



**IDFC
BANK
LIMITED**

CIN U65110TN2014PLC097792

BOARD OF DIRECTORS

Mr. Anil Bajjal - **CHAIRMAN**
Dr. Rajiv B. Lall
Mr. Gautam Kaji
Mr. Vikram Limaye

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

PRINCIPAL BANKER

HDFC Bank Limited

REGISTERED OFFICE

KRM Tower, 8th Floor, No. 1
Harrington Road, Chetpet
Chennai 600 031

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FAX +91 44 4564 4022

WEBSITE www.idfc.com

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Board's Report

TO THE MEMBERS

Your Directors have pleasure in presenting the First Annual Report together with the audited financial statements for the period from October 21, 2014 (date of incorporation) to March 31, 2015.

INCORPORATION & DEMERGER

IDFC Limited (“IDFC”) was granted an in-principle approval by the Reserve Bank of India (“RBI”) on April 9, 2014 (“RBI In-Principle Approval”) to set up a new bank in the private sector under Section 22 of the Banking Regulation Act, 1949.

Accordingly, a new company namely IDFC Bank Limited (“IDFC Bank” or “the Company”) was incorporated on October 21, 2014 at Chennai, Tamil Nadu.

The terms and conditions contained in the RBI In-Principle Approval and the Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 (“RBI New Banking Guidelines”) requires IDFC to transfer all lending and financing business (“Financing Undertaking”) to IDFC Bank. Accordingly, the Financing Undertaking is to be demerged into IDFC Bank pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (“Demerger Scheme”).

IDFC Bank will, without any further act or deed, issue and allot to the Shareholders of IDFC whose name is recorded in the register of members of IDFC as on the Record Date, equity shares of IDFC Bank in the ratio of one (1) equity share having a face value of ₹ 10 each of IDFC Bank for every one (1) equity share having a face value of ₹ 10 each of IDFC, each equity share being fully paid-up.

On completion of demerger, equity share capital of IDFC Bank will be held approximately 53% by IDFC Financial Holding Company Limited, a 100% subsidiary of IDFC and approximately 47% by the Shareholders of IDFC (as on the Record Date).

The Board of Directors of the Company at its meeting held on October 30, 2014 approved the Demerger Scheme.

The Hon'ble High Court of Judicature at Madras, vide its Order dated June 25, 2015, has sanctioned the Demerger Scheme.

The Demerger Scheme will be effective *inter alia* upon receipt of final approval from the RBI for undertaking banking operations. After the Scheme becoming effective, the shares of IDFC Bank will be listed on National Stock Exchange of India Limited and BSE Limited.

FINANCIAL HIGHLIGHTS

PARTICULARS	(AMOUNT IN ₹)
	FOR THE PERIOD FROM OCTOBER 21, 2014 (DATE OF INCORPORATION) TO MARCH 31, 2015
Total Income	NIL
Less: Total Expenses	25,857,502
Loss before Tax	(25,857,502)
Less: Provision for Tax	(8,700)
Loss after Tax	(25,848,802)
Transfer to Reserves	NIL

PRINCIPAL ACTIVITIES

Your Company proposes to start banking operations from October 2015 after receipt of final banking license from the RBI. IDFC Bank will be a Universal Bank. Going forward, IDFC Bank will have 3 business verticals namely Corporate (Wholesale) Bank, Consumer (Retail) Bank and Rural (Bharat) Bank. To start with, the majority of the branches will be in Rural India. The Quality of Customer Service and Digital Banking will be the primary focus of IDFC Bank.

DIVIDEND

Being the first year and due to unavailability of profits for distribution, the Directors do not recommend any dividend for the period from October 21, 2014 (date of incorporation) to March 31, 2015.

HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

IDFC Bank was incorporated as a wholly owned subsidiary of IDFC on October 21, 2014. On December 26, 2014, the entire equity stake of IDFC Bank which was held by IDFC was transferred to IDFC Financial Holding Company Limited, thereby making IDFC Bank wholly owned subsidiary of IDFC Financial Holding Company Limited.

IDFC Bank does not have any Subsidiary, Joint Venture or Associate Companies.

Board's Report

PARTICULARS OF EMPLOYEES

The Company does not have any employee as on March 31, 2015.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits during the period under review.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013, particulars of loans, guarantees and investments are not applicable, hence not given.

RELATED PARTY TRANSACTION

In all related party transactions that were entered into during the period under review, an endeavour was made consistently that they were on an arm's length basis and were in the ordinary course of business. IDFC Group has always been committed to good corporate governance practices, including matters relating to Related Party Transactions.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There were no foreign exchange earnings or expenditure during the period under review.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the period under review, Mr. Mahendra N. Shah (DIN - 00124629) resigned from the Board w.e.f. December 9, 2014. The Board placed on record its appreciation for the valuable services rendered by him during his tenure as Director of the Company.

Based on the recommendation of Nomination and Remuneration Committee ("**NRC**") of the Company, the Board of Directors at its meeting held on December 9, 2014 and the Members of the Company at the Extra Ordinary General Meeting held on the same day accorded its consent for the following:

1. Appointment of Mr. Anil Bajjal (DIN - 01608892) as Non-Executive Chairman in the category of Independent Director to hold office for a period of two (2) years w.e.f. December 9, 2014.
2. Appointment of Dr. Rajiv B. Lall (DIN - 00131782) as Executive Vice-Chairman & Managing Director for a period of 5 years from the date of receipt of final Banking Licence by IDFC Limited from the RBI.
3. Appointment of Mr. Gautam Kaji (DIN - 02333127) as an Independent Director to hold office for a period of two (2) consecutive years to hold office w.e.f. December 9, 2014.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company at its Meeting held on December 9, 2014 appointed Mr. Mahendra N. Shah as Company Secretary and Key Managerial Personnel of the Company w.e.f. December 9, 2014.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Dr. Rajiv B. Lall (DIN-00131782) and Mr. Vikram Limaye (DIN-00488534) will retire at the ensuing Annual General Meeting ("**AGM**") and being eligible, offers themselves for reappointment.

The Company has received a declaration from the aforesaid Independent Directors, at the time of appointment and also on or before first meeting of the Board of Directors held in FY15, 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, for holding the position of Independent Director and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Companies Act, 2013.

BOARD MEETINGS

During the period under review, six board meetings were held.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the RBI New Banking Guidelines and subject to directions, circulars issued by the RBI, from time to time, the Nomination and Remuneration Committee of the Company was formed.

As on March 31, 2015, the Committee consisted of:

1. Mr. Gautam Kaji
2. Mr. Anil Bajjal
3. Dr. Rajiv B. Lall

Board's Report

AUDITORS

Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad ("DHS") (Registration No -117365W), will retire as the Statutory Auditors of the Company at the ensuing AGM.

DHS, the retiring auditors, have confirmed that their appointment, if made, would be in conformity with the provisions of Section 139(1) read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and Section 141 of the Companies Act, 2013 and have given their consent to be reappointed.

The Board recommends the reappointment of DHS as the Statutory Auditors of the Company.

AUDITOR'S REPORT

There were no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL

The Hon'ble High Court of Judicature at Madras vide its Order dated February 20, 2015 in Company Application No. 172 of 2015 dispensed with the convening, holding and conducting the meeting of the equity shareholders of IDFC Bank Limited.

The Hon'ble High Court of Judicature at Madras, vide its Order dated June 25, 2015, has sanctioned the Demerger Scheme.

MATERIAL CHANGES/ COMMITMENTS

As per Section 134(3)(l) of the Companies Act, 2013, there have been no material changes and commitments affecting the financial position of the Company that has occurred between March 31, 2015 till the date of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the financial statements for the period from October 21, 2014 (date of incorporation) to March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (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 Company for the period ended March 31, 2015 and of the loss of the Company 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 Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the financial statements on a going concern basis; and
- (e) 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.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the prescribed Form No. MGT 9 is appended as **Annexure I**.

ACKNOWLEDGEMENTS

We are grateful to the Government of India, RBI, Securities and Exchange Board of India, Stock Exchanges, Hon'ble Madras High Court, various Ministries and other regulatory bodies for their co-operation and support.

We would like to express our deep sense of appreciation for the hard work and efforts put in by employees of IDFC Group for setting up of IDFC Bank Limited.

FOR AND ON BEHALF OF THE BOARD

ANIL BAIJAL

Chairman

Mumbai, June 30, 2015

Form No. MGT-9 Extract of Annual Return

ANNEXURE I

For the period from October 21, 2014 (date of incorporation) to March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65110TN2014PLC097792
ii)	Registration Date	21/10/2014
iii)	Name of the Company	IDFC BANK LIMITED
iv)	Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
v)	Address of the Registered office and contact details	KRM Tower, 8th Floor, No.1, Harrington Road, Chetpet, Chennai – 600 031. Tel.: +91 44 4564 4000, Fax: +91 44 4564 4022
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1.	Banking Services	65191	–

III. 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 Financial Holding Company Limited	U65900TN2014PLC097942	Holding	100%	Section 2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS		NO. OF SHARES HELD AS ON OCTOBER 21, 2014				NO. OF SHARES HELD AS ON MARCH 31, 2015				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A. Promoters										
(1) Indian										
a)	Individual/ HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b)	Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c)	State Govt (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d)	Bodies Corp.	NIL	50,000	50,000	100%	NIL	50,000	50,000	100%	NIL
e)	Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f)	Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-		NIL	50,000	50,000	100%	NIL	50,000	50,000	100%	NIL

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AS ON OCTOBER 21, 2014				NO. OF SHARES HELD AS ON MARCH 31, 2015				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	NIL	50,000	50,000	100%	NIL	50,000	50,000	100%	NIL
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	50,000	50,000	100%	NIL	50,000	50,000	100%	NIL

(ii) Shareholding of Promoters

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AS ON OCTOBER 21, 2014			SHAREHOLDER'S NAME	SHARE HOLDING AS ON MARCH 31, 2015*		
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES
1.	IDFC Limited	49,940	99.88%	NIL	IDFC Financial Holding Company Limited	49,940	99.88%	NIL
2.	IDFC Limited jointly with Mr. Mahendra N Shah	10	0.02%	NIL	IDFC Financial Holding Company Limited jointly with Mr. Mahendra N Shah	10	0.02%	NIL
3.	IDFC Limited jointly with Mr. Sunil Kakar	10	0.02%	NIL	IDFC Financial Holding Company Limited jointly with Mr. Sunil Kakar	10	0.02%	NIL
4.	IDFC Limited jointly with Mr. Vikram Limaye	10	0.02%	NIL	IDFC Financial Holding Company Limited jointly with Mr. Vikram Limaye	10	0.02%	NIL
5.	IDFC Limited jointly with Dr. Rajeev Uberoi	10	0.02%	NIL	IDFC Financial Holding Company Limited jointly with Dr. Rajeev Uberoi	10	0.02%	NIL
6.	IDFC Limited jointly with Mr. Bipin Gemani	10	0.02%	NIL	IDFC Financial Holding Company Limited jointly with Mr. Bipin Gemani	10	0.02%	NIL
7.	IDFC Limited jointly with Mr. Ketan Kulkarni	10	0.02%	NIL	IDFC Financial Holding Company Limited jointly with Mr. Ketan Kulkarni	10	0.02%	NIL
Total		50,000	100%	NIL		50,000	100%	NIL

* On December 26, 2014, the entire equity stake of IDFC Bank which was held by IDFC was transferred to IDFC Financial Holding Company Limited, thereby making IDFC Bank wholly owned subsidiary of IDFC Financial Holding Company Limited.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SR. NO.		SHAREHOLDING AS ON OCTOBER 21, 2014		CUMULATIVE SHAREHOLDING DURING THE PERIOD	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	At the beginning of the year	50,000	100%	50,000	100%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	(50,000)*	(100%)	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

* On December 26, 2014, the entire equity stake of IDFC Bank which was held by IDFC was transferred to IDFC Financial Holding Company Limited, thereby making IDFC Bank wholly owned subsidiary of IDFC Financial Holding Company Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SR. NO.	FOR EACH OF THE TOP 10 SHAREHOLDERS	SHAREHOLDING AS ON OCTOBER 21, 2014		CUMULATIVE SHAREHOLDING DURING THE PERIOD	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	At the beginning of the year	NOT APPLICABLE			
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc)				
3.	At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

SR. NO.	SHAREHOLDING AS ON OCTOBER 21, 2014		CUMULATIVE SHAREHOLDING DURING THE PERIOD	
	FOR EACH OF THE DIRECTORS AND KMP	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES % OF TOTAL SHARES OF THE COMPANY
1.	At the beginning of the year			
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):		NIL	
3.	At the end of the year			

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

IN ₹

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction		NIL		
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/ MANAGER	TOTAL AMOUNT
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		
2.	Stock Option	NOT APPLICABLE	
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- others, specify		
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

Form No. MGT-9 Extract of Annual Return

ANNEXURE I

B. Remuneration to other directors:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS	TOTAL AMOUNT
1.	Independent Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2.	Other Non-Executive Directors	NIL	
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B) = (1 + 2)		
	Overall Ceiling as per the Act		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD.

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			
		CEO	CFO	COMPANY SECRETARY	TOTAL
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961				
2.	Stock Option	NOT APPLICABLE	NOT APPLICABLE	NIL	NIL
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify...				
5.	Others, please specify				
	Total				

VII. 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. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Independent Auditors' Report

TO THE MEMBERS OF IDFC BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of IDFC BANK LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period from October 21, 2014 (date of incorporation) to March 31, 2015, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the period from October 21, 2014 (date of incorporation) to March 31, 2015.

Emphasis of Matter

We draw attention to the Note 15 to the financial statement which indicates that its net worth has been fully eroded, the Company has incurred a net loss during the current period and the Company's current liability exceeded its current assets as at balance sheet date. However, for the reasons indicated in the said note the accounts are prepared on a going concern basis.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 Company so far as it appears from our examination of those books.

Independent Auditors' Report

- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditors' 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 Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

FOR DELOITTE HASKINS AND SELLS

Chartered Accountants
(Registration No. 117365W)

ZUBIN SHEKARY

Partner
(Membership No. 48814)

Mumbai, April 29, 2015

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) According to the information and explanations given to us, the Company does not have any fixed assets. Therefore, the provisions paragraph 3(i) of the Order are not applicable to the Company.
- (ii) According to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories. Therefore, the provisions of paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system. According to the information and explanations given to us, the Company does not hold inventories nor is it engaged in the sale of goods.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including income tax, service tax and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, there were no amounts payable on account of provident fund, employees' state insurance, sales tax, wealth tax, duty of customs, duty of excise, value added tax and cess during the year.
 - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Service Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
 - (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Company is not registered for more than 5 years as on the Balance Sheet date. Therefore, the provisions of paragraph 3(viii) of the Order are not applicable to the Company.
- (ix) According to information and explanations given to us, there were no dues payable by the Company to financial institutions or banks or debenture holders during the year. Therefore, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of paragraph 3(x) of the Order are not applicable to the Company.
- (xi) According to the information and explanations given to us, during the year, the Company has not availed of any term loan from financial institutions. Therefore, the provisions of paragraph 3(xi) of the Order are not applicable to the Company.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

ZUBIN SHEKARY

Partner
(Membership No. 48814)

Mumbai, April 29, 2015

Balance Sheet

AS AT MARCH 31, 2015

	NOTES	AS AT MARCH 31, 2015 ₹	AS AT MARCH 31, 2015 ₹
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share capital	3	500,000	
(b) Reserves and surplus	4	(25,848,802)	(25,348,802)
CURRENT LIABILITIES			
(a) Trade payables	5		51,180
(b) Other current liabilities	6		25,806,097
TOTAL			508,475
ASSETS			
NON-CURRENT ASSETS			
(a) Deferred tax asset	7		8,700
CURRENT ASSETS			
(a) Cash and bank balances	8		499,775
TOTAL			508,475

See accompanying notes forming part of the financial statements.

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

ZUBIN SHEKARY
Partner
(Membership No. 48814)

Mumbai | April 29, 2015

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC BANK LIMITED

ANIL BAIJAL
Director

RAJIV LALL
Director

MAHENDRA N. SHAH
Company Secretary

Statement of Profit and Loss

FOR THE PERIOD FROM OCTOBER 21, 2014
(DATE OF INCORPORATION) TO MARCH 31, 2015

		OCTOBER 21, 2014 TO MARCH 31, 2015
		NOTES
		₹
I	INCOME	
	Other income	—
	TOTAL INCOME (I)	—
II	EXPENSES	
	Other expenses	9 25,857,502
	TOTAL EXPENSES (II)	25,857,502
III	LOSS BEFORE TAX (I - II)	(25,857,502)
IV	TAX EXPENSE	
	Current tax	—
	Deferred tax	(8,700)
	TOTAL TAX EXPENSES (IV)	(8,700)
V	LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS (III - IV)	(25,848,802)
	EARNINGS PER EQUITY SHARE (NOT ANNUALISED) (NOMINAL VALUE OF SHARE ₹ 10 EACH)	13
	Basic (₹)	(1,164.79)
	Diluted (₹)	(1,164.79)

See accompanying notes forming part of the financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC BANK LIMITED

ZUBIN SHEKARY

Partner
(Membership No. 48814)

ANIL BAIJAL

Director

RAJIV LALL

Director

MAHENDRA N. SHAH

Company Secretary

Mumbai | April 29, 2015

Cash Flow Statement

FOR THE PERIOD FROM OCTOBER 21, 2014
(DATE OF INCORPORATION) TO MARCH 31, 2015

		OCTOBER 21, 2014 TO MARCH 31, 2015
		NOTES ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
LOSS BEFORE TAX FOR THE PERIOD		(25,857,502)
Adjustment for changes in working capital:		
Adjustments for increase in operating liabilities:		
Trade payables		51,180
Current liabilities		25,806,097
NET CASH USED IN OPERATING ACTIVITIES	(A)	(225)
B. CASH FLOW FROM INVESTING ACTIVITIES		
NET CASH FROM INVESTING ACTIVITIES	(B)	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital		500,000
NET CASH FROM FINANCING ACTIVITIES	(C)	500,000
Net increase/(decrease) in cash and cash equivalents	(A + B + C)	499,775
Cash and cash equivalents as at the beginning of the period.	8	-
Cash and cash equivalents as at the end of the period.	8	499,775

See accompanying notes forming part of the financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC BANK LIMITED

ZUBIN SHEKARY
Partner
(Membership No. 48814)

ANIL BAIJAL
Director

RAJIV LALL
Director

Mumbai | April 29, 2015

MAHENDRA N. SHAH
Company Secretary

01 Background

IDFC Bank Limited ('the Company') is a public company, incorporated in India on October 21, 2014. The Company is a wholly owned subsidiary of IDFC Financial Holding Company Limited.

02 Significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ('the 2013 Act') / Companies Act, 1956 ('the 1956 Act'), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

IDFC Limited has received in principle approval for Banking business in April 2014. IDFC Bank Limited is a company formed under the Companies Act, 2013 to carry out the banking operations. IDFC Bank Limited is currently not registered as a Bank under the Reserve Bank of India Act, 1934 (the 'RBI Act') and hence compliance and disclosure requirements under the RBI Act for Banks has not been followed.

(b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest Income is accounted on accrual basis.
- Dividend is accounted on accrual basis when the right to receive is established.
- Profit / loss earned on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the FIFO cost for current investments and weighted average cost for long term investments.

(e) Taxes on income

Income tax expense comprises of current income tax and deferred tax. Current tax is the amount payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. The accounting treatment for income-tax in respect of the Company's income is based on Accounting Standard 22 on 'Accounting for Taxes on Income' as specified under section 133 of Companies Act, 2013 read with Rule 7 of Companies Rules, 2014. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year arising on account of timing differences are recognised in the Statement of Profit and Loss and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(f) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Notes forming part of the Financial Statements

AS AT AND FOR THE PERIOD ENDED MARCH 31, 2015

(g) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(h) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(i) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and 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 their present value and are determined based on the 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. Contingent liabilities if any, are disclosed in the notes. Contingent assets are not recognised in the financial statements.

(j) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(k) Preliminary Expenses

Preliminary expenses incurred before the commencement of the business are expensed in the year in which they are incurred.

03 Share capital

	AS AT MARCH 31, 2015	
	NUMBER	₹
AUTHORISED SHARES		
Equity shares of ₹ 10 each	5,000,000,000	50,000,000,000
ISSUED, SUBSCRIBED & FULLY PAID-UP SHARES		
Equity shares of ₹ 10 each	50,000	500,000
(All of above shares are held by IDFC Financial Holding Company Limited and its nominees)		
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		500,000

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period.

	AS AT MARCH 31, 2015	
	NUMBER	₹
Outstanding at the beginning of the period	—	—
Issued during the period	50,000	500,000
Outstanding at the end of the period	50,000	500,000

(b) Terms / rights attached to equity shares

- The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

(c) Details of Shareholders holding more than 5% of the shares in the Company

NAME OF EQUITY SHAREHOLDERS	AS AT MARCH 31, 2015	
	NUMBER	% OF HOLDING
IDFC Financial Holding Company Limited and its nominees	50,000	100%

04 Reserves and surplus

AS AT MARCH 31, 2015	
₹	
DEFICIT IN THE STATEMENT OF PROFIT AND LOSS	
Opening balance	-
Loss for the period	(25,848,802)
Closing balance	(25,848,802)

05 Trade payables

AS AT MARCH 31, 2015	
₹	
Provision for expenses	51,180
TOTAL	51,180

06 Other current liabilities

AS AT MARCH 31, 2015	
₹	
Statutory dues	5,000
Intercompany payables (see note 12)	25,801,097
TOTAL	25,806,097

07 Deferred tax asset

AS AT MARCH 31, 2015	
₹	
Deferred tax asset	8,700
TOTAL	8,700

08 Cash and bank balances

AS AT MARCH 31, 2015	
₹	
CASH AND CASH EQUIVALENTS	
Balance with bank:	
In current account	499,775
TOTAL	499,775

09 Other expenses

OCTOBER 21, 2014 TO MARCH 31, 2015	
₹	
Preliminary expenses written off (see note 14)	25,710,669
Printing & Stationary	42,525
Professional Fees	17,977
Auditors' remuneration*	84,270
Miscellaneous expenses	2,061
TOTAL	25,857,502
*Breakup of Auditors' remuneration	
Audit fee	50,000
Other services	25,000
Service tax	9,270
TOTAL	84,270

10 Provisions & Contingencies

- a. There are no litigations claims made by the Company or pending on the Company.
- b. Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company 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 Company recognises any impairment loss on the assets associated with that contract.

11 The Company is yet to commence its commercial operations. Accordingly, there are no separate reportable segments as per Accounting Standard 17 on 'Segment Reporting' as specified u/s 133 of Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

12 As per Accounting Standard 18 on 'Related Party Disclosures' as specified u/s 133 of Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

Holding Company:

IDFC Limited (Upto December 25, 2014)

IDFC Financial Holding Company Limited (w.e.f. December 26, 2014)

The nature and volume of transactions carried out with the above related party in the ordinary course of business is as follows:

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP	Particulars	MARCH 31, 2015 ₹
IDFC Limited	Intercompany payable	25,801,097
	Proceeds from issue of equity share capital*	500,000

*Subsequently IDFC Bank's shares were purchased by IDFC Financial Holding Company Limited.

13 In accordance with Accounting Standard 20 on 'Earnings Per Share' as specified u/s 133 of Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

PARTICULARS	CURRENT PERIOD
Loss after tax (₹)	(25,848,802)
Weighted average number of equity shares (Nos.)	22,192
Basic & diluted earnings per share (₹)	(1,164.79)
Nominal value per share (₹)	10

14 Preliminary expenses [see note 2(k)]

Breakup of the Preliminary expenses are as under:

PARTICULARS	CURRENT PERIOD ₹
Notary	1,725
Franking	1,540
Form Inc-1 Fees	2,000
Stamp Duty	520
Registration Fees	25,002,400
Others	562,034
Professional Fees	140,450
	25,710,669

Notes forming part of the Financial Statements

AS AT AND FOR THE PERIOD ENDED MARCH 31, 2015

15 The Company has a negative net worth as at March 31, 2015 however, the accounts of the Company have been prepared on going concern basis, since the ultimate parent company IDFC Limited has committed to infusion of funds and other support as necessary in accordance with the corporate restructuring plan for the IDFC group approved by the Board of Directors of IDFC Limited in the meeting dated October 30, 2014. This demonstrates the ability and intention of the Company to continue as a going concern.

16 Since the Company was incorporated on October 21, 2014 this is the first accounting period of the Company. Accordingly there are no comparative figures.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

ZUBIN SHEKARY
Partner
(Membership No. 48814)

Mumbai | April 29, 2015

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC BANK LIMITED

ANIL BAIJAL
Director

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