

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
IDFC FIRST BANK LIMITED (formerly, IDFC BANK LIMITED)**

1. We have audited the accompanying Statement of Consolidated Financial Results of **IDFC FIRST BANK LIMITED** (formerly, IDFC BANK LIMITED) (the "Bank")/ and its subsidiary (the Bank and its subsidiary together referred to as "the Group"), and its share of the loss of its associate for the year ended 31 March 2019 ("the Statement") being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. This Statement, which is the responsibility of the Banks's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which is in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in paragraph 5 below, is sufficient and appropriate to provide a basis for our audit opinion



Deloitte Haskins & Sells

4. 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 reports of the other auditors on separate financial statements and the other financial information of subsidiary and associate referred to in paragraphs 5 below, the Statement:
- includes the results of the following entities:
Subsidiary: IDFC FIRST Bharat Limited
Associate: Millennium City Expressways Private Limited
 - is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net loss and other financial information of the Group for the year ended 31 March 2019.
5. We did not audit the financial statements of one subsidiary, included in the consolidated financial results, whose financial statements reflect total assets of Rs. 20,548.86 lacs as at 31 March 2019, total revenues of Rs. 26,202.04 lacs for the year ended 31 March 2019 and total profit after tax of Rs. 3,629.84 lacs for the year ended on that date, as considered in the consolidated financial results.
6. The consolidated financial results also includes the Group's share of loss after tax of Rs. 2,786.25 lacs for the year ended 31 March 2019, as considered in the consolidated financial results, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the Management.

7. The audit of special purpose financial information of Capital First Limited and its subsidiaries Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") as at and for the period ended 30 September 2018, as considered for the merger accounting as on the appointed date, was carried out by the statutory auditors of the CFL Group.

Our opinion is not modified in respect of this matter.

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



Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, 10 May 2019



IDFC FIRST Bank Limited (Formerly IDFC Bank Limited)

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu
CIN : L65110TN2014PLC097792

Statement of Audited Financial Results for the year ended March 31, 2019 (Consolidated)

(₹ in lakhs)

| Sr. No. | Particulars | Year ended | Year ended |
|---------|--|--------------------|-------------------|
| | | 31.03.2019 | 31.03.2018 |
| | | (Audited) | (Audited) |
| 1 | Interest Earned (a)+(b)+(c)+(d) | 1220401.64 | 909847.23 |
| | (a) Interest / discount on advances / bills | 808097.57 | 489012.00 |
| | (b) Income on investments | 390565.35 | 404130.69 |
| | (c) Interest on balances with Reserve Bank of India and other inter- bank funds | 2318.68 | 901.37 |
| | (d) Others | 19420.04 | 15803.17 |
| 2 | Other Income | 93864.34 | 111987.43 |
| 3 | TOTAL INCOME (1+2) | 1314265.98 | 1021834.66 |
| 4 | Interest Expended | 874324.14 | 712596.28 |
| 5 | Operating Expenses (i) + (ii) + (iii) | 349128.91 | 179690.66 |
| | (i) Employees cost | 127937.48 | 78638.00 |
| | (ii) Depreciation on group's property | 22097.02 | 16821.36 |
| | (iii) Other operating expenses | 199094.41 | 84231.30 |
| 6 | TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies) | 1223453.05 | 892286.94 |
| 7 | Operating Profit (3-6) (Profit Before Provisions and Contingencies) | 90812.93 | 129547.72 |
| 8 | Provisions (other than tax) and Contingencies (Net) | 151835.36 | 16030.56 |
| 9 | Exceptional Items (refer note 7) | 259934.67 | - |
| 10 | Profit / (Loss) from Ordinary Activities before tax (7-8-9) | (320957.10) | 113517.16 |
| 11 | Tax Expense | (132955.37) | 17969.10 |
| 12 | Net Profit / (Loss) from Ordinary Activities after tax (10-11) | (188001.73) | 95548.06 |
| 13 | Extraordinary Items (Net of tax expense) | - | - |
| 14 | Net Profit / (Loss) for the year (12-13) (refer note 7) | (188001.73) | 95548.06 |
| 15 | Share in loss of Associate | (2786.25) | (7556.59) |
| 16 | Consolidated Net Profit / (Loss) for the year (14+15) | (190787.98) | 87991.47 |
| 17 | Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5 & 10) | 478167.64 | 340407.49 |
| 18 | Reserves excluding Revaluation Reserves | 1341768.74 | 1187003.12 |
| 19 | Analytical Ratios (refer note 11) | | |
| | Earnings per share (EPS) for the year (before and after extraordinary items) (refer note 5 & 10) | | |
| | - Basic (₹) | (4.66) | 2.59 |
| | - Diluted (₹) | (4.63) | 2.58 |

Consolidated Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Group is as under :

(₹ in lakhs)

| Sr. No. | Particulars | Year ended | Year ended |
|---------|--|--------------------|--------------------|
| | | 31.03.2019 | 31.03.2018 |
| | | (Audited) | (Audited) |
| 1 | Segment Revenue | | |
| | a Treasury | 655268.25 | 648590.99 |
| | b Wholesale Banking | 467171.63 | 435858.18 |
| | c Retail Banking | 424161.34 | 95977.44 |
| | d Other Banking Business | 2105.82 | 803.63 |
| | e Unallocated | 3486.42 | 4117.58 |
| | Total Segment Revenue | 1552193.46 | 1185347.82 |
| | Add/(Less) : Inter Segment Revenue | (237927.48) | (163513.16) |
| | Income from Operations | 1314265.98 | 1021834.66 |
| 2 | Segment Results After Provisions & Before Tax | | |
| | a Treasury | (14809.70) | 112374.36 |
| | b Wholesale Banking | 53286.89 | 83475.94 |
| | c Retail Banking | (36973.08) | (30274.69) |
| | d Other Banking Business | 746.61 | (211.36) |
| | e Unallocated | (323207.82) | (51847.09) |
| | Total Profit Before Tax and Earnings from Associates | (320957.10) | 113517.16 |
| 3 | Segment Assets | | |
| | a Treasury | 7239467.97 | 6917649.15 |
| | b Wholesale Banking | 4555751.24 | 4532599.05 |
| | c Retail Banking | 4508142.94 | 929471.91 |
| | d Other Banking Business | 748.92 | 709.11 |
| | e Unallocated | 405782.32 | 257770.00 |
| | Total Segment Assets | 16709893.39 | 12638199.22 |
| 4 | Segment Liabilities | | |
| | a Treasury | 6251595.81 | 5891842.17 |
| | b Wholesale Banking | 4344210.07 | 4344879.54 |
| | c Retail Banking | 4270051.53 | 861544.52 |
| | d Other Banking Business | 957.98 | 211.36 |
| | e Unallocated | 23141.62 | 12311.02 |
| | Total Segment Liabilities | 14889957.01 | 11110788.61 |
| 5 | Capital Employed (Segment Assets - Segment Liabilities) | 1819936.38 | 1527410.61 |

Business segments have been identified and reported taking into account the target customer profile, the nature of products, the organisation structure, internal business reporting system and the guidelines prescribed by the Reserve Bank of India ('the RBI').



Notes:

- 1 Consolidated Statement of Assets and Liabilities of the Group as at March 31, 2019 and March 31, 2018 is given below :

(₹ in lakhs)

| Particulars | As at | As at |
|--|--------------------|--------------------|
| | 31.03.2019 | 31.03.2018 |
| | (Audited) | (Audited) |
| CAPITAL AND LIABILITIES | | |
| Capital (refer note 5 & 10) | 478167.64 | 340407.49 |
| Reserves and surplus | 1341768.74 | 1187003.12 |
| Deposits | 7035359.07 | 4803944.14 |
| Borrowings | 6998339.02 | 5728706.54 |
| Other liabilities and provisions | 856258.92 | 578137.93 |
| TOTAL | 16709893.39 | 12638199.22 |
| ASSETS | | |
| Cash and balances with Reserve Bank of India | 410093.21 | 302109.87 |
| Balances with banks and money at call and short notice | 542522.13 | 185571.75 |
| Investments | 5824522.91 | 6090441.80 |
| Advances | 8630228.59 | 5216488.81 |
| Fixed Assets | 97404.09 | 80025.91 |
| Other Assets | 1205122.46 | 763561.08 |
| TOTAL | 16709893.39 | 12638199.22 |

- 2 The above results represent the consolidated financial results for IDFC FIRST Bank Limited ('the Bank' or 'Holding company'), its subsidiary and an associate constituting the 'Group'. The above results were reviewed by the Audit Committee and approved by the Board of Directors on May 10, 2019. There are no qualifications in the auditor's report for the year ended March 31, 2019. The information presented above is extracted from the audited financial statements.
- 3 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 results 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.
- 4 The consolidated financial results are prepared in accordance with the provisions of the Banking Regulation Act, 1949, Generally Accepted Accounting Principles in India, Accounting Standard (AS) 21 'Consolidated Financial Statement' and Accounting Standard (AS) 23 'Accounting for Investment in Associates in Consolidated Financial Statement' specified under Section 133 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to banks, and the guidelines issued by the RBI.
- 5 The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited ('Merging entities') with erstwhile 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 merging entity for the period October 1, 2018 to March 31, 2019. The Holding company has sought dispensation from the Reserve Bank of India to grandfather certain operational aspects of financial products which were permitted to erstwhile Capital First Limited as Non Banking Financial Company (NBFC).
- The Board of Directors of the Holding company at its meeting held on January 5, 2019 had approved the allotment of 137,71,09,057 equity shares of face value of ₹ 10 each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date of December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the scheme. Accordingly, issued and paid up equity share capital of the Holding company increased to ₹ 4,781.52 crore (478,15,21,604 equity shares of ₹10 each).
- 6 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. Also pursuant to approval of Central Government - Ministry of Corporate affairs, the name of its subsidiary IDFC Bharat Limited has been changed to IDFC FIRST Bharat Limited with effect from April 29, 2019.
- 7 The IDFC - CFL Merger has been accounted under the purchases method as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Holding company issued 137,71,09,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

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



- 8 The Board of Directors of the Bank have not proposed dividend for the year ended March 31, 2019 (Previous Year ₹ 0.75 per share).
- 9 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC.80/21/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : <http://www.idfcbank.com/regulatory-disclosures.html>. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.
- 10 During the year ended March 31, 2019, the holding company has issued 4,92,450 equity shares of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.
- 11 Analytical ratios are part of standalone financial results available on the Bank's website (www.idfcbank.com) and on the Stock Exchange websites (www.nseindia.com and www.bseindia.com).
- 12 The figures for the previous year have been regrouped wherever necessary, in order to make them comparable.
- 13 The Group has followed the same significant accounting policies in the preparation of these financial results as those followed in the annual financial statements for the year ended March 31, 2018.

In terms of our report attached



Date: May 10, 2019
Place: Mumbai

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



V. Vaidyanathan
Managing Director & CEO

