.41)
Closing defined benefit obligation	**54.41**	**53.13**

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening fair value of plan assets	52.64	37.19
Expected return on plan assets	3.92	2.84
Actuarial gains / (losses)	(0.35)	(0.20)
Contributions by employer	-	20.22
Assets acquired on acquisition / (distributed on divestiture)	-	-
Benefits paid	(11.89)	(7.41)
Closing fair value of plan assets	**44.32**	**52.64**
Expected Employers Contribution Next Year	6.00	6.00

Experience adjustments

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined benefit obligations	54.41	53.13	36.90	36.13	26.68
Plan assets	44.32	52.64	37.19	36.44	25.43
Surplus / (deficit)	(10.08)	(0.49)	0.29	0.31	(1.25)
Experience adjustments on plan liabilities	(6.33)	(1.57)	(1.59)	2.02	0.51
Experience adjustments on plan assets	(0.35)	(0.20)	(0.20)	1.12	(0.12)

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

Particulars	March 31, 2020	March 31, 2019
Government securities	32.70%	31.18%
Bonds, debentures and other fixed income instruments	50.56%	54.65%
Deposits and money market instruments	4.97%	3.07%
Equity shares	11.77%	11.10%

Principal actuarial assumptions at the balance sheet date:

Particulars	March 31, 2020	March 31, 2019
Discount rate (p.a.)	6.20%	7.70%
Expected rate of return on plan assets (p.a.)	7.00%	7.50%
Salary escalation rate (p.a.)	8.00%	8.00%

18.28 Segment reporting

Business Segments:

The business of the bank is divided into four segments : Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These segments have been identified and reported taking into account, the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.

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, inter segment revenue, gains or losses from trading operations, trades and capital market deals. The principal expenses consists of interest expenses from external sources & on funds borrowed from inter segments, 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, and syndication. Revenues of the wholesale banking segment consists of interest earned on loans to customers, inter segment revenue, interest / fees earned on transaction services, earnings from trade services, fees on client FX & derivative and other non-fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, 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, inter segment revenue and fees from services rendered, fees on client FX & derivative. Expenses of this segment primarily comprise interest expense on deposits & funds borrowed from inter segments, 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 and support groups.
Other Banking Business	This segment includes revenue from distribution of third party products.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue & expense of this segment includes income & expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

Segmental reporting for the year ended March 31, 2020 are set out below:

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	12,866.02	8,028.33	11,337.47	158.53	43.49	32,433.84
Less: inter segment revenue (ii)						(14,844.37)
Total Revenue (i-ii)						**17,589.47**
Segment Results before tax	(1,241.68)	(25.61)	(917.33)	(6.29)	(187.61)	(2,378.52)
Less: Provision for tax						(485.69)
Net Profit						**(2,864.21)**
Total Segment assets	57,727.54	30,660.45	57,334.26	76.37	3,401.78	149,200.40
Total Segment liabilities	58,294.59	39,072.68	36,236.42	70.57	183.54	133,857.80
Net assets	(567.05)	(8,412.22)	21,097.84	5.80	3,218.24	**15,342.60**
Capital expenditure for the year	3.71	29.79	322.88	0.12	4.57	361.07
Depreciation on fixed assets for the year	9.23	34.42	255.81	0.09	5.89	305.44

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Segmental reporting for the year ended March 31, 2019 are set out below:

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	6,552.68	4,671.72	3,899.21	21.06	34.86	15,179.53
Less: inter segment revenue (ii)						(2,379.27)
Total Revenue (i-ii)						**12,800.26**
Segment Results before tax	(175.96)	532.87	(427.48)	7.47	(3,232.09)	(3,295.19)
Less: Provision for tax						1,351.01
Net Profit						**(1,944.18)**
Total Segment assets	72,624.84	45,557.51	44,943.44	7.49	4,051.58	167,184.86
Total Segment liabilities	62,516.66	43,445.25	42,812.97	9.58	241.14	149,025.60
Net assets	10,108.18	2,112.26	2,130.47	(2.09)	3,810.44	**18,159.26**
Capital expenditure for the year	0.12	15.04	131.03	0.27	89.10	235.56
Depreciation on fixed assets for the year	1.72	22.83	74.53	0.49	2,713.11	2,812.68

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

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Deferred tax assets on account of provisions for loan losses	708.12	777.17
Deferred tax assets on account of provision for diminution in value of investments	489.97	579.70
Deferred tax assets on account of other contingencies	461.31	445.09
Deferred tax assets on account of depreciation on fixed assets (Including intangible assets)	436.38	820.95
Deferred tax assets (A)	**2,095.78**	**2,622.91**
Others (Special Reserve under section 36(1)(viii) of Income Tax Act, 1961)	75.03	104.16
Deferred tax liabilities (B)	**75.03**	**104.16**
Net Deferred tax assets (A-B)	**2,020.75**	**2,518.75**

The Bank has recognized deferred tax asset primarily on account of non-performing assets, unabsorbed depreciation and other qualifying timing differences in previous year.

As at March 31, 2020, the Bank has reassessed the continuing recognition of such deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Board of Directors, to absorb the deferred tax asset.

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18.30 Provisions and contingencies

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Provision made towards income tax		
Current tax *	(12.31)	(89.01)
Deferred tax	498.00	(1,262.00)
	485.69	**(1,351.01)**
Provisions for depreciation on investment	1,051.49	374.10
Provision / (Write back) towards non-performing advances	441.58	(105.92)
Provision / (Write back) for restructured assets	20.59	(20.21)
Provision / (Write back) on identified standard assets	(41.06)	55.20
Provision against Standard Asset	330.95	3.72
Loss on sale of loans to ARC (net)	-	813.68
Bad-debts written off / technical write off ^	1,386.44	286.62
Provision and other contingencies	1,125.27	52.44
Total	**4,800.95**	**108.62**

* Net of tax adjustment of prior years of ₹ 0.91 crore (Previous Year ₹ 77.02 crore) relating to Financing Undertaking demerged from IDFC Limited to the Bank

^ Bad-debt recoveries from borrowers on written off accounts of ₹ 229.58 crore (Previous Year ₹ 86.48 crore)

18.31 Floating provisions

(₹ in crore)

	Particulars	March 31, 2020	March 31, 2019
a	Opening Balance	-	-
b	Provisions made during the year	-	-
c	Amount of draw down made during the year	-	-
d	Closing Balance	-	-

18.32 Draw down from reserves

The Bank has not undertaken any draw down from reserves during the year ended March 31, 2020 and March 31, 2019.

Appropriation to Reserves

i Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. In view of net loss of ₹ 2864.21 crore during FY 2019-20 and ₹ 1,944.18 crore during FY 2018-19 the bank has not transferred any amount to statutory reserve.

ii Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. Further, the bank may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year ended March 31, 2020 and March 31 2019, as per RBI guidelines, the Bank has appropriated Nil to Investment Reserve Account.

iii Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 advised banks to create an Investment Fluctuation Reserve (IFR) with effect from FY 2018-19. Accordingly, an amount not less than the lower

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of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. During the year ended March 31, 2020 and March 31, 2019 the Bank has not created IFR in view of net losses.

iv Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, the Bank has appropriated ₹ 166.00 crore (Previous Year ₹ 1.51 crore) to capital reserve.

v Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of Nil (Previous Year Nil) to Special Reserve.

vi General Reserve

During the year ended March 31, 2020 and March 31, 2019, no amount was transferred to the general reserve.

18.33 Disclosure of complaints

A Complaints by Customers / Stakeholders / Bondholders

i (a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs*

	Particulars	March 31, 2020	March 31, 2019
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	-	-
c	No. of complaints redressed during the year	-	-
d	No. of complaints pending at the end of the year	-	-

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs*

	Particulars	March 31, 2020	March 31, 2019
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	2,473	228
c	No. of complaints redressed during the year	2,473	228
d	No. of complaints pending at the end of the year	-	-

(c) Disclosure of customer complaints other than ATM transaction complaints*

	Particulars	March 31, 2020	March 31, 2019
a	No. of complaints pending at the beginning of the year	131	3
b	No. of complaints received during the year	5,123	2,903
c	No. of complaints redressed during the year	4,714	2,775
d	No. of complaints pending at the end of the year	540	131

(d) Total customer complaints*

	Particulars	March 31, 2020	March 31, 2019
a	No. of complaints pending at the beginning of the year	131	3
b	No. of complaints received during the year	7,596	3,131
c	No. of complaints redressed during the year	7,187	3,003
d	No. of complaints pending at the end of the year	540	131

* Excluding complaints redressed within 1 day

ii Investors complaints:

Particulars		March 31, 2020	March 31, 2019
a	No. of complaints pending at the beginning of the year	9	-
b	No. of complaints received during the year	538	981
c	No. of complaints redressed during the year	547	972
d	No. of complaints pending at the end of the year	-	9

iii Retail bondholder's complaints:

Particulars		March 31, 2020	March 31, 2019
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	5,726	4,974
c	No. of complaints redressed during the year	5,723	4,974
d	No. of complaints pending at the end of the year	3	-

B Awards passed by the banking ombudsman

Particulars		March 31, 2020	March 31, 2019
a	No. of unimplemented awards at the beginning of the year	-	-
b	No. of awards passed by the banking ombudsmen during the year	-	10
c	No. of awards implemented during the year	-	10
d	No. of unimplemented awards at the end of the year	-	-

18.34 Disclosure of letters of comfort (LoCs) issued by banks

The Bank has not issued any Letter of Comfort to its subsidiary / group companies during the years ended March 31, 2020 and March 31, 2019.

18.35 Bancassurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crore)

Nature of Income		March 31, 2020	March 31, 2019
1	For selling life insurance policies	25.31	9.75
2	For selling non-life insurance policies	16.81	5.82
3	For selling mutual fund products	3.72	3.15
4	Others	4.94	2.34
Total		**50.78**	**21.06**

18.36 Concentration of deposits, advances, exposures and NPAs

i Concentration of deposits

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Total Deposits of twenty largest depositors	14,799.75	24,370.86
Percentage of deposits of twenty largest depositors to total deposits of the bank	22.73%	34.58%

ii Concentration of advances*

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Total advances to twenty largest borrowers	9,228.09	19,973.29
Percentage of advances to twenty largest borrowers to total advances of the bank	10.52%	16.84%

* Advances represent credit exposure (funded and non-funded) including derivative exposure computed as per current exposure method in accordance with RBI guidelines.

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iii Concentration of exposures *

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Total exposure to twenty largest borrowers / customers	21,898.06	30,637.81
Percentage of exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	13.49%	16.47%

* Exposure includes credit exposure (funded and non-funded), derivative exposure and investment exposure (including underwriting and similar commitments) in accordance with RBI guidelines.

iv Concentration of NPAs

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Total exposure to top four NPA accounts	873.33	1,152.00

18.37 Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

With reference to the RBI circular DBR.BP.BC.No.37/21.04.048/2018-19 dated April 24, 2019, Banks are advised to disclose exposure to ILFS and its group:

	Amount outstanding (1)	Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA. (2)	Provisions required to be made as per IRAC norms. (3)	Provisions actually held (4)
March 31, 2020	-	-	-	-
March 31, 2019	-	-	-	-

18.38 Details of single borrower limit (SGL) / group borrower limit (GBL) exceeded by the bank

During the years ended March 31, 2020 the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by the RBI.

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

18.39 Intra-group exposures

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

(₹ in crore)

	Particulars	March 31, 2020	March 31, 2019
i	Total amount of intra-group exposures	809.78	1,319.59
ii	Total amount of top-20 intra-group exposures	809.78	1,319.59
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.50%	0.71%
iv	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

18.40 Unhedged Foreign Currency Exposure (UFCE)

The Bank's Credit Policy lays down that the Bank will evaluate risks arising out of unhedged foreign currency exposures of the borrowers and will also monitor the same. Both at the time of initial approval as well as subsequent reviews, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The details of unhedged foreign currency exposure of customers are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended March 31, 2020 incremental capital held towards borrowers having unhedged foreign currency exposures is ₹43.37 crore (Previous Year ₹34.29 crore) and provision held towards UFCE is ₹41.81 crore (Previous Year ₹33.37 crore)

18.41 Sector-wise advances

(₹ in crore)

	Sector		March 31, 2020	
		Outstanding total advances	Gross NPAs	% of Gross NPAs to total advances in that sector
A	**Priority Sector**			
i	Agriculture and allied activities	6,544.54	12.05	0.18%
ii	Advances to industries sector eligible as priority sector lending	2,783.59	90.97	3.27%
iii	Services	8,178.65	159.29	1.95%
iv	Personal loans, of which : *	2,630.06	47.67	1.81%
	Housing	2,271.51	47.47	2.09%
	Subtotal (A)	**20,136.84**	**309.98**	**1.54%**
B	**Non Priority Sector**			
i	Agriculture and allied activities	275.41	-	-
ii	Industry, of which *	21,316.98	729.56	3.42%
	Infrastructure- Energy	4,463.60	94.55	2.12%
	Infrastructure- Transport	5,751.90	498.27	8.66%
iii	Services	11,551.46	557.52	4.83%
iv	Personal loans, of which: *	34,468.03	682.50	1.98%
	Housing	4,343.30	50.35	1.16%
	Vehicle Loans	8,048.99	209.53	2.60%
	Subtotal (B)	**67,611.88**	**1,969.58**	**2.91%**
	Total (A)+(B)	**87,748.70**	**2,279.56**	**2.60%**

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

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(₹ in crore)

Sector		March 31, 2019		
		Outstanding total advances	Gross NPAs	% of Gross NPAs to total advances in that sector
A	**Priority Sector**			
i	Agriculture and allied activities	5,126.65	4.57	0.09%
ii	Advances to industries sector eligible as priority sector lending	1,449.03	33.75	2.33%
iii	Services	6,519.98	139.88	2.15%
iv	Personal loans, of which : *	2,687.89	41.58	1.55%
	Housing	2,644.26	41.58	1.57%
	Subtotal (A)	**15,783.55**	**219.78**	**1.39%**
B	**Non Priority Sector**			
i	Agriculture and allied activities	185.08	11.02	5.96%
ii	Industry, of which *	28,748.63	940.85	3.27%
	Infrastructure- Energy	8,600.35	118.92	1.38%
	Infrastructure- Transport	6,838.10	752.53	11.00%
iii	Services	14,008.88	271.73	1.94%
iv	Personal loans, of which : *	29,329.03	692.66	2.36%
	Housing	3,773.93	31.49	0.83%
	Vehicle Loans	5,837.60	136.98	2.35%
	Subtotal (B)	**72,271.62**	**1,916.26**	**2.65%**
	Total (A)+(B)	**88,055.18**	**2,136.04**	**2.43%**

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

18.42 Amount of Priority Sector Lending Certificates (PSLCs) purchased / sold by the Bank

Category wise PSLCs purchased:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
PSLC - Agriculture	450.00	1,800.00
PSLC - Small/Marginal Farmers	7,004.00	10,690.00
PSLC - Micro Enterprises	-	1,000.00
PSLC - General	-	1,550.00
	7,454.00	**15,040.00**

Category wise PSLCs sold:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
PSLC - Agriculture	1,000.00	-
PSLC - Small/Marginal Farmers	-	-
PSLC - Micro Enterprises	2,700.00	1,450.00
PSLC - General	550.00	-
	4,250.00	**1,450.00**

18.43 Overseas assets, NPAs and revenue

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Total assets	-	-
Total NPAs	-	-
Total revenue	-	-

18.44 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Off-balance sheet SPVs sponsored as on March 31, 2020 and March 31, 2019

Name of the SPV sponsored	March 31, 2020		March 31, 2019	
	Domestic	Overseas	Domestic	Overseas
	Nil	Nil	Nil	Nil

18.45 Disclosures on Remuneration

Qualitative disclosures

a Information relating to the composition and mandate of the Remuneration Committee :

The Board nomination and remuneration committee comprised of the following members :

Mr. Hemang Raja	Chairman
Mr. Aashish Kamat	Member
Dr. (Mrs.) Brinda Jagirdar	Member
Mr. Vishal Mahadevia	Member

The functions of the Committee include:

i Evaluate performance of the Whole Time Directors (WTDs) (including the Managing Director & CEO) against predetermined parameters

ii Make recommendations on remuneration (including performance bonus and perquisites) of Whole Time Directors

iii Approve policy and quantum of variable pay, bonus, stock options and increments for the employees of the Bank

iv Frame guidelines for the Employees Stock Option Scheme (ESOS) and recommend grants of the Bank's stock options to Whole Time Directors of the Bank

v Review and recommend to the Board the payment of profit related commission to the Non-Executive Directors of the Bank within the overall limits as may be approved by the shareholders of the Bank, in terms of the Companies Act, 2013 and RBI Guidelines.

b Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy :

The principles for Remuneration Policy at the Bank have been formulated with the approval of the Nomination and Remuneration Committee ('NRC'). They are guided by the organization's philosophy for enabling employee performance to achieve the organization's short term and long term objectives, balanced with prudent risk taking and are in compliance with the RBI's Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Risk takers and Control function staff, etc. dated January 13, 2012.

The principles are as follows:

- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent.
- To ensure that the remuneration is balanced between fixed pay, variable pay and ESOPs, with adequate focus on prudent risk taking and the short-term as well as the long-term objectives of the Bank and its shareholders.
- To ensure a clear relationship between remuneration and performance with adequate focus on achievement of performance objectives incorporating elements of risk, compliance and service measures.

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- To respect employee needs basis relevant market anchors and to compensate adequately for the contribution towards the Bank's growth.

- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

c Description of the ways in which current and future risks are taken into account in the remuneration process including the nature and type of the key measures used to take account of these risks :

The Board approves the risk framework for the Bank. Business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. The performance evaluation framework of Whole Time Directors, equivalent positions and senior management personnel in material risk taker roles, incorporates these risk and control aspects as detailed by the Board. These factors include (but are not limited to) elements such as consistency in asset quality, rating slippage of existing loans, RORWA, operational risk parameters and quality of systems. The performance management framework of the Bank will evolve over time and get more sophisticated and mature. As regards linkage to remuneration, the compensation for Whole Time Director's, etc. is paid in fixed pay, performance linked variable pay and stock options which is approved by the NRC.

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

Performance and its linkage to levels of remuneration will be guided by the objectives / principles as spelt out in Item b above. Annual Remuneration package comprises of a combination of fixed salary, cash bonus and ESOPs, in a mix that ensures appropriate alignment with RBI guidelines, long term value creation and stability of the Bank. Further, total pay levels will be referenced against 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 have been incorporated and published to the staff. For senior levels and material risk taker roles, remuneration package represents a mix of fixed pay, cash bonus and ESOP with deferred vesting schedule. Further, the deferred / unvested portions will be subject to "malus" provision in conformity with RBI guidelines.

f Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms :

The bank has the following forms of variable remuneration

- Annual Cash Bonus - This is part of the annual performance and compensation review cycle and is basis the performance rating of the individual employee.

- Sales Incentive Plan - employees in sales, customer relationship / service, collections & operations are covered under Incentive Plan. The coverage and payout plan is defined on the basis of business plans and budgets, it is designed keeping in mind, requisite emphasis on risk and control parameters.

- Promotional activities which may result in rewards on achieving threshold targets. This may be in cash or kind and is subject to perquisite tax as applicable.

- The ESOP scheme has been designed with a view to ensure an appropriate risk balanced remuneration architecture.

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Quantitative disclosures
The quantitative disclosures cover the Bank's Whole Time Directors.

Particulars			March 31, 2020	March 31, 2019
a	i	Number of meetings held by the Remuneration Committee during the financial year	6	7
	ii	Remuneration paid to its members (sitting fees) (₹ in crore)	0.85	0.11
b		Number of employees having received a variable remuneration award during the financial year	1	1
c		Number and total amount of sign-on awards made during the financial year	-	-
d		Details of guaranteed bonus, if any, paid as joining / sign-on bonus	-	-
e		Details of severance pay, in addition to accrued benefits, if any	-	-
f		Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms (₹ in crore).	NIL	0.13
g		Total amount of deferred remuneration paid out in the financial year	0.13	0.13
h		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	Fixed - ₹ 6.42 cr Variable - ₹ 2.30 cr Deferred - Nil Number of stock option granted during the financial year - Nil*	Fixed- ₹ 5.82 cr ^ Variable- ₹ 1.65 cr Deferred- Nil Number of stock option granted during the financial year - Nil
i		Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	NIL	0.13
j		Total amount of reductions during the financial year due to ex-post explicit adjustments	NA	NA
k		Total amount of reductions during the financial year due to ex-post implicit adjustments	NA	NA

^ Includes fixed pay for Dr. Rajiv Lall of ₹ 4.13 crore (for the period from April 1, 2018 to December 18, 2018) and for Mr. V. Vaidyanathan of ₹ 1.69 crore (for the period from December 19, 2018 to March 31, 2019)

* During FY 2019-20, the Board of Directors of the Bank, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on October 24, 2019 had approved grant of 30,00,000 stock options to Mr. V. Vaidyanathan, MD & CEO under 'IDFC FIRST Bank – Employees Stock Option Scheme 2015'. In terms of Section 35B of the Banking Regulation Act, 1949, the said grant was duly approved by the Reserve Bank of India vide its email dated April 13, 2020. The aforesaid grant has not been accounted for in the current financial statements for FY 2019-20, in terms of the relevant applicable accounting norms.

18.46 Transfers to depositor education and awareness fund (DEAF)

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred during the year	-	-
Less: Amounts reimbursed towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

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18.47 Liquidity Coverage Ratio

Qualitative disclosure

Liquidity risk management of the Bank is undertaken by the Balance Sheet Management Group (BSMG) under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies and ALCO approved funding plans. The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI for reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold as per the transition plan is embedded into the Limit Management Framework of the Bank with appropriate cushion to ensure maintenance of adequate liquidity buffers. Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO), Risk Management Committee of the Board and Board for oversight and periodical review. The Bank has been submitting LCR reports to RBI from January 2016.

As a strategy, the Bank is highly invested into GOI Bonds and corporate bonds which has resulted in a high level of HQLA. The Bank follows the criteria laid down by the RBI for month-end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30 day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and corporate bonds in form of CP, CD and Bonds rated AA- and above with mandated haircuts applied thereto.

Bank is funded through long term bonds, term deposits, CASA, refinance and foreign currency borrowings. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. The Bank assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Bank's ALCO for perusal and review.

Quantitative disclosure

(₹ in crore)

	Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High quality liquid assets									
1	Total high quality liquid assets (HQLA)		23,828.61		22,516.71		24,187.84		23,515.25
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	25,916.02	2,443.60	21,521.42	2,096.52	15,685.90	1,522.75	11,431.23	1,104.87
i	Stable deposits	2,960.09	148.00	1,112.38	55.62	916.77	45.84	764.99	38.25
ii	Less stable deposits	22,955.93	2,295.59	20,409.04	2,040.90	14,769.12	1,476.91	10,666.24	1,066.62
3	Unsecured wholesale funding, of which:	29,870.92	20,106.92	27,197.35	18,075.06	29,248.26	20,017.68	30,514.41	21,992.41
i	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii	Non-operational deposits (all counterparties)	16,273.33	6,509.33	15,203.82	6,081.53	15,384.30	6,153.72	14,203.33	5,681.33
iii	Unsecured debt	13,597.59	13,597.59	11,993.54	11,993.54	13,863.96	13,863.96	16,311.08	16,311.08
4	Secured wholesale funding		-		-		-		-

(₹ in crore)

	Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
5	Additional requirements, of which:	25,163.48	21,225.79	20,650.68	16,484.14	22,977.41	21,409.44	24,207.09	23,248.51
i	Outflows related to derivative exposures and other collateral requirements	20,899.83	20,899.83	16,147.37	16,147.37	21,235.41	21,235.41	23,174.60	23,174.60
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	4,263.65	325.96	4,503.31	336.76	1,742.00	174.02	1,032.49	73.91
6	Other contractual funding obligations	1,469.03	1,469.03	906.15	906.15	803.79	803.79	925.82	925.82
7	Other contingent funding obligations	36,626.67	1,316.55	38,687.54	1,408.73	40,351.87	1,487.12	40,666.97	1,489.11
8	**Total cash outflows**		**46,561.90**		**38,970.61**		**45,240.78**		**48,760.72**
	Cash inflows								
9	Secured lending (e.g.reverse repos)	3,173.08	-	737.06	-	1,503.72	-	697.30	-
10	Inflows from fully performing exposures	5,687.30	3,928.42	5,483.10	3,637.97	6,578.68	4,548.10	7,635.06	5,455.73
11	Other cash inflows *	21,723.63	21,171.85	16,938.63	16,400.54	21,899.02	21,408.30	23,961.18	23,456.58
12	**Total Cash Inflows**	**30,584.00**	**25,100.27**	**23,158.80**	**20,038.51**	**29,981.41**	**25,956.40**	**32,293.55**	**28,912.31**

		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
TOTAL HQLA		23,828.61		22,516.71		24,187.84		23,515.25
Total Net Cash Outflows		21,461.62		18,932.10		19,284.38		19,848.41
Liquidity coverage ratio (%)		111.03%		118.93%		125.43%		118.47%

The average weighted and unweighted amounts are calculated taking daily averages.

* "Other Cash inflows" include inflows related to derivative exposure. The corresponding outflows related to derivative exposures are shown separately under "5.i. Outflows related to derivative exposures and other collateral requirements"

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In accordance with the regulatory package announced by the Reserve Bank of India on March 27, 2020, the Bank has extended the option of payment moratorium for all dues falling due between March 1, 2020 and May 31, 2020 to its eligible borrowers. As the moratorium has been given effect in April 2020, inflows from advances are based on the original cash flows prevailing at March 31, 2020 along with the effect of applicable behavioral studies.

(₹ in crore)

	Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High quality liquid assets								
1	Total high quality liquid assets (HQLA)		23,974.40		23,360.50		19,007.25		18,604.88
	Cash outflows								
2	Retail deposits and deposits from small business customers, of which:	8,613.21	828.42	6,752.38	647.16	5,549.85	537.75	4,569.90	443.05
	i Stable deposits	658.00	32.90	561.56	28.08	344.50	17.22	278.93	13.95
	ii Less stable deposits	7,955.21	795.52	6,190.82	619.08	5,205.35	520.53	4,290.97	429.10
3	Unsecured wholesale funding, of which:	29,820.14	21,314.08	28,291.57	20,305.50	26,827.11	19,112.39	27,856.77	19,040.09
	i Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	ii Non-operational deposits (all counterparties)	14,176.77	5,670.71	13,310.11	5,324.04	12,857.86	5,143.14	14,694.47	5,877.79
	iii Unsecured debt	15,643.37	15,643.37	14,981.46	14,981.46	13,969.25	13,969.25	13,162.30	13,162.30
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which:	3,935.98	3,147.52	3,551.94	2,864.68	3,655.81	2,898.01	2,352.01	2,176.26
	i Outflows related to derivative exposures and other collateral requirements	3,101.25	3,101.25	2,828.51	2,828.51	2,837.81	2,837.81	2,167.01	2,167.01
	ii Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	iii Credit and liquidity facilities	834.73	46.27	723.43	36.17	818.00	60.20	185.00	9.25
6	Other contractual funding obligations	645.35	645.35	599.70	599.70	367.63	367.63	526.24	526.24
7	Other contingent funding obligations	39,236.55	1,432.75	38,339.43	1,397.56	35,407.61	1,270.17	26,362.69	790.88
8	**Total cash outflows**		**27,368.12**		**25,814.61**		**24,185.95**		**22,976.52**
	Cash inflows								
9	Secured lending (e.g. reverse repos)	373.08	-	471.77	-	1,063.31	-	648.33	-
10	Inflows from fully performing exposures	6,198.17	4,263.59	5,436.98	3,852.99	5,683.51	3,813.81	5,964.44	4,169.99
11	Other cash inflows	3,478.49	3,182.08	3,279.76	2,923.46	3,048.29	2,802.24	2,460.67	2,184.13
12	**Total Cash Inflows**	**10,049.74**	**7,445.67**	**9,188.51**	**6,776.45**	**9,795.11**	**6,616.05**	**9,073.44**	**6,354.12**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
	TOTAL HQLA		23,974.40		23,360.50		19,007.25		18,604.88
	Total Net Cash Outflows		19,922.45		19,038.16		17,569.90		16,622.39
	Liquidity coverage ratio (%)		120.34%		122.70%		108.18%		111.93%

The average weighted and unweighted amounts are calculated taking daily averages.

Note : Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

18.48 Related party disclosure:

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

a **Holding Company (upto January 4, 2019)**

IDFC Limited

IDFC Financial Holding Company Limited

b **Entities having Significant Influence (wef. January 5, 2019) ***

IDFC Limited

IDFC Financial Holding Company Limited

c **Fellow Subsidiaries***

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Infrastructure Finance Limited

IDFC Projects Limited

IDFC Securities Limited

IDFC Trustee Company Limited

IDFC Capital (USA) Inc.

IDFC Capital (Singapore) Pte. Ltd.

IDFC Investment Managers (Mauritius) Limited

IDFC Securities Singapore Pte. Limited

d **Subsidiary**

IDFC FIRST Bharat Limited

e **Associates**

i Direct

Millennium City Expressways Private Limited

ii Indirect (through fellow subsidiaries)*

Jetpur Somnath Tollways Private Limited

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited

f **Key Management Personnel**

Mr. V. Vaidyanathan (Appointed wef. December 19, 2018)

Dr. Rajiv B. Lall (Resigned wef. December 18, 2018)

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g **Relatives of key management personnel:**

Jeyashree Vaidyanathan, Mr. K. Vembu, Mr. Pranav Vaidyanathan, Mr. Amartya Vaidyanathan, Ms. Anusha Vaidyanathan, Captain V. Satyamurthy, Maj V Krishnamurthy, Savitri Krishnamoorthy

Tara Lall^, Ambika Lall^, Indrani Gangadhar^, Kishen Behari Lall^, Bunty Chand^, Ashok B. Lall^, Ranjana Pandey^, Veenu Shah^

^ Cease to be related party wef December 18, 2018

In accordance with paragraph 5 and 6 of AS - 18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

* Consequent to issuance of equity under the scheme of amalgamation (IDFC - CFL merger), the share holding of IDFC Financial Holding Company Limited in IDFC FIRST Bank Limited has reduced to 40% wef January 5, 2019. Accordingly IDFC Limited & IDFC Financial Holding Company Limited are now entities with significant influence and certain entities has ceased to be related parties of the Bank (refer note 18.01).

All transactions with fellow subsidiaries and indirect associate companies have been disclosed till existence of related party relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2020 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest on Deposits:
  IDFC Financial Holding Company Limited ₹ 3.99 crore (Previous Year ₹ 2.55 crore); IDFC FIRST Bharat Limited ₹ 3.97 crore (Previous Year ₹ 5.84 crore)
- Interest on Advances:
  Millennium City Expressways Private Limited ₹ 0.11 crore (Previous Year ₹ 16.17 crore).
- Fees for services received:
  IDFC FIRST Bharat Limited ₹ 372.62 crore (Previous Year ₹ 255.44 Crore); Millennium City Expressways Private Limited ₹ 0.10 crore (Previous Year Nil).
- Rendering of services:
  IDFC Limited ₹ 0.27 crore (Previous Year ₹ 0.59 crore)
- Managerial Remuneration:
  Mr. V. Vaidyanathan ₹ 8.72 crore (Previous Year ₹ 1.69 crore)
- Purchase of investments:
  IDFC Limited ₹ 51.61 crore (Previous Year Nil).

The details of the transactions of the Bank with its related party during the year ended March 31, 2020 are given below :

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Interest expense	4.01	-	3.97	-	0.07
Interest income earned	-	-	-	0.11	-
Purchase of investments	51.61	-	-	-	-
Managerial Remuneration*	-	-	-	-	8.72
Receiving of services	-	-	372.62	-	-
Rendering of services	0.27	-	-	0.10	-

* Refer Note 18.45 - Quantitative Disclosure

The balances payable to / receivable from the related parties of the Bank as on March 31, 2020 are given below:

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	609.43	-	29.03	-	6.58
Interest accrued on Deposit	0.54	-	0.17	-	-
Advances	-	-	-	351.00	-
Investment of the Bank	-	-	232.40	226.38	-
Investment of related party in the Bank$	-	-	-	-	-
Other receivables (net) #	-	-	32.30	-	-
Other Payable (net)	-	-	97.89	-	-

Other receivable includes cash with business correspondents.

$ As at March 31, 2020, IDFC Financial Holding Company Limited holds 1,923,961,207 and KMP holds 25,081,117 equity shares in the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2020 are given below:

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	614.44	-	210.33	-	10.03
Advances	-	-	-	351.00	-
Investment of the Bank	-	-	232.40	226.38	-
Other receivables (net) #	-	-	74.26	-	-
Other payables (net)	-	-	97.89	-	-

Other receivable includes cash with business correspondents.

The details of the transactions of the Bank with its related party during the year ended March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Interest expense	3.31	4.30	5.84	1.11	1.07
Interest income earned	-	0.02	-	19.76	-
Dividend Income earned*	-	-	66.96	-	-
Sale of investments	15.69	-	-	-	-
Profit on Sale of Investment	5.30	-	-	-	-
Managerial Remuneration**	-	-	-	-	7.60
Purchase of fixed assets	-	-	-	2.48	-
Sale of fixed assets	0.21	0.56	-	-	-
Corporate Social Responsibility	-	20.82	-	-	-
Advance repaid	-	-	-	3.49	-
Receiving of services	2.22	13.48	255.69	0.04	-
Rendering of services	0.59	7.95	-	-	-

* Dividend received from pre-acquisition profits of subsidiary is reduced from cost of investments as per AS - 13 - Accounting for Investments.

** Refer Note 18.45 - Quantitative Disclosure

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The balances payable to / receivable from the related parties of the Bank as on March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	14.11	-	125.42	-	0.35
Interest Accrued on Deposit	0.01	-	0.44	-	-
Advances	-	-	-	315.00	-
Investment of the Bank	-	-	232.40	226.38	-
Investment of related party in the Bank $	-	-	-	-	-
Other receivables (net) #	-	-	48.94	-	-
Other Payable (net)	-	-	24.57	-	-

Other receivable includes cash with business correspondents.

$ As at March 31, 2019, IDFC Financial Holding Company Limited holds 1,912,670,691 and KMP holds 50,060,556 equity shares in the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party				
	Holding Company	Fellow Subsidiary Companies	Subsidiary	Associates	Key Management Personnel
Deposits with the Bank	338.51	-	193.33	-	2.77
Advances	-	-	-	354.49	-
Investment of the Bank	-	-	299.36	226.38	-
Other receivables (net) #	0.37	-	55.74	-	-
Other payables (net)	-	-	26.96	-	-

Other receivable includes cash with business correspondents.

18.49 Earnings per share ('EPS')

Basic and diluted earnings per equity share are computed in accordance with AS 20 - Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Dilution of equity is on account of stock options granted to employees by the Bank.

Particulars	March 31, 2020	March 31, 2019
Basic		
Weighted average number of equity shares outstanding (in crore)	478.64	409.09
Net Loss after Tax (₹ in crore)	(2,864.21)	(1,944.18)
Basic earnings per share (₹)	(5.98)	(4.75)
Diluted		
Weighted average number of equity shares outstanding (in crore)	484.88	412.49
Net Loss after Tax (₹ in crore)	(2,864.21)	(1,944.18)
Diluted earnings per share (₹)	(5.91)	(4.71)
Nominal value of shares (₹)	10.00	10.00

Equity shares issued as part of the consideration for the IDFC - CFL Merger are included in the weighted average number of shares as of the appointed date of the merger. (refer note 18.01)

18.50 Movement in stock options granted is as under:

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

The Shareholders of the Bank at its Extra-Ordinary General Meeting held on December 09, 2014 had approved IDFC FIRST Bank ESOS – 2015 and had amended the Scheme at its 1st Annual General Meeting (AGM) held on September 29, 2015 and 2nd AGM held on July 27, 2016. The Shareholders of the Bank, at its 5th AGM held on July 25, 2019 had granted its approval to following amended in the IDFC FIRST Bank ESOS-2015:

a. Increase in ESOP pool from 6% to 8% of the issued and paid up share capital of the Bank, from time to time; and

b. Revised the exercise period within a period of 3 (Three) years from the date of Vesting.

IDFC FIRST Bank ESOS-2015 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time. IDFC FIRST Bank ESOS-2015 is administered by the Nomination and Remuneration Committee ('NRC') of the Bank. As per IDFC FIRST Bank ESOS-2015, the Bank is authorized to issue Employee Stock Options to Eligible Employees as defined under the IDFC FIRST Bank ESOS-2015.

All Options vests in a graded manner and are required to be exercised within a specific period. The Bank has used the intrinsic value method to account for the compensation cost of stock options to employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price on the Option. Accounting for the stock options has been in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, to the extent applicable.

During FY 2019-20, there has been no material change in IDFC FIRST Bank ESOS-2015 as detailed aforesaid and same has been approved by the shareholders of the Bank at its 5th AGM held on July 25, 2019.

Stock option activity under the Scheme for the year ended 31 March, 2020 is set out below:

Particulars	Outstanding at the	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	256,256,305	11.20 - 79.85	36.28	4.23
Granted during the year	41,026,000	21.75 - 54.65	38.77	5.45
Re-Instated druing the year	83,400	33.24 - 51.06	45.12	2.81
Forfeited during the year	(28,861,525)	12.53 - 78.55	47.70	-
Expired during the year	(6,084,217)	12.53 - 59.43	49.00	-
Exercised during the year	(28,226,604)	11.20 - 47.00	16.85	-
Outstanding at the end of the year	**234,193,359**	**11.20 - 79.85**	**37.32**	**3.68**
Exercisable at the end of the year	**152,281,819**	**11.20 - 79.85**	**33.06**	**3.22**

The weighted average share price in respect of options exercised during the year was ₹ 39.14

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

Particulars	Outstanding at the	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	90,711,660	31.73 - 83.81	51.34	4.04
Granted during the year	22,006,400	43.25 - 47.40	45.96	4.77
Addition on amalgamation	167,818,175	11.20 - 57.54	29.03	4.58
Forfeited during the year	(23,590,980)	44.74 - 74.20	51.41	-
Expired during the year	(196,500)	53.34 - 83.81	55.67	-
Exercised during the year	(492,450)	34.71 - 47.00	43.90	-
Outstanding at the end of the year	**256,256,305**	**11.20 - 79.85**	**36.28**	**4.23**
Exercisable at the end of the year	**175,566,355**	**11.20 - 79.85**	**30.41**	**0.59**

The weighted average share price in respect of options exercised during the year was ₹ 41.05

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2020

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

Particulars		March 31, 2020	March 31, 2019
Net Loss (as reported) (₹ in crores)		(2,864.21)	(1,944.18)
Add:	Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less:	Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	26.98	104.46
Net Loss (Proforma) (₹ in crores)		(2,891.19)	(2,048.64)
Earnings per share: Basic (in ₹)			
As reported		(5.98)	(4.75)
Proforma		(6.04)	(5.01)
Earnings per share: Diluted (in ₹)			
As reported		(5.91)	(4.71)
Proforma		(5.96)	(4.97)

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

Particulars	March 31, 2020	March 31, 2019
Dividend yield	0.07%	2.08%
Expected life	4.51 years	3.86 years
Risk free interest rate	6.14%	7.60%
Volatility	35.37%	33.11%

18.51 Unclaimed Shares

Details of unclaimed shares as of March 31, 2020 and March 31, 2019 are as follows:

Particulars	March 31, 2020	March 31, 2019
Aggregate number of shareholders at the beginning of the year	99	99
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	28,253	28,253
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	99	99
Total outstanding shares in Unclaimed Suspense Account at the end of the year	**28,253**	**28,253**

18.52 Leases

In accordance with Accounting Standard 19 on 'Leases' as notified under the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the following disclosures in respect of operating leases are made:

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Future lease rentals payable as at the end of the year:		
Not later than one year	214.35	144.86
Later than one year and not later than five years	589.76	393.10
Later than five years	210.70	126.82

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Total of minimum lease payments recognised in the Profit and Loss Account for the year	238.12	139.34
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.

18.53 Other Fixed Assets

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

(₹ in crore)

Particulars	March 31, 2020		March 31, 2019	
	Software	Other Intangibles*	Software	Other Intangibles*
Cost				
At the beginning of the year	648.44	2,599.35	493.96	-
Additions on Amalgamation	-	-	57.90	2,599.51
Additions during the year	134.63	-	96.58	-
Deductions during the year	-	-	-	(0.16)
Total (i)	**783.07**	**2,599.35**	**648.44**	**2,599.35**
Depreciation				
Accumulated depreciation at the beginning of the year	346.96	2,599.35	203.58	-
Additions on Amalgamation	-	-	30.34	0.16
Depreciation charge for the year	163.41	-	113.04	2,599.35
Deductions during the year	-	-	-	(0.16)
Total (ii)	510.37	2,599.35	346.96	2,599.35
Net Value (i-ii)	**272.70**	**-**	**301.48**	**-**

* Other intangibles includes Goodwill & Brand acquired and arising on amalgamation

18.54 Corporate Social Responsibility (CSR)

i Amount required to be spent by the Bank on CSR during the year is Nil (Previous Year ₹ 20.82 crores).

ii Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 7.24 crores (Previous Year ₹ 25.64 crores), which comprise of following -

Year ended March 31, 2020

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	7.24	-	7.24

Year ended March 31, 2019

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	25.64	-	25.64

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2020

18.55 Proposed dividend

The Board of Directors, in their meeting held on May 22, 2020 have not proposed any dividend for FY 2019-20. Further, it may be noted that RBI vide its circular no. RBI/2019-20/218 DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 has directed that banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. The RBI advised that in an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses. This restriction shall be reassessed by the Reserve Bank based on the financial results of banks for the quarter ending September 30, 2020.

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend of ₹ 307.79 crore was appropriated from Profit and Loss Account in FY 2018-19.

Dividend paid during the year ended March 31, 2019 represents dividend of ₹ 294.02 crore (net of DDT on dividend from subsidiary) pertaining to previous year.

18.56 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.57 Disclosure on Factoring

As per the RBI circular Ref No. DBR.No.FSD.BC.32/24.01.007/2015-16 dated July 30, 2015, banks are required to disclose factoring exposures. Receivables acquired under factoring are treated as part of loans and advances and reported under the head 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet. The Bank has factoring exposure of ₹ 876.14 crore (Previous Year ₹ 1,161.22 crore) and outstanding of ₹ 573.87 crore (Previous Year ₹ 684.42 crore) as on March 31, 2020.

18.58 Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

18.59 Description of contingent liabilities

i Claims against the Bank not acknowledged as debts

The Bank is a party to taxation matters which are in dispute and are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Bank. The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.

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. This also includes the amount of investments bought and remaining to be settled on the date of financial statements.

18.60 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

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

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Date : May 22, 2020
Place : Mumbai

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Independent Auditor's Report

To The Members of IDFC FIRST Bank Limited *(formerly, IDFC BANK LIMITED)*

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* (hereinafter referred to as the 'Bank' or 'Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as the 'Group') and its associate, which comprise the consolidated balance sheet as at 31 March 2020, the consolidated profit and loss account and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of another auditor on separate financial statements of a subsidiary, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at 31 March 2020, of its consolidated loss and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by Institute of Chartered Accounts of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to Note 18.19 of the consolidated financial statements, the extent to which the COVID-19 pandemic will have an impact on the Group's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Provisions on advances
P&L Charge (including write-off): ₹ 1,859 crore for year ended 31 March 2020
Provision on advances: ₹ 1,471 crore as at 31 March 2020
Refer to the accounting policies in “Note 17.02 to the Consolidated Financial Statements: Significant Accounting Policies -Advances” and “Schedule 9 to Consolidated Financial Statements: Advances”</td></tr>
<tr><td>Significant estimate and judgment involved

Provisions in respect of non-performing and restructured advances are made based on management’s assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed by the Reserve Bank of India (RBI) from time to time. The provision on non-performing assets (NPAs) are also based on the valuation of the security available. In case of restructured accounts, provision is made in accordance with the RBI guidelines.

We identified provision on advances as a key audit matter because of the management judgement involved in determining the provision and the valuation of the security available in determining NPA loans and because of its significance to the financial results of the Bank.

Impact of COVID-19
On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID-19 pandemic as a key event and consideration for recognition and measurement of NPAs on account of application of regulatory package and relaxations announced by the RBI on asset classification, regulatory reporting and provisioning.

Management has conducted an assessment of the loan portfolio which may be impacted on account of COVID-19 with respect to moratorium benefit and provision computation to borrowers prescribed by the regulatory package.</td>
<td>Our key audit procedures included:
Design / controls
• Assessing the design, implementation and operating effectiveness of key internal financial controls over monitoring of watch list loans, including monitoring process of overdue loans (and those which became overdue subsequent to the reporting date), measurement of provision, identification of NPA accounts, assessing the reliability of management information (including overdue reports). Also, assessing how management has factored in the deterioration in the overall economic environment arising from COVID-19 in its NPA assessment.
• Understanding management’s approach, interpretation, systems and controls implemented in relation to NPA computation, particularly in light of the COVID-19 regulatory package.
• For corporate loans, testing controls over credit review processes, approval of external collateral valuation vendors and review controls over the approval of significant individual specific provisions.
• Tested review controls over measurement of provisions including documentation of the relevant approvals along with basis and rationale of the provision and disclosures in financial statements.
• Involving information system specialist to gain comfort over data integrity, extraction of reports and system interface reconciliations.
Testing key controls operating over the information technology in relation to NPA systems, including system access and system change management, program development and computer operations.</td></tr>
<tr><td></td><td>Substantive tests

• Test of details over calculation of NPA provisions as at the year-end for assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the Prudential Norms on Income Recognition, Asset Classification & Provisioning.
• Further for the accounts which meet the criteria for asset classification benefit in accordance with the RBI COVID-19 Regulatory Package, as per days past due status at 29 February 2020, testing calculation of provisions in line with the Bank’s Board approved policy and regulatory guidelines.
• Selection of a sample of loans to test potential cases of loans repaid and disbursed to the same customer during the current financial year and fresh disbursement(s) to stressed customers.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
	• Testing a sample (based on quantitative and qualitative thresholds) of large corporate loans where impairment indicators had been identified by management. Obtaining management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenging whether individual impairment provisions, or lack thereof, were appropriate. **This included the following procedures:** – Reviewing in detail the statement of accounts, approval process, board minutes, credit review of customers, review of SMA reports and other related documents to assess recoverability and the classification of the facility; – Assessing external collateral valuer's credentials and comparing external valuations to values used in management's assessment. – For a risk-based sample of corporate loans not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customer and formed our own view whether any impairment indicators were present. • Assessing the factual accuracy and appropriateness of the additional financial statement disclosures made by the Bank regarding impact of COVID-19.
Assessment of the realizability of deferred tax assets **Deferred tax asset (net): ₹ 2,024 crore as at 31 March 2020** Refer to the accounting policies in "Note 17.08 to the Consolidated Financial Statements: Significant Accounting Policies – Income Tax" and "Note 18.04 to the Consolidated Financial Statements: Deferred Tax"	
Significant estimate and judgement involved	**Our key audit procedures included:**
Recognition of deferred tax assets require a determination of future taxable income based on the Bank's expectations. The assessment of realizability of deferred tax assets is based on a virtual or reasonable certainty test, depending on the composition of the deferred tax assets. Given the Bank's recent financial performance and uncertainty in business growth on account of COVID-19, we identified recognition of deferred tax assets as a key audit matter because of the significant management judgement and assumptions involved in estimating the future taxable income based on the income forecasts approved by the Bank's Board of Directors.	• Assessing the design, implementation and operating effectiveness of management's key internal financial controls over the recognition of deferred tax assets. • Obtained details of different components of deferred tax assets and details of estimates of taxable incomes for future periods as approved by the Board of Directors. • Sighted minutes of the meetings of the Board of Directors where the future forecasts were approved. • Evaluating management assessment for estimating availability of future taxable profits for determination of recognition of deferred tax assets. • Evaluated management's considerations involved in forecasting future taxable profits due to the uncertainty on account of COVID-19. • Assessed the period over which the deferred tax assets would be recovered against future taxable income. • Evaluated the Bank's actual performance vis-à-vis the budgets for the current and past years and discussed with management their basis and assumptions in respect of convincing evidence to support that there will be sufficient taxable income to absorb the deferred tax asset. • Performed sensitivity analysis over the Bank's expectations of the future taxable income.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Valuation of Investments
Net Value of Investments: ₹ 45,174 crore as at 31 March 2020
Refer to the accounting policies in “Note 17.01 to the Consolidated Financial Statements: Significant Accounting Policies-Investments” and “Schedule 8 to the Consolidated Financial Statements: Investments”</td></tr>
<tr><td>Subjective estimates and judgment involved
Investments
Investments are classified into ‘Held for Trading’ (‘HFT’), ‘Available for Sale’ (‘AFS’) and ‘Held to Maturity’ (‘HTM’) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments.

Investments classified as HTM are carried at amortised cost. Where, in the opinion of management, a diminution other than temporary, in the value of investments has taken place, appropriate provisions are required to be made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines.

We identified valuation of investments as a key audit matter because of the management judgement involved in determining the value of certain investments (bonds and debentures, security receipts, venture capital units, pass through certificates and unquoted equity securities) based on the policy and methodology developed by the Bank, impairment assessment for HTM book, specific provisions on certain investments and the overall significance of investments to the financial statements of the Bank.</td><td>Our key audit procedures included:
Test of design / controls
• Assessed the design, implementation and operating effectiveness of management’s key internal financial controls over classification, valuation, valuation models and specific provisions on certain investments.
• Read investment agreements / term sheets entered during the current year, on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments.
Substantive tests
• For a selection of investments, we re-performed valuations. For cases where no directly observable inputs were used, we examined and challenged the assumptions used by the Bank in determination of net assets and cashflows while using a discounted cashflow method.
• We verified the management assessment of specific provisions against certain investments and evaluated the appropriateness of the provisions made.
• Assessed whether the financial statement disclosures appropriately reflect the Bank’s exposure to investments with reference to the requirements of the prevailing RBI guidelines.</td></tr>
<tr><td>Information technology
Information Technology (IT) systems and controls
The Bank’s key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.

The Bank has also undertaken few data migration projects post the merger in the last financial year.

Further, the prevailing COVID-19 situation has caused the required IT applications to be made accessible on a remote basis.

We have identified ‘IT systems and controls’ as a key audit matter because of the high level of automation, significant number of systems being used by management and the complexity of the IT architecture.</td><td>Our key IT audit procedures included:
• We focused on user access management, change management, segregation of duties, system interface controls, system application controls and Information Provided by entity (IPE) controls over key financial accounting and reporting systems.
• We tested a sample of key controls for data migration operating over the information technology in relation to financial accounting and reporting systems, including analysis of strategy documents, review of data mapping sheets and reconciliation confirmations from operations team, user acceptance test (UAT) sign offs, incidents monitoring and approvals for pre and post migration.
• We tested the design and operating effectiveness of key controls over user access management which include new user creation and granting access rights, removal of user rights, user access review and preventive controls designed to enforce segregation of duties.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
	• For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Other areas that were assessed included password policies, security configurations, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. • Performed inquiry for data security controls in the context of a large population of staff working from remote location at the year end.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, the consolidated loss and the consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, and guidelines issued by Reserve Bank of India ('RBI') from time to time.

The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of each Company.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparing consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by another auditors, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

[a] We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 208 crore as at 31 March 2020, total revenues of ₹ 377 crore and net cash flows amounting to ₹ (50) crore for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report has been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

[b] The consolidated financial statements also include the Group's share of net profit/loss of ₹ Nil for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by management.

The comparative figures for the year ended 31 March 2019 provided in the consolidated financial statement have been audited by the predecessor auditor who expressed an unmodified opinion on those Audited Consolidated Financial Statements vide their Independent Auditors' Report dated 10 May 2019.

Our opinion on the consolidated financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of such subsidiary as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

[a] we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

[b] in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

[c] the consolidated balance sheet, the consolidated profit and loss account, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

[d] in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the accounting policies prescribed by RBI;

[e] on the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and

[f] with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiary, as noted in the 'Other Matters' paragraph:

[a] the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer schedule 12 and Note 18.16 to the consolidated financial statements;

[b] provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer schedule 12 and Note 18.16 to the consolidated financial statements in respect of such items as it relates to the Group;

[c] there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company in India during the year ended 31 March 2020; and

[d] The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, requirements with respect to the matter to be included in the Auditor's Report under section 197(16) of the Act are not applicable to banking companies and based on the reports of the statutory auditors of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 20046882AAAABG2219

Place: Mumbai
Date: 22 May 2020

Annexure A to the Independent Auditor's Report

on the consolidated financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (B (f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of IDFC FIRST Bank Limited *(Formerly, IDFC Bank Limited)* (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company and its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls 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").

Management's responsibility for internal financial controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of internal financial controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matters

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with respect to consolidated financial statements insofar as it relates to a subsidiary which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 20046882AAAABG2219

Place: Mumbai
Date: 22 May 2020

Consolidated Balance Sheet

as at March 31, 2020

(₹ in Thousands)

Particulars	Schedule No.	As at March 31, 2020	As at March 31, 2019
Capital and Liabilities			
Capital	1	48,099,030	47,816,764
Reserves and surplus	2	105,936,199	134,176,874
Deposits	3	650,789,413	703,535,907
Borrowings	4	573,971,855	699,833,902
Other liabilities and provisions	5	112,789,021	85,625,892
TOTAL		**1,491,585,518**	**1,670,989,339**
Assets			
Cash and balances with Reserve Bank of India	6	33,484,198	41,009,321
Balances with banks and money at call and short notice	7	8,144,241	54,252,213
Investments	8	451,744,235	582,452,291
Advances	9	855,953,595	863,022,859
Fixed assets	10	10,732,314	9,740,409
Other assets	11	131,526,935	120,512,246
TOTAL		**1,491,585,518**	**1,670,989,339**
Contingent liabilities	12	2,806,789,233	2,999,188,533
Bills for collection		9,149,534	4,543,650
Significant accounting policies and notes to accounts	17 & 18		

The schedules referred to above form an integral part of the consolidated Balance Sheet.

As per our report of even date.

The balance sheet has been prepared in conformity with form 'B' of the Third Schedule to the Banking Regulation Act, 1949

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

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

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : May 22, 2020
Place : Mumbai

Consolidated Profit & Loss Account

for the year ended March 31, 2020

(₹ in Thousands)

		Schedule No.	Year Ended March 31, 2020	Year Ended March 31, 2019
I	**Income**			
	Interest earned	13	162,403,190	122,040,164
	Other income	14	17,224,087	8,521,626
	Total		**179,627,277**	**130,561,790**
II	**Expenditure**			
	Interest expended	15	102,282,695	87,432,414
	Operating expenses	16	57,647,959	60,906,359
	Provisions and contingencies	18.05	48,130,527	1,023,190
	Total		**208,061,181**	**149,361,963**
	Net Profit/(Loss) before share in loss of associates		(28,433,904)	(18,800,173)
	Add : Share in loss of associates		-	(278,625)
III	**Consolidated Profit / (Loss) for the year attributable to the group**		(28,433,904)	(19,078,798)
	Balance in profit and loss account brought forward from previous year		(4,899,448)	17,272,328
IV	**Amount Available for Appropriation**		(33,333,352)	(1,806,470)
V	**Appropriations:**			
	Transfer to statutory reserve	18.06	-	-
	Transfer (from) investment reserve	18.06	-	-
	Transfer to capital reserve	18.06	1,660,000	15,100
	Transfer to special reserve	18.06	-	-
	Transfer to investment fluctuation reserve	18.06	-	-
	Dividend paid (includes tax on dividend)	18.13	-	3,077,878
	Balance in profit and loss account carried forward		(34,993,352)	(4,899,448)
	Total		**(33,333,352)**	**(1,806,470)**
VI	**Earnings per Share**	18.08		
	(Face value ₹ 10 per share)			
	Basic (₹)		(5.94)	(4.66)
	Diluted (₹)		(5.86)	(4.63)
Significant accounting policies and notes to accounts		17 & 18		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Date : May 22, 2020
Place : Mumbai

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Cash Flow Statement

for the year ended March 31, 2020

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2020	Year ended March 31, 2019
A.	**Cash flow from operating activities**			
	Profit / (Loss) after tax		(28,433,904)	(19,078,798)
	Add: Provision for tax		4,974,955	(13,295,538)
	Net profit before taxes		(23,458,949)	(32,374,336)
	Adjustments for :			
	Depreciation on fixed assets	16 (V)	3,200,069	28,203,169
	Amortisation of premium on held to maturity investments		1,286,952	1,335,469
	Provision for depreciation in value of investments	18.05	10,514,904	3,462,440
	Provision / (write back) for non performing advances	18.05	4,415,807	(1,059,177)
	Provision / (write back) for restructured assets	18.05	205,915	(202,065)
	Provision / (Write back) on identified standard assets	18.05	(410,618)	551,954
	Provision for standard assets	18.05	3,309,472	37,215
	Loss on sale of loans to ARC	18.05	-	8,136,830
	Bad debts including technical / prudential write off	18.05	13,864,356	2,866,187
	Loss on sale of fixed assets (net)	14 (IV)	(161)	11,929
	Other provisions and contingencies	18.05	11,255,735	525,380
	Share in loss of associates		-	278,625
	Adjustments for:			
	(Increase) / decrease in investments (excluding held to maturity investment and investment in subsidiary)		152,616,283	35,144,987
	(Increase) / decrease in advances		(11,006,196)	(75,128,777)
	Increase / (decrease) in deposits		(52,746,494)	223,141,492
	Increase in other assets		(25,751,783)	(24,552,259)
	Increase in other liabilities and provisions		23,853,657	2,723,342
	Direct taxes paid / (refund) (net)		(1,493,593)	535,354
	Net cash flow generated from / (used in) operating activities (A)		**109,655,356**	**173,637,760**
B	**Cash flow from investing activities**			
	Purchase of fixed assets		(4,275,961)	(2,763,445)
	Proceeds from sale of fixed assets		84,144	43,755
	Increase in held to maturity investments		(33,710,082)	(10,927,732)
	Net cash flow generated used in investing activities (B)		**(37,901,899)**	(13,647,422)

Cash Flow Statement

for the year ended March 31, 2020

(₹ in Thousands)

		Schedule No.	Year ended March 31, 2020	Year ended March 31, 2019
C	**Cash flow from financing activities**			
	Decrease in borrowings		(125,862,047)	(119,099,415)
	Proceeds from issue of share capital (other than shares issued on amalgamation)		475,496	21,541
	Payment of securities issue expenses		-	(47,388)
	Payment of dividend (including dividend distribution tax)		-	(3,077,878)
	Net cash flow generated from / (used in) financing activities (C)		**(125,386,551)**	**(122,203,140)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		(53,633,094)	37,787,198
	Cash and cash equivalents at the beginning of the year		95,261,534	48,768,162
	Cash and cash equivalents acquired on amalgamation		-	8,706,174
	Cash and cash equivalents at the end of the year		**41,628,440**	**95,261,534**
	Represented by :			
	Cash and Balances with Reserve Bank of India	6	33,484,198	41,009,321
	Balances with Banks and Money at Call and Short Notice	7	8,144,241	54,252,213
	Cash and cash equivalents at the end of the year		**41,628,439**	**95,261,534**

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Date : May 22, 2020
Place : Mumbai

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2020

Schedule 1 - Capital

(₹ in Thousands)

	As at March 31, 2020	As at March 31, 2019
Authorised capital		
5,325,000,000 (Previous Year - 5,325,000,000) equity shares of ₹ 10 each	53,250,000	53,250,000
3,800,000 (Previous Year - 3,800,000) Preference shares of ₹ 100 each	380,000	380,000
Equity Share Capital		
Issued, subscribed and paid-up capital^		
4,809,903,016 (Previous Year - 4,781,676,412) equity shares of ₹ 10 each, fully paid up	48,099,030	47,816,764
Total	**48,099,030**	**47,816,764**

^ Includes 28,226,604 equity shares (Previous Year 492,450 equity shares) allotted pursuant to the exercise of options under the Employee Stock Option Scheme.

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Statutory reserves**		
	Opening balance	8,197,951	5,880,000
	Additions on Amalgamation	-	2,317,951
	Additions during the year (refer note 18.06)	-	-
	Deduction during the year	-	-
	Closing balance	**8,197,951**	**8,197,951**
II	**Capital reserves**		
	Opening balance	2,915,100	2,900,000
	Additions during the year (refer note 18.06)	1,660,000	15,100
	Deduction during the year	-	-
	Closing balance	**4,575,100**	**2,915,100**
III	**Share premium**		
	Opening balance	117,949,061	80,315,823
	Additions on Amalgamation	-	37,663,933
	Additions during the year	193,230	16,693
	Deduction during the year	-	47,388
	Closing balance	**118,142,291**	**117,949,061**
IV	**General reserve**		
	Opening balance	6,882,161	6,882,161
	Additions during the year (refer note 18.06)	-	-
	Deduction during the year	-	-
	Closing balance	6,882,161	6,882,161
V	**Amalgamation Reserve**	**(2,317,951)**	**(2,317,951)**
VI	**Special reserve**		
	Opening balance	5,450,000	5,450,000
	Additions during the year (refer note 18.06)	-	-
	Deduction during the year	-	-
	Closing balance	**5,450,000**	**5,450,000**
VII	**Investment Fluctuation Reserve (refer note 18.06)**	-	-
VIII	**Investment Reserve Account (IRA)**		
	Opening balance	-	-
	Additions during the year	-	-
	Deduction during the year (refer note 18.06)	-	-
	Closing balance	**-**	**-**
IX	**Balance in Profit and Loss Account**	(34,993,352)	(4,899,448)
	Total (I+II+III+IV+V+VI+VII+VIII+IX)	**105,936,199**	**134,176,874**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2020

Schedule 3 - Deposits

(₹ in Thousands)

			As at March 31, 2020	As at March 31, 2019
A	**I**	**Demand deposits**		
		(i) From banks	1,599,190	1,694,280
		(ii) From others	40,790,053	21,359,073
	II	**Savings bank deposits**	166,929,213	67,500,193
	III	**Term deposits**		
		(i) From banks	19,604,899	47,518,700
		(ii) From others	421,866,058	565,463,661
		Total (I+II+III)	**650,789,413**	**703,535,907**
B.	**I**	**Deposits of branches in India**	650,789,413	703,535,907
	II	**Deposits of branches outside India**	-	-
		Total (I+II)	**650,789,413**	**703,535,907**

Schedule 4 - Borrowings

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Borrowings in India**		
	(i) Reserve Bank of India	-	62,500,000
	(ii) Other banks ^	40,924,349	123,960,784
	(iii) Other institutions and agencies $	486,367,444	444,691,784
II	**Borrowings outside India***	46,680,062	68,681,334
	Total (I + II)	**573,971,855**	**699,833,902**
	Secured borrowings included in I and II above **	70,855,239	142,155,583

^ Borrowings from banks include long term infrastructure bonds of ₹ 281.50 crore (Previous Year ₹ 281.50 crore).

$ Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 10,152.50 crore (Previous Year ₹ 10,152.50 crore) and Bonds under section 80CCF of the Income tax Act, 1961 of ₹ 1,689.92 crore (Previous Year ₹ 1,690.03 crore).

* Borrowings outside India include External Commercial Borrowings (ECB) of ₹ 321.83 crore (Previous Year ₹ 550.88 crore).

** Secured borrowings includes borrowings under Collateralised Borrowing and Lending Obligation / Triparty Repo (TREPS), market repurchase transactions with banks & financial institutions, transactions under Liquidity Adjustment Facility and Marginal Standing Facility secured against Government Securities.

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Bills payable	3,831,576	1,324,743
II	Inter-office adjustments (net)	-	-
III	Interest accrued	34,886,084	33,574,116
IV	Proposed dividend (includes tax on dividend) (refer note 18.13)	-	-
V	Contingent provision against standard assets	7,542,712	4,026,725
VI	Others (including provisions)	66,528,649	46,700,308
	Total (I + II + III + IV + V + VI)	**112,789,021**	**85,625,892**

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2020

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Cash in hand (including foreign currency notes)	4,718,977	1,831,819
II	Balances with Reserve Bank of India:		
	(i) In current accounts	28,765,221	39,177,502
	(ii) In other accounts	-	-
	Total (I + II)	**33,484,198**	**41,009,321**

Schedule 7 - Balances with Banks and Money at call and short notice

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**In India**		
	(i) Balance with banks		
	(a) In current accounts	1,840,697	6,246,147
	(b) In other deposit accounts	-	-
	(ii) Money at call and short notice		
	(a) With banks	5,250,000	31,000,000
	(b) With other institutions	-	-
	Total	**7,090,697**	**37,246,147**
II	**Outside India**		
	(i) In current accounts	189,669	80,836
	(ii) In other deposit accounts	-	-
	(iii) Money at call and short notice	863,875	16,925,230
	Total	**1,053,544**	**17,006,066**
	Grand Total (I+II)	**8,144,241**	**54,252,213**

Schedule 8 - Investments (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Investments in India in:**		
	(i) Government securities	330,138,163	353,849,422
	(ii) Other approved securities	-	-
	(iii) Shares#	3,849,701	1,798,747
	(iv) Debentures and bonds	50,797,993	127,326,566
	(v) Others (venture capital funds, commercial papers, certificate of deposits, security receipts, PTC etc.)	66,955,118	99,477,556
	Total Investments in India	**451,740,975**	**582,452,291**
II	**Investments Outside India in:**		
	(i) Government securities (including local authorities)	-	-
	(ii) Subsidiaries and/or joint ventures abroad	-	-
	(iii) Others	3,260	-
	Total Investments outside India	**3,260**	**-**
	Grand Total (I+II)	**451,744,235**	**582,452,291**

Gross Investments in associates ₹ 226.39 crore (Previous Year ₹ 226.39 crore), Net Investments in associate Nil (Previous Year Nil).

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2020

Schedule 9 - Advances (Net of Provisions)

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
A	(i) Bills purchased and discounted	15,650,404	28,299,102
	(ii) Cash credits, overdrafts and loans repayable on demand	55,798,000	70,567,369
	(iii) Term loans#	784,505,191	764,156,388
	Total	**855,953,595**	**863,022,859**
B	(i) Secured by tangible assets *	516,370,564	541,516,215
	(ii) Covered by bank / government guarantees $	9,846,717	10,266,198
	(iii) Unsecured	329,736,314	311,240,446
	Total	**855,953,595**	**863,022,859**
C I	Advances in India		
	(i) Priority sector	199,738,539	156,825,124
	(ii) Public sector	8,600,000	10,705,977
	(iii) Banks	3,138,122	2,722,896
	(iv) Others	644,476,934	692,768,862
	Total	**855,953,595**	**863,022,859**
C II	Advances Outside India		
	(i) Due from banks	-	-
	(ii) Due from others:		
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	-	-
	(c) Others	-	-
	Total	**-**	**-**
	Grand Total (CI + CII)	**855,953,595**	**863,022,859**

The above advances are net of provisions of ₹ 2,153.36 crore (Previous Year ₹ 1,752.88 crore).

Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹ 3,484.12 crores (previous year Nil)

* Includes advances against book debts

$ Includes advances against LCs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	**Premises (including land)**		
	Gross block		
	At cost at the beginning of the year	3,001,176	3,006,756
	Additions on Amalgamation	-	2,700
	Additions during the year	-	16,534
	Deductions during the year	-	(24,814)
	TOTAL	**3,001,176**	**3,001,176**
	Depreciation		
	As at the beginning of the year	536,831	492,276
	Additions on Amalgamation	-	-
	Charge for the year	52,083	52,036
	Deductions during the year	-	(7,481)
	Depreciation to date	**588,914**	**536,831**
	Net block of premises	**2,412,262**	**2,464,345**

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
II	**Other fixed assets (including furniture and fixtures) (refer note 18.11)**		
	Gross block		
	At cost at the beginning of the year	39,606,326	9,179,953
	Additions on Amalgamation	-	28,098,250
	Additions during the year	3,872,505	2,488,969
	Deductions during the year	(351,816)	(160,846)
	TOTAL	**43,127,015**	**39,606,326**
	Depreciation		
	As at the beginning of the year	32,671,406	3,725,716
	Additions on Amalgamation	-	917,052
	Charge for the year	3,147,986	28,151,133
	Deductions during the year	(267,829)	(122,495)
	Depreciation to date	**35,551,563**	**32,671,406**
	Net block of other fixed assets (including furniture and fixtures)	**7,575,452**	**6,934,920**
III	**Capital Work-In-Progress (Including Capital Advances)**	744,600	341,144
	Grand Total (I+II+III)	**10,732,314**	**9,740,409**

Schedule 11 - Other Assets

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Inter-office adjustments (net)	-	-
II	Interest accrued	16,593,655	16,477,185
III	Tax paid in advance / tax deducted at source (net of provisions)	10,643,405	9,157,011
IV	Stationery and stamps	97	50
V	Non banking assets acquired in satisfaction of claims	-	-
VI	Others *	104,289,778	94,878,000
	TOTAL (I + II + III + IV + V + VI)	**131,526,935**	**120,512,246**

* Includes RIDF Deposit of ₹ 2,736.59 crore (Previous Year ₹ 3,456.17 crore), Deferred Tax Asset (net) of ₹ 2,023.73 crore (Previous Year ₹ 2,520.51 crore) and security deposits of ₹ 715.26 crore (Previous Year ₹ 431.56 crore) and goodwill on consolidation of ₹ 139.67 crore (Previous Year ₹ 139.67 crore)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at March 31, 2020	As at March 31, 2019
I	Claims against the group not acknowledged as debts	640,506	483,495
II	Liability for partly paid investments	143,993	741,437
III	Liability on account of forward exchange and derivative contracts :		
	(a) Forward Contracts	732,933,712	628,231,750
	(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	1,740,855,788	2,016,880,847
	(c) Foreign currency options	75,460,600	81,636,467
	Total (a+b+c)	**2,549,250,100**	**2,726,749,064**
IV	Guarantees given on behalf of constituents		
	In India	165,222,583	167,962,734
	Outside India	-	-
V	Acceptances, endorsements and other obligations	89,279,212	102,307,638
VI	Other items for which the group is contingently liable	2,252,839	944,165
	Grand Total (I+II+III+IV+V+VI)	**2,806,789,233**	**2,999,188,533**

Schedules

forming part of Consolidated Profit and Loss Account for the year ended March 31, 2020

Schedule 13 - Interest Earned

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Interest / discount on advances / bills	120,071,674	80,809,757
II	Income on investments	39,172,849	39,056,535
III	Interest on balances with Reserve Bank of India and other inter-bank funds	805,243	231,868
IV	Others *	2,353,424	1,942,004
	Total	**162,403,190**	**122,040,164**

* Includes interest on income tax refunds amounting to ₹ 42.89 crore (Previous Year ₹ 34.54 crore)

Schedule 14 - Other Income

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Commission, exchange and brokerage	14,201,187	7,616,251
II	Profit / (loss) on sale of investments (net)	3,904,461	325,432
III	Profit / (loss) on revaluation of investments (net)	-	-
IV	Profit / (loss) on sale of land, building and other fixed assets (net)	161	(11,929)
V	Profit / (loss) on exchange/derivative transactions (net)	(1,106,447)	498,677
VI	Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	-	-
VII	Miscellaneous Income	224,725	93,195
	Total	**17,224,087**	**8,521,626**

Schedule 15 - Interest Expended

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Interest on deposits	47,080,677	38,975,641
II	Interest on borrowings from Reserve Bank of India / inter-bank borrowings	15,925,879	9,706,982
III	Others	39,276,139	38,749,791
	Total	**102,282,695**	**87,432,414**

Schedule 16 - Operating Expenses

(₹ in thousands)

		Year ended March 31, 2020	Year ended March 31, 2019
I	Payments to and provisions for employees	17,950,057	12,793,748
II	Rent, taxes and lighting	2,917,583	1,789,397
III	Printing and stationery	641,293	387,308
IV	Advertisement and publicity	1,394,955	612,309
V	Depreciation on group's property (refer note 18.01)	3,200,069	28,203,169
VI	Directors' fees, allowance and expenses	19,932	9,891
VII	Auditors' fees and expenses	40,497	36,526
VIII	Law charges	73,853	46,551
IX	Postage, telegrams, telephones etc.	882,438	534,773
X	Repairs and maintenance	1,930,547	994,066
XI	Insurance	536,293	453,640
XII	Other expenditure	28,060,442	15,044,981
	Total	**57,647,959**	**60,906,359**

17 Significant accounting policies forming part of the consolidated financial statements for the year ended March 31, 2020

A Background

IDFC FIRST Bank Limited (Formerly IDFC Bank Limited) (""the Bank"") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015. Pursuant to approval from shareholders and the Central Government - Ministry of Corporate Affairs, name of the Bank has changed to IDFC FIRST Bank Limited with effect from January 12, 2019.

The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited (''Merging entities'') with IDFC Bank Limited ('IDFC - CFL Merger') has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ('NCLT'), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme was given effect to in the financial results for the year ended March 31, 2019 and it includes results for the merged entity for the period from October 1, 2018 to March 31, 2019.

The Bank has 464 branches and 128 Banking Outlets in India. The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited.

IDFC FIRST Bharat Limited is the subsidiary of the Bank. IDFC FIRST Bharat Limited ("the Subsidiary") has been operating as business correspondent.

B Principles of Consolidation

The consolidated financial statements comprise the financial statements of IDFC FIRST Bank Limited ('the Holding company' or 'the Bank') and its subsidiary, which together constitute 'the Group'.

The Bank consolidates its subsidiary in accordance with AS-21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 using the equity method of accounting.

C Basis of preparation

The financial statements have been prepared based on historical cost convention and accrual basis of accounting, unless otherwise stated and are 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, read together with Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

The consolidated financial statements present the accounts of IDFC FIRST Bank Limited, IDFC FIRST Bharat Limited and its associate for the full year.

Name	Relation	Country of Incorporation	Ownership Interest	
			March 31, 2020	March 31, 2019
IDFC FIRST Bharat Limited (formerly IDFC Bharat Limited)	Subsidiary	India	100.00%	100.00%
Millennium City Expressways Private Limited	Associate	India	29.98%	29.98%

Schedules

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

The audited financial statements of the subsidiary company and the un-audited financial statements of associate have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2020.

The standalone financial statements of the subsidiary has been prepared in accordance with notified Indian Accounting Standards('Ind-AS') with effect from April 1, 2018. The financial statements of the subsidiary used for consolidation of the consolidated financial statements are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In case the accounting policies followed by a subsidiary are different from those followed by the Bank, the same have been disclosed in the respective accounting policy.

D Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that affects the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

E Significant accounting policies :

17.01 Investments Classification :

In accordance with the RBI Guidelines on investment classification and valuation; Investments are classified into:

- Held for Trading (HFT),
- Available for Sale (AFS) and
- Held to Maturity (HTM).

Transfer of securities between categories of investments is accounted as per the RBI guidelines. However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Cost of acquisition :

- Costs including brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First out Method for all categories of Investments including Short sales.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation :

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line method basis, while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM Category is provided.

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines. Traded investments are valued based on the trades / quotes on the recognised stock exchanges, or prices/yields declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA') / Financial Benchmark India Pvt. Ltd. ('FBIL'), periodically.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FIMMDA / FIBIL.
- The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved

securities, Bonds and Debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA / FIBIL. For Tax-free bonds, the valuation is done after grossing up the coupon in line with FIMMDA/FBIL guidelines.

- Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines.
- Units of mutual funds are valued at the latest repurchase price / net asset value ('NAV') declared by the mutual fund.
- Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments, are valued at carrying cost. Accretion of discount on discounted Money Market Securities is computed on straight line method and for long term discounted securities, constant YTM method is used.
- Security receipts ('SR') are valued as per NAV as provided by the Reconstruction Company ('RC') / Securitization Company ('SC').
- Units of Venture Capital Funds ('VCF') and Alternate Investment Fund ('AIF') held under AFS category are marked to market based on the NAV provided by VCF/AIF based on the latest audited financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF/AIF. Banks' investments in units of VCFs is classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines.
- Priority Sector Pass Through Certificates (PTC) are valued at book value as per FIMMDA guidelines.

Securities are valued script wise and depreciation / appreciation is aggregated for each category. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised except to the extent of depreciation already provided. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification. The valuation of investments includes securities under repo transactions.

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.

As a prudent risk measure, specific provision against identified investments are made based on management's assessment of impairment based on qualitative factors, subject to minimum provision determined under FIMMDA/FBIL valuation guidelines. These provisions are netted off from carrying value of such investments.

Investment Fluctuation Reserve ('IFR') :

The RBI has advised banks to create an Investment Fluctuation Reserve ('IFR') with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR by the Holding company, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years.

Further, the Holding company may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of profit/loss as disclosed in the profit and loss account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS investment portfolio, a draw down is permitted subject to the following conditions:

[a] The drawn down amount is used only for meeting the minimum Common Equity Tier 1/Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss and

[b] The amount drawn down is not more than the extent the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

IFR is eligible for inclusion in Tier 2 capital.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines and these are shown under Schedule 8 - Investments. The short position is marked to market along with other securities in that category and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

Repo and Reverse Repo Transaction :

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with the RBI

Schedules

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions are accounted as interest income.

17.02 Advances

In accordance with the RBI guidelines, advances are classified as performing and non-performing. Non-Performing advances ('NPA') are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). Advances are stated net of provisions against NPA, specific provisions against identified advances, provisions for non-performing funded interest term loan and provisions in lieu of diminution in the fair value of restructured asset.

The Holding company may transfer advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

The Holding company makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. In addition, the Bank makes provisions for standard assets in telecom sector (as defined by RBI) and other stressed sectors, at rates higher than the regulatory minimum, based on evaluation of risk and stress as per the Board approved policy. The provision on standard advances is not reckoned for arriving at net NPAs. The provision against standard advances (other than provision against identified advances) is shown separately as “Contingent Provisions against Standard Assets” under “Schedule 5 - Other Liabilities”.

In case of corporate loans, specific loan loss provisions in respect of identified advances and non-performing advances are made based on the management’s assessment of the degree of impairment, subject to the minimum provisioning level prescribed by the RBI. The Bank can provide additional specific provision on standard advances at higher than prescribed rates as a prudent risk measure. These provisions are reviewed and reassessed at least once in a year. Provision on / write off of homogeneous retail loans and advances, subject to minimum provisioning requirement of the RBI, is assessed on the basis of ageing of loans as prescribed in the Board approved policy of the Bank. Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable RBI guidelines.

The RBI issued guidelines on enhancing credit supply for Large Borrowers through Market Mechanism dated August 25, 2016. The said guidelines are applicable to exposure on all single counterparties of the Bank.

The guidelines came into effect from the financial year 2017-18 onwards for identification of specified borrowers. The bank’s incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') will attract prudential measures.

Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognized by way of additional standard asset provisioning and higher risk weights.

In the event of substantial erosion in value of loan and remote possibility of collection, non performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank’s policy and the RBI guidelines. Such write off does not have an impact on the Bank’s legal claim against the borrower. The Bank may also write off non performing loans on one time settlement ('OTS') with the borrower or otherwise. Amounts recovered form borrowers against debts written off is recognised in the Profit and Loss Account.

Further, the RBI has issued guidelines on “Prudential Framework for Resolution of Stressed Assets dated June 07, 2019” with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank is required to put in place Board-approved policy for resolution of distressed Borrowers with an objective to initiate the process of resolution of a distressed Borrower even before a default and prior to the initiation of proceedings under the IBC.

The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under:

[a] Additional provision of 20% of total outstandings if RP is implemented beyond 180 days from the end of the review period

[b] Additional provision of 35% of total outstandings if RP is implemented beyond 360 days from the end of the review period

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding:

[a] The provisions already held; or,

[b] The provisions required to be made as per IRAC norms

COVID-19 – Regulatory Package

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Holding company is required to make general provision in terms of the RBI circular dated April 17, 2020.

The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts.

Aforesaid benefit is not available for accounts already classified as NPA as on February 29, 2020. Hence, the Holding company has made provisions in these account in the usual manner as specified in IRAC norms.

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.

17.03 Revenue recognition

Interest income :

Interest Income is recognised on accrual basis in the Profit and Loss Account, except in the case of Non-Performing Assets (NPAs) and identified stressed advances, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified stressed advances and any other facility given to the same borrower is reversed to the Profit and Loss and subsequent interest income is accounted into interest suspense.

The unrealized interest represented by Funded Interest Term Loan ('FITL') is reversed in Profit & Loss Account with the corresponding credit in Sundry Liabilities Account- Interest Capitalization account. Interest income is booked in Profit & Loss account upon realization, by debiting the sundry liabilities account.

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortized balance is disclosed as part of other liabilities . On foreclosure, balance unamortised subvention income is recognised in the Profit and Loss Account. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of NPAs wherein interest income is recognised on receipt basis as per RBI guidelines.

Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges :

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership / syndication fee is accounted on completion of the agreed service and when right to receive is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received except for commission not exceeding ₹ 25 lacs which is recognised at the time of issuance of the guarantee or letter of credit.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period.

Underwriting commission earned to the extent not reduced from the cost of the securities is recognised as fees on closure of issue.

All other fees and charges is recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments :

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category is appropriated from Profit and Loss Account to "Capital Reserve" (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines.

Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers' Association of India ('FEDAI').

Other operating income :

Securitisation transactions :

Net income arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the life of the securities issued by the Special Purpose Vehicle ('SPV'). Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs.

In case of Non-Performing Assets sold to Securitisation Company ('SC') / Reconstruction Company ('RC') for cash, excess provision is reversed to Profit and Loss Account. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. If sale is against issuance of SRs by SC / RC, the sale will be recognised at lower of redemption value of SRs and net book value of financial asset sold. On realisation, the proceeds are reduced against the carrying value of SRs and surplus, if any, is recognised in the Profit and Loss Account.

With effect from April 1, 2018 investments in SRs by more than 10 percent of the SRs backed by the assets sold and issued under the scheme of securitization, provisioning requirement on SRs will be higher of provisioning rate required in terms of net asset value declared by the SCs/RCs or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books.

Direct Assignments :

Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non-performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non-performing financial assets and shortfall if any is charged to the Profit and Loss Account.

17.04 Priority Sector Lending Certificates (PSLCs)

The Holding company may enter into transactions for the purchase or sale of Priority Sector Lending Certificates ('PSLCs'). In case of a purchase transaction the bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. Fees paid for purchase of the PSLCs is recorded as 'Other Expenditure' and fees received for the sale of PSLCs is recorded as 'Miscellaneous Income' in Profit and Loss Account.

17.05 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 relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. All outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

17.06 Accounting for derivative transactions

Derivative transactions comprises of forward contracts, futures, swaps and options. The Holding company undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.

For hedge transactions, the Holding company identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines. The Hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re-assessment or termination of underlying, the Bank shall de-designate the derivative as trade.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income / expense on accrual basis and is amortized on a pro-rata basis over the underlying swap period.

Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed in Profit and Loss Account.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under ‘Other Income’.

Valuation of Exchange Traded Currency Options ('ETCO') is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures ('IRF') is carried out on the basis of the daily settlement price of each contract provided by the exchange.

As per the RBI guidelines on ‘Prudential Norms for Off Balance Sheet Exposures of Banks’ a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. For provisioning purpose, the credit exposure for all the counterparties except Qualified Central Counter Party ('QCCP') are calculated at deal level, i.e. Gross Positive MTM after netting of margin to the extent of Positive MTM. The credit exposure reckoned for standard provisioning on QCCP is calculated at counterparty level i.e. Net Positive MTM.

17.07 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also include advances paid to acquire fixed assets.

The management believes that the useful life of assets assessed by the Bank, pursuant to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets.

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below :

Schedules

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Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years to 8 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (including software and system development)	5 years

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

During FY 2018-19, the Holding company has accounted for the intangibles acquired and arising on account of IDFC-CFL merger under AS 14 on 'Accounting of Amalgamation' and as per the specific provisions of the scheme.

Under AS 14, the goodwill arising on amalgamation should be amortised over period not exceeding five years unless a longer period can be justified. However, in view of restriction under Section 15 of the Banking Regulation Act 1949 to declare dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet, as a prudent measure, the intangible assets acquired or arising on amalgamation have been fully amortised through Profit and Loss Account.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the Profit and Loss Account till the date of sale. Profit on sale of premises net of taxes and transfer to statutory reserve is appropriated to Capital Reserve as per the RBI guidelines. The Subsidiary Company recognises the gains or losses arising on the disposal of the tangible assets in the Profit and Loss Account within other income or other expenses, as the case may be.

17.08 Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of history of tax losses, deferred tax assets on unabsorbed depreciation or carried forward loss under taxation laws are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.09 Employee stock option scheme

The Holding company has formulated Employee Stock Option Scheme - IDFC FIRST Bank Limited ESOS -2015 ('the Scheme') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOS provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Holding company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price / fair value of the underlying stock over the grant price as determined under the option plan. Compensation cost, if any is amortized over the vesting period on a straight line method. In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed/cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

17.10 Employee benefits

Defined contribution plan :

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered.

Defined benefit plan :

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences :

Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Profit and Loss Account for the year based on estimates of availment / encashment of leaves.

17.11 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is :

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

17.12 Earnings per share

The Group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

17.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 Segment reporting

As per the RBI guidelines, the Holding company's business segments are divided under a) Treasury b) Corporate and wholesale banking c) Retail Banking and d) Other Banking Business. Business segments have been identified and reported considering the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the RBI.

Schedules

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

17.15 Securities issue expenses

Securities issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

17.16 Impairment of assets

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Profit and Loss Account, except in case of revalued assets.

17.17 Fraud Provisioning

As per RBI guidelines, in case of frauds due to the Holding company or for which the Holding company is liable, provision needs to be immediately recognised in Profit and Loss Account. However, the Holding company have an option to make provisions over a period, not exceeding four quarters, commencing from the quarter in which the fraud has been detected.

17.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

17.19 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

17.20 Accounting for Dividend

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Holding company does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders.

18 Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Amounts in notes forming part of the financial statements for the year ended March 31, 2020 are denominated in ₹ crore to conform with the extant RBI guidelines.

18.01

IDFC FIRST Bank Limited (Formerly 'IDFC Bank Limited') ("the Bank" or "Holding company") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, the Bank commenced its banking operations on October 1, 2015 after receiving universal banking license from the Reserve Bank of India ('the RBI') on July 23, 2015.

During the year ended March 31, 2018, the Board of Directors of the Bank approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited ("Merging entities") with the Bank ('IDFC - CFL Merger') in an all-stock transaction through a Composite Scheme of Arrangement ("Scheme"). The same was approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the Scheme was given effect to in the financial results for the year ended March 31, 2019 and it includes results for the Merging entities for the period from October 1, 2018 to March 31, 2019. The Bank has sought for renewal of dispensation from the Reserve Bank of India, which was valid till December 31, 2019, to grandfather certain loan accounts which were given by the erstwhile Capital First Limited as a Non Banking Financial Company (NBFC). Whilst the application for dispensation is pending approval with RBI, the Bank expects that the dispensation will be granted and that this matter has no material financial impact on the results of the Bank.

The IDFC-CFL Merger was accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the Scheme in FY 2018-19. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date were recorded by the Bank at their fair values as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 1,377,109,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets was represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets on its Balance Sheet. Therefore, while the Bank has acquired intangibles as part of the merger and continues to have access to these intangibles, as a prudent measure, the Bank fully amortised such intangibles through profit and loss account in FY 2018-19. This accelerated amortisation charge to profit and loss account for the previous year of ₹ 2,599.35 crore was exceptional in nature and resulted in loss for the previous year.

18.02 Employee benefits

i The Group has charged the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under schedule 16 (I) :

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Provident fund	69.74	43.38
Superannuation fund	-	1.12
Pension fund	2.79	2.89

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) :

Notes

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(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Current service cost	17.37	12.12
Interest on defined benefit obligation	5.89	4.81
Expected return on plan assets	(4.92)	(3.68)
Net actuarial losses / (gains) recognised in the year	(2.94)	2.93
Past service cost	0.20	0.20
Losses / (gains) on Acquisition / Divestiture	ß	ß
Total included in "employee benefit expense" [schedule 16(I)]	**15.60**	**16.38**
Actual return on plan assets	4.50	3.62

Balance Sheet

Details of provision for gratuity:

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Fair value of plan assets	62.09	65.62
Present value of funded obligations	(75.53)	(69.23)
Unrecognised Past Service Cost	0.39	0.59
Net Liability	**(13.05)**	**(3.02)**
Amounts in balance sheet		
Liabilities (included under schedule 5 – other liabilities)	(13.05)	(3.12)
Assets (included under schedule 11 – other assets)	-	0.10
Net Liability	**(13.05)**	**(3.02)**

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	69.23	48.14
Current service cost	17.37	12.12
Interest cost	5.89	4.81
Actuarial losses / (gains)	(3.32)	2.88
Past service cost	-	-
Liabilities assumed on acquisition / (settled on divestiture)	-	9.70
Benefits paid	(13.64)	(8.42)
Closing defined benefit obligation	**75.53**	**69.23**

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Opening fair value of plan assets	65.62	46.92
Expected return on plan assets	4.92	3.68
Actuarial gains / (losses)	(0.39)	(0.07)
Contributions by employer	5.58	23.51
Assets acquired on acquisition / (distributed on divestiture)	-	-
Benefits paid	(13.64)	(8.42)
Closing fair value of plan assets	**62.09**	**65.62**
Expected Employers Contribution Next Year	9.37	9.37

Experience adjustments

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined benefit obligations	75.53	69.23	48.14	46.38
Plan assets	62.09	65.62	46.92	43.70
Surplus / (deficit)	(13.44)	(3.61)	(1.22)	(2.68)
Experience adjustments on plan liabilities	(6.33)	(1.57)	(1.68)	1.29
Experience adjustments on plan assets	(0.35)	(0.20)	(0.16)	1.13

The Consolidated Financial Statements are being prepared from the year ended March 31, 2017 and accordingly, no disclosure is given for March 31, 2016.

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

Particulars	March 31, 2020	March 31, 2019
Government securities	32.70%	31.18%
Bonds, debentures and other fixed income instruments	50.56%	54.65%
Deposits and money market instruments	4.97%	3.07%
Equity shares	11.77%	11.10%

Principal actuarial assumptions at the Balance Sheet date:

Particulars	March 31, 2020	March 31, 2019
Discount rate (p.a.)	6.20% to 6.69%	7.70% to 7.75%
Expected rate of return on plan assets (p.a.)	6.69% to 7.00%	7.45% to 7.50%
Salary escalation rate (p.a.)	8.00% to 10.00%	8.00% to 10.00%

18.03 Segment reporting

Business Segments:

The business of the Group is divided into four segments : Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These segments have been identified and reported taking into account, the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.

Segment	Principal activities
Treasury	The treasury segment primarily consists of Group's investment portfolio, money market borrowing and lending, investment operations and entire foreign exchange and derivative portfolio of the Bank. Revenue of treasury segment consist of interest income on investment portfolio, inter segment revenue, gains or losses from trading operations, trades and capital market deals. The principal expenses consists of interest expenses from external sources & on funds borrowed from inter segments, 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, and syndication. Revenues of the wholesale banking segment consists of interest earned on loans to customers, inter segment revenue, interest / fees earned on transaction services, earnings from trade services, fees on client FX & derivative and other non-fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, 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, inter segment revenue and fees from services rendered, fees on client FX & derivative. Expenses of this segment primarily comprise interest expense on deposits & funds borrowed from inter segments, 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 and support groups.
Other Banking Business	This segment includes revenue from distribution of third party products.

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Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue & expense of this segment includes income & expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

Segmental reporting for the year ended March 31, 2020 are set out below:

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	12,866.02	8,028.33	11,710.73	158.53	43.49	32,807.10
Less: inter segment revenue (ii)						(14,844.37)
Total Revenue (i-ii)						**17,962.73**
Segment Results before tax	(1,241.68)	(25.61)	(884.71)	(6.29)	(187.61)	(2,345.89)
Less: Provision for tax						(497.50)
Net Profit / (loss) before earnings from Associate						**(2,843.38)**
Add: Share of profit / (loss) in Associate						-
Net Profit / (loss)						(2,843.38)
Total Segment assets	57,497.38	30,660.45	57,510.48	76.37	3,413.86	149,158.55
Total Segment liabilities	58,293.05	39,063.31	36,149.10	68.79	180.78	133,755.03
Net assets	(795.67)	(8,402.86)	21,361.39	7.58	3,233.07	**15,403.52**
Capital expenditure for the year	3.71	29.79	349.06	4.57	0.12	387.25
Depreciation on fixed assets for the year	**9.23**	**34.42**	**270.38**	**0.09**	**5.89**	**320.01**

Segmental reporting for the year ended March 31, 2019 are set out below:

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Unallocated	Total
Revenue (i)	6,552.68	4,671.72	4,155.13	21.06	34.86	15,435.45
Less: inter segment revenue (ii)						(2,379.27)
Total Revenue (i-ii)						**13,056.18**
Segment Results before tax	(148.10)	532.87	(369.72)	7.47	(3,232.09)	(3,209.57)
Less: Provision for tax						(179.69)
Net Profit / (loss) before earnings from Associate						**(3,389.26)**
Add: Share of profit / (loss) in Associate						(27.86)
Net Profit / (loss)						(3,417.22)
Total Segment assets	72,394.68	45,557.51	45,081.43	7.49	4,057.82	167,098.93
Total Segment liabilities	62,515.96	43,442.10	42,700.51	9.58	231.42	148,899.57
Net assets	9,878.72	2,115.41	2,380.92	(2.09)	3,826.41	**18,199.35**
Capital expenditure for the year	0.12	15.04	146.02	0.27	89.10	250.55
Depreciation on fixed assets for the year	**1.72**	**22.83**	**82.17**	**0.49**	**2,713.11**	**2,820.32**

Geographic segments

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

18.04 Deferred tax

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Deferred tax assets on account of provisions for loan losses	708.12	777.17
Deferred tax assets on account of provision for diminution in value of investments	489.97	579.70
Deferred tax assets on account of depreciation on fixed assets (Including intangible assets)	438.50	821.65
Deferred tax assets on account of provision for employee benefits	0.86	1.06
Deferred tax assets on account of other contingencies	461.31	445.09
Deferred tax assets (A)	**2,098.76**	**2,624.67**
Others (special reserve under section 36(1)(viii) of Income Tax Act, 1961)	75.03	104.16
Deferred tax liabilities (B)	**75.03**	**104.16**
Net Deferred tax assets (A-B)	**2,023.73**	**2,520.51**

The Bank has recognized deferred tax asset primarily on account of non-performing assets, unabsorbed depreciation and other qualifying timing differences in previous year.

As at March 31, 2020, the Bank has reassessed the continuing recognition of such deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Board of Directors, to absorb the deferred tax asset.

18.05 Provisions and contingencies

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Provision made towards income tax		
Current tax *	0.71	(67.21)
Deferred tax	496.78	(1,262.34)
	497.50	**(1,329.55)**
Provisions for depreciation on investment	1,051.49	346.24
Provision / (write back) towards non-performing advances	441.58	(105.92)
Provision / (write back) for restructured assets	20.59	(20.21)
Provision/ (write back) on identified standard assets	(41.06)	55.20
Provision against Standard Assets	330.95	3.72
Loss on sale of loans to ARC (net)	-	813.68
Bad-debts written off / technical write off ^	1,386.44	286.62
Provision and other contingencies	1,125.57	52.54
Total	**4,813.05**	**102.32**

* Net of tax adjustment of prior years of ₹ 0.91 crore (Previous Year ₹ 77.02 crore) relating to Financing Undertaking demerged from IDFC Limited to the Bank

^ Bad-debt recoveries from borrowers on written off accounts of ₹ 229.58 crore (Previous Year ₹ 86.48 crore)

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

18.06 Draw down from reserves

The Group has not undertaken any draw down from reserves during the year ended March 31, 2020 and March 31, 2019.

Appropriation to Reserves

i Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Group has transferred Nil (Previous Year Nil) 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. Further, the bank may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year ended March 31, 2020 and March 31 2019, as per RBI guidelines, the Holding company has appropriated Nil to Investment Reserve Account.

iii Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 advised banks to create an Investment Fluctuation Reserve (IFR) with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. During the year ended March 31, 2020 and March 31, 2019 the Holding company has not created IFR in view of net losses.

iv Capital Reserve

As per RBI Guidelines, profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, the Holding company has appropriated ₹ 166.00 crore (Previous Year ₹ 1.51 crore) to capital reserve.

v Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Holding company has transferred an amount of Nil (Previous Year Nil) to Special Reserve.

vi General Reserve

During the year ended March 31, 2020 and March 31, 2019, no amount was transferred to the general reserve.

18.07 Related party disclosure:

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

a Holding Company (upto January 4, 2019) *

IDFC Limited

IDFC Financial Holding Company Limited

b Entities having Significant Influence (wef. January 5, 2019) *

IDFC Limited

IDFC Financial Holding Company Limited

c Fellow Subsidiaries*

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Infrastructure Finance Limited

IDFC Projects Limited

IDFC Securities Limited

IDFC Trustee Company Limited

IDFC Capital (USA) Inc.

IDFC Capital (Singapore) Pte. Ltd.

IDFC Investment Managers (Mauritius) Limited

IDFC Securities Singapore Pte. Limited

d Associates

i Direct

Millennium City Expressways Private Limited

ii Indirect (through fellow subsidiaries)*

Jetpur Somnath Tollways Private Limited

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited (Under Liquidation)

e Key Management Personnel

Mr. V. Vaidyanathan (Appointed wef. December 18, 2018)

Dr. Rajiv B. Lall (Resigned wef. December 17, 2018)

f Relatives of key management personnel:

Jeyashree Vaidyanathan, Mr. K. Vembu, Mr. Pranav Vaidyanathan, Mr. Amartya Vaidyanathan, Ms. Anusha Vaidyanathan, Captain V. Satyamurthy, Maj V Krishnamurthy, Savitri Krishnamoorthy

Tara Lall^, Ambika Lall^, Indrani Gangadhar^, Kishen Behari Lall^, Bunty Chand^, Ashok B. Lall^, Ranjana Pandey^, Veenu Shah^

^ Cease to be related party wef December 18, 2018

In accordance with paragraph 5 and 6 of AS - 18, the Group has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

* Consequent to issuance of equity under the scheme of amalgamation (IDFC - CFL merger), the share holding of IDFC Financial Holding Company Limited in IDFC FIRST Bank Limited has reduced to 40% wef. January 5, 2019. Accordingly IDFC Limited & IDFC Financial Holding Company Limited are now entities with significant influence and certain entities has ceased to be related parties of the Bank (refer note 18.01).

All transactions with fellow subsidiaries and indirect associate companies have been disclosed till existence of related party relationship.

The significant transactions between the Group and related parties for year ended March 31, 2020 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest on Deposits:
  IDFC Financial Holding Company Limited ₹ 3.99 crore (Previous Year ₹ 2.55 crore)
- Interest on Advances:
  Millennium City Expressways Private Limited ₹ 0.11 crore (Previous Year ₹ 16.17 crore).
- Rendering of services:
  IDFC Limited ₹ 0.27 crore (Previous Year ₹ 0.59 crore), Millennium City Expressways Private Limited ₹ 0.10 crore (Previous Year Nil).
- Managerial Remuneration:
  Mr. V. Vaidyanathan ₹ 8.72 crore (Previous Year ₹ 1.69 crore)
- Purchase of investments:
  IDFC Limited ₹ 51.61 crore (Previous Year Nil).

The details of the transactions of the Bank with its related party during the year ended March 31, 2020 are given below :

(₹ in crore)

Particulars	Related Party			
	Entities having Significant Influence	Fellow Subsidiary Companies	Associates	Key Management Personnel
Interest expense	4.01	-	-	0.07
Interest income earned	-	-	0.11	-
Purchase of investments	51.61	-	-	-
Managerial Remuneration	-	-	-	8.72
Rendering of services	0.27	-	0.10	-

The balances payable to / receivable from the related parties of the Bank as on March 31, 2020 are given below:

(₹ in crore)

Particulars	Related Party			
	Entities having Significant Influence	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	609.43	-	-	6.58
Interest accrued on Deposit	0.54	-	-	-
Investment of related party in the Bank#	-	-	-	-
Advances	-	-	351.00	-
Investment of the Bank	-	-	226.38	-

As at March 31, 2020, IDFC Financial Holding Company Limited holds 1,923,961,207 and KMP holds 25,081,117 equity shares in the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2020 are given below:

(₹ in crore)

Particulars	Related Party			
	Entities having Significant Influence	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	614.44	-	-	10.03
Advances	-	-	351.00	-
Investment of the Bank	-	-	226.38	-

The details of the transactions of the Bank with its related party during the year ended March 31, 2019 are given below :

(₹ in crore)

Particulars	Related Party			
	Holding Company	Fellow Subsidiary Companies	Associates	Key Management Personnel
Interest expense	3.31	4.30	1.11	1.07
Interest income earned	-	0.02	19.76	-
Sale of investments	15.69	-	-	-
Profit on sale of Investments	5.30	-	-	-
Managerial Remuneration	-	-	-	7.60
Purchase of fixed assets	-	-	2.48	-
Sale of fixed assets	0.21	0.56	-	-
Corporate Social Responsibility	-	20.82	-	-
Advance repaid	-	-	3.49	-
Receiving of services	2.22	13.48	0.04	-
Rendering of services	0.59	7.95	-	-

The balances payable to / receivable from the related parties of the Bank as on March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party			
	Holding Company	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	14.11	-	-	0.35
Interest Accrued on Deposit	0.01	-	-	ß
Advances	-	-	351.00	-
Investment of the Bank	-	-	226.38	-
Investment of related party in the Bank [#]	-	-	-	-

[#] As at March 31, 2019, IDFC Financial Holding Company Limited holds 1,912,670,691 and KMP holds 50,060,556 equity shares of the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended March 31, 2019 are given below:

(₹ in crore)

Particulars	Related Party			
	Holding Company	Fellow Subsidiary Companies	Associates	Key Management Personnel
Deposits with the Bank	338.51	-	-	2.77
Advances	-	-	354.49	-
Investment of the Bank	-	-	226.38	-
Other receivables	0.37	-	-	-

18.08 Earnings per share ('EPS')

Basic and diluted earnings per share are computed in accordance with AS 20 - Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Dilution of equity is on account of stock options granted to employees by the Bank.

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Particulars	March 31, 2020	March 31, 2019
Basic		
Weighted average number of equity shares outstanding (in crore)	478.64	409.09
Net Profit after Tax (₹ in crore)	(2,843.39)	(1,907.88)
Basic earnings per share (₹)	(5.94)	(4.66)
Diluted		
Weighted average number of equity shares outstanding (in crore)	484.88	412.49
Net Profit after Tax (₹ in crore)	(2,843.39)	(1,907.88)
Diluted earnings per share (₹)	(5.86)	(4.63)
Nominal value of shares (₹)	10.00	10.00

Equity shares issued as part of the consideration for the IDFC - CFL Merger are included in the weighted average number of shares as of the appointed date of the merger.

18.09 Unclaimed Shares

Details of unclaimed shares as of March 31, 2020 and March 31, 2019 are as follows :

Particulars	March 31, 2020	March 31, 2019
Aggregate number of shareholders at the beginning of the year	99	99
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	28,253	28,253
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	99	99
Total outstanding shares in Unclaimed Suspense Account at the end of the year	**28,253**	**28,253**

18.10 Leases

In accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the following disclosures in respect of operating leases are made:

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

(₹ in crore)

Particulars	March 31, 2020	March 31, 2019
Future lease rentals payable as at the end of the year:		
Not later than one year	214.35	144.86
Later than one year and not later than five years	589.76	393.10
Later than five years	210.70	126.82
Total of minimum lease payments recognised in the Profit and Loss Account for the year	249.49	146.05
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	-	-
Sub-lease payments recognised in the Profit and Loss Account for the year	-	-

The Group has not sub-leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

18.11 Other Fixed Assets

The movement in fixed assets capitalised as Intangible assets is given below :

(₹ in crore)

Particulars	March 31, 2020		March 31, 2019	
	Software	Other Intangibles*	Software	Other Intangibles*
Cost				
At the beginning of the year	655.69	2,599.35	498.39	-
Additions on Amalgamation	-	-	57.90	2,599.51
Additions during the year	135.62	-	99.40	-
Deductions during the year	-	-	ß	(0.16)
Total (i)	**791.32**	**2,599.35**	**655.69**	**2,599.35**
Depreciation				
Accumulated depreciation at the beginning of the year	350.54	2,599.35	206.34	-
Additions on Amalgamation	-	-	30.34	0.16
Depreciation charge for the year	164.47	-	113.86	2,599.35
Deductions during the year	-	-	ß	(0.16)
Total (ii)	515.01	2,599.35	350.54	2,599.35
Net Value (i-ii)	**276.31**	**-**	**305.15**	**-**

* Other intangibles includes Goodwill & Brand acquired and arising on amalgamation (refer note 18.01).

18.12 Corporate Social Responsibility (CSR)

i Amount required to be spent by the Group on CSR during the year ₹ 0.76 crores (Previous Year ₹ 21.60 crores).

ii Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 8.08 crores (Previous Year ₹ 27.04 crores), which comprise of following -

Year ended March 31, 2020

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	8.08	-	8.08

Year ended March 31, 2019

(₹ in crore)

Nature of activities	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	27.04	-	27.04

18.13 Proposed Dividend

The Board of Directors, in their meeting held on May 22, 2020 have not proposed any dividend for FY 2019-20. Further, it may be noted that RBI vide its circular no. RBI/2019-20/218 DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 has directed that banks shall not make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. The RBI advised that in an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses. This restriction shall be reassessed by the Reserve Bank based on the financial results of banks for the quarter ending September 30, 2020.

In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend of ₹ 307.79 crore was appropriated from Profit and Loss Account in FY 2018-19.

Dividend paid during the year ended March 31, 2019 represents dividend of ₹ 294.02 crore (net of DDT on dividend from subsidiary) pertaining to previous year.

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

18.14 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.15 Disclosure of penalties imposed by RBI

During the year ended March 31, 2020 RBI imposed penalty of ₹ 10,000 on the bank with respect to certain deficiencies observed on note /coin exchange and clean note policy during the Incognito Visit of a branch. In the previous year, no penalty was imposed by RBI.

18.16 Description of contingent liabilities

i Claims against the Group not acknowledged as debts

The entities under the Group is a party to taxation matters which are in dispute and are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Group. The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.

ii Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Group do not have any profit / loss impact.

iii Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An exchange traded currency option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

iv Guarantees given on behalf of constituents

As a part of its banking activities, the Group issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Group will make payments in the event of the customer failing to fulfil its financial or performance obligations.

v Acceptances, endorsements and other obligations

These includes documentary credit issued by the Group on behalf of its customers and bills drawn by the Group's customers that are accepted or endorsed by the Group.

vi Other items

Other items represent estimated amount of contracts remaining to be executed on capital account. This also includes the amount of investments bought and remaining to be settled on the date of financial statements.

18.17 Statement of Net Assets as per Schedule III to the Companies Act, 2013

Year ended March 31, 2020

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share of profit or (loss)	
	% of total net assets	Amount (₹ in crore)	% of total net loss / (profit)	Amount (₹ in crore)
Holding company				
IDFC FIRST Bank	99.60	15,342.60	100.73	(2,864.21)
Subsidiary				
IDFC FIRST Bharat Limited	0.98	151.41	(0.73)	20.82
Associate				
Millennium City Expressways Private Limited	-	-	-	-
Inter-company adjustments	(0.59)	(90.49)	-	-
Total net assets/net loss	**100.00**	**15,403.52**	**100.00**	**(2,843.39)**

Period ended March 31, 2019

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share of profit or (loss)	
	% of total net assets	Amount (₹ in crore)	% of total net loss / (profit)	Amount (₹ in crore)
Holding company				
IDFC FIRST Bank	99.78	18,159.26	101.90	(1,944.18)
Subsidiary				
IDFC FIRST Bharat Limited	0.72	130.59	(1.90)	36.30
Associate				
Millennium City Expressways Private Limited	-	-	1.46	(27.86)
Inter-company adjustments	(0.50)	(90.49)	(1.46)	27.86
Total net assets/net loss	**100.00**	**18,199.36**	**100.00**	**(1,907.88)**

18.18 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiary have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements.

18.19 The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Holding Company, have introduced a variety of measures to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Group's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. The Group’s capital and liquidity position is strong and would continue to be the focus area for the group during this period.

Notes
forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Holding company has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). The Holding company has created additional provisions amounting to ₹ 225 crores against the potential impact of COVID-19 on standard assets based on all the available information at this point in time. This includes ₹ 25 crores as the minimum amount required at March 31, 2020 (In respect of borrowers to whom the benefit of asset classification was extended) as prescribed by Reserve Bank of India in terms of circular dated April 17, 2020; while the RBI has permitted this amount to be spread over two quarters, the Bank has decided to provide for the entire amount in the current quarter.

18.20 Comparative figures
Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

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

For **B S R & Co. LLP**
Chartered Accountants
(Firm Registration No: 101248W/W-100022)

Manoj Kumar Vijai
Partner
(Membership No. 046882)

Date : May 22, 2020
Place : Mumbai

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

Dr. Rajiv B. Lall
Chairman
DIN: 00131782

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Basel Pillar III Disclosures
as at March 31, 2020

Pillar 3 disclosures as at March 31, 2020 as per Basel III guidelines of Reserve Bank of India have been disclosed separately on the Bank's website under "Regulatory Disclosures" on the home page.

THE SECTION CONTAINS FOLLOWING DISCLOSURES:

1. **Qualitative and Quantitative disclosures as at March 31, 2020**
   - Scope of Application
   - Capital Adequacy
   - Credit Risk - General Disclosure
   - Credit Risk – Disclosures for portfolios subject to standardised Approach
   - Credit Risk Mitigation - Disclosure under standardised Approach
   - Securitisation Exposures - Disclosure under standardised Approach
   - Market Risk in Trading Book
   - Operational Risk
   - Interest rate risk in the Banking Book ('IRRBB')
   - General Disclosure for exposures related to Counterparty Credit Risk
   - Equities - Disclosure for Banking Book Positions

2. **Leverage Ratio as at March 31, 2020**

3. **Reconciliation of leverage ratio exposure under common disclosure template at March 31,2020**

4. **Liquidity Coverage Ratio as at March 31, 2020**

5. **Capital Disclosure**
   - Composition of Capital
   - Composition of Capital & reconciliation requirements
   - Main Features of Regulatory Capital Instruments March 31, 2020
   - Terms and Conditions of Equity Shares

The link to this section is https://www.idfcfirstbank.com/regulatory-disclosures.html

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5. COVID-19 Relief Programme

At the onset of COVID-19 crisis, we set up a IDFC FIRST Bank COVID-19 relief committee which is a task force specifically for our response to the pandemic through our corporate social responsibility outreach. This committee is led by our MD & CEO V Vaidyanathan and other selected senior members including Amit Kumar, Head – Retail Liabilities and Branch Banking and Madhivanan Balakrishnan, Chief Operating Officer who provided necessary guidance and monitoring for the relief programmes. The committee virtually convened every Saturday for eight weeks to discuss status of programmes and impact on-ground. Further our rank and file across rural and urban branches voluntarily engaged and supported our COVID-19 relief work.

Unlike most CSR programmes, what was special about our COVID-19 relief work was that we activated our entire ecosystem from customers to employees. For example, we engaged our rural customers to stitch cloth masks and remunerated them for it. In this way, our customers got income during the crisis and the products they made were then distributed by our staff to other customers. Similarly, we partnered with our restaurant customers to purchase hygienic meal packets from them and distributed it to select beneficiaries.

The total contribution from the Bank towards all COVID-19 programmes was ₹ 74,888,984. Additionally our employees have voluntarily contributed a day's salary towards the PM Cares which amounted to ₹ 32,932,768. We thank all our employees for their generous contribution towards PM CARES fund and continued support towards our nation.

Our MD & CEO personally contributed ₹ 47 lakh towards COVID-19 relief programmes.

IDFC FIRST Bank, under the COVID-19 relief care provided a) Financial donation towards PM CARES fund b) Livelihood support to women in urban slums and PPE to frontline workers c) Financial support to daily wage workers d) Meals to migrant labourers e) Livelihood support to women in rural areas f) Dissemination of digital content for awareness on COVID-19 g) PPE and grocery kits distribution to affected segments h) Cab services for medical staff of hospitals in Mumbai.

5.A. PM CARES Fund

IDFC FIRST Bank recognises that since the nation is fighting the COVID-19 crisis and the PM cares fund has a significant role to play in public health and financial assistance. Given this, the Bank has pledged ₹ five crore as part of its CSR contribution to the fund.

5.B. IDFC FIRST Bank Ask for Mask Programme

To drive measurable social change, IDFC FIRST Bank conceptualised, designed and launched the 'Ask for Mask' programme as a solution to combat the dual problem of unemployment in urban areas and the increased demand for masks during the lockdown due to the pandemic.

IDFC FIRST Bank partnered with ETASHA Society and Om Creations Trust to reach out to 100 women entrepreneurs and households from low-income communities of urban areas, providing them with material support and training to sew good quality face masks under hygienic condition with all the precautions issued by World Health Organisation. The households involved in sewing masks were rewarded an honorarium based on number of quality masks stitched. The masks were also sanitised before distributing them to health workers, civil service employees and economically weaker sections across Mumbai and Delhi.

IDFC FIRST Bank has distributed 1.7 Lakh masks free of cost to frontline and essential services workers till date. Out of the total masks distributed, 1.2 lakh masks were stitched by women who received a total of ₹ 5 lakh for their labour. The rest were N95 and surgical masks that were distributed free of cost to doctors and nurses along with other protective gear like face shields, gloves and PPE.

IDFC FIRST Bank supported 250 women entrepreneurs to stitch 1.5 lakh masks to curb the spread of COVID-19

Ask For Mask

Impact

1.7+ Lakh | Masks distributed

Voice of Impact

"IDFC FIRST Bank's 'Ask For Mask' initiative has been a boon for the families of daily wage labourers rendered out-of-work due to the pandemic. Working on this project was a great opportunity, which allowed them to survive with dignity. This project has also helped us create a model of 'Distributed Production- Aggregated Distribution- Remote Management', which we are following in several other low-income communities we are associated with.

The ETASHA team and community members are ever so thankful to the IDFC FIRST Bank's CSR team, who conceptualised this project and worked with us to make this happen

Dr. Meenakshi Nayar
Founder-President, ETASHA Society"

5.C. IDFC FIRST Bank Shramik Sahayata Programme

IDFC FIRST Bank in partnership with Collective Good Foundation is providing financial assistance during the lockdown to workers of unorganised sectors across India. We recognise that daily wage earners are not being able to afford basic necessities such as food, clothing and shelter for themselves and their families which significantly hampers their physical and mental health. These workers are from the economically weaker sections such as taxi and truck drivers, sanitation workers and waste pickers who need external support to sustain themselves and their families during the lockdown.

Given the severity of this issue, we are not only providing immediate financial aid to 625 such workers from across urban and rural India by means of direct cash transfers of ₹ 3,000 but also supporting access to government schemes and health insurance products based on eligibility of each of the worker.

Shramik Sahayata

Impact

625+ | Labourers supported

IDFC FIRST Bank supported 625 workers with direct cash transfer of ₹ 3,000 and access to government scheme

Voice of Impact

"Collective Good Foundation is proud to collaborate with IDFC FIRST Bank as a part of its India Workers' Alliance that aims to provide economic support and ensure sustained recovery of the informal and gig economy workers adversely affected by COVID-19. Through our partnership, IDFC FIRST Bank has facilitated in implementing evidence-based and expert-recommended solutions such as direct cash transfers to benefit 600+ workers across various sectors and service lines to help them subsist through the economic downturn."

Madhu Bahl
CEO, Collective Good Foundation

5.D. IDFC FIRST Bank Share-a-Meal Programme

IDFC FIRST Bank, in partnership with non-profit partners like Akshaya Patra and Hunger Heroes and former restaurant partners like Moonshine Ventures and Cinnamon Kitchen, is working relentlessly towards eliminating hunger during the lockdown amongst the economically weaker sections of the society by distributing more than one lakh freshly cooked meals and grocery kits to migrant labourers without work, slum dwellers and children in underprivileged communities of Rajasthan, Gurgaon and Delhi.

IDFC FIRST Bank distributed one lakh freshly cooked meals to the Economically Weaker Sections of society

Impact

1 Lakh+ | Meals distributed

Voice of Impact

"Thank you IDFC FIRST Bank for your contribution towards the COVID-19 relief feeding programme. The Akshaya Patra Foundation is grateful to your contribution for 100,000 cooked meals - the beneficiaries now are able to receive hot, healthy, safe and nutritious cooked meals every single day."

Sundeep Talwar
Chief Marketing Officer, The Akshaya Patra Foundation, INDIA

5.E. IDFC FIRST Bank Gaon Gaon Mask Programme

IDFC FIRST Bank conceptualised, designed and launched the 'Gaon Gaon Mask' programme as a solution to combat the dual problem of unemployment in rural areas and the increased demand for masks during the lockdown due to the pandemic. IDFC FIRST Bank partnered with Vrutti and End Poverty to reach out to women entrepreneurs and households from low-income communities in rural areas. It aimed at providing them with an alternate source of livelihood instead of solely relying on dairy farming during the lockdown. Our rural banking team helped us identify beneficiaries of this programme who are also called as 'Raksha Sakhis'.

The women received material support and were trained in sewing good quality masks by IDFC FIRST Bank supported trainers. Post sewing, these masks were sanitised as per the guidelines of WHO and were distributed free of cost to rural communities by our local branch staff employees. The local bank branch employees also engaged in quality check inspection before distributing them to orphanages, old age homes, healthcare workers, schools, government officials, rural communities in the vicinity of bank branch. A total of two lakh masks have been stitched and around ₹ 11 lakh have been distributed amongst 263 women as honorarium for their time and efforts.

GAON-GAON MASK

Impact

2.5 Lakh+ Masks stitched and distibuted

IDFC FIRST Bank employees distributed 2.5 lakh masks made by 150 women customers

Voice of Impact

> "I am a widow. I have three children, and all go to school. I have been involved in stitching work from home like blouse stitching etc. I stitched per day about 40-50 masks and so far, I have stitched a total of 659 masks, and received an amount of ₹ 3,295. I have purchased some grocery items and saving money to purchase school bags, books, fees, uniform etc. for my school going children."
>
> **Archana Raghuvanshi**
> Single parent and woman entrepreneur from MP

5.F. IDFC FIRST Bank Jankari mein Samajhdari Programme

IDFC FIRST Bank in partnership with Swadhaar Finaccess disseminated digital content to rural population related to hygiene and sanitation practices during COVID-19 pandemic. The Bank decided to spread awareness in the form of short video and films in vernacular languages. We reached out to 30 lakh bank customers with three films in nine languages namely Hindi, Punjabi, Marathi, Gujarati, Bengali, Tamil, Telugu, Kannada and Malayalam.

Our employees trained children in rural schools and elders of the villages on preventive measures against COVID-19 pandemic and also the steps to be taken, if they or their family members, are diagnosed with symptoms of the infection.

IDFC FIRST Bank initiated awareness campaign at Manigandam branch through digital communications to reach over three million rural households.

JANKARI MEIN SAMAJHDARI

Impact

30 Lakh+ Consumers reached

Voice of Impact

"With the outbreak of COVID-19 epidemic we realised that there was an urgent need for clear, accurate and consistent communication, in Regional languages, to build COVID-19 resilient communities. We therefore developed animation videos in nine regional languages. Our objective/aim was to create awareness and educate low income, vulnerable communities about COVID-19 so that they manage the epidemic from a health and economic perspective.

Support from IDFC FIRST Bank helped us to disseminate the videos and educate large number of people in urban and rural locations. The visibility created for videos through their social media platforms also enabled us to build partnerships and collaborations in this critical time. I thank IDFC FIRST Bank for their support."

Preeti Telang
Chief Executive Officer, Swadhaar FinAccess

5.G. INDIA COVID-19

IDFC FIRST Bank in partnership with GiveIndia Foundation has pledged to reach out to one lakh migrant labourers and frontline workers through registered non-profit partners of GiveIndia Foundation

We distributed 2,375 grocery kits to migrant labourers along with 4,750 PPE kits for frontline medical staff to protect doctors, nurses and other healthcare workers and mitigate the health risk that they were exposed to while treating / consulting COVID-19 impacted individuals.

We have also partnered with GiveIndia, to raise funds for our non-profit partners to support other COVID-19 programmes by the Bank.

Impact

5,000+ Lives supported

GiveIndia partner distributing PPE kit to doctors

Voice of Impact

At a time of extreme economic uncertainty triggered by the coronavirus pandemic, IDFC FIRST Bank was quick off the mark to give our COVID-19 missions wholehearted support. The choice to provide disenfranchised daily wagers a month's worth of grocery to feed their families and PPE kits to protect our frontline healthcare workers is much appreciated. It also speaks volumes of IDFC FIRST Bank's commitment to help the vulnerable - not only the weakest, but also those who risk their lives in the line of duty. A big thank you to IDFC FIRST Bank for this contribution of one crore to GiveIndia. We would also like to thank the Bank's senior management for their personal contribution.

Atul Satija
CEO, GiveIndia

5.H. COVID Warrior on Wheels Programme

IDFC FIRST Bank in partnership with a trusted fleet services company provided free of cost transport services to 695 frontline healthcare workers and support staff of Hinduja and Lilavati Hospitals during the lockdown in Mumbai. We provided 11 clean, hygienic and sanitised cars for a month to help doctors and nurses to commute to the hospital from their residence, and back.

Covid Warriors On Wheels

Impact

695 | Medical staff serviced

IDFC FIRST Bank provided free commute services to medical staff

Voice of Impact

We have no words to show our gratitude towards your incredible help during this pandemic.

Your transport facility not only helped but worked as support booster for our Staff.

I personally want to thank IDFC FIRST Bank on behalf of the employees of Lilavati Hospital, who availed your services. Our management highly appreciates this splendid work towards mankind.

Parag Joshi
General Manager Facility & Security, Lilavati Hospital

ALWAYS YOU FIRST

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