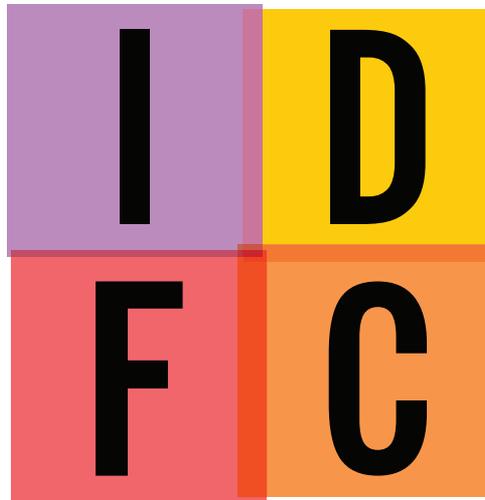


**A BANK
FOR A NEW INDIA**



IDFC BANK

2ND ANNUAL REPORT 2015-2016

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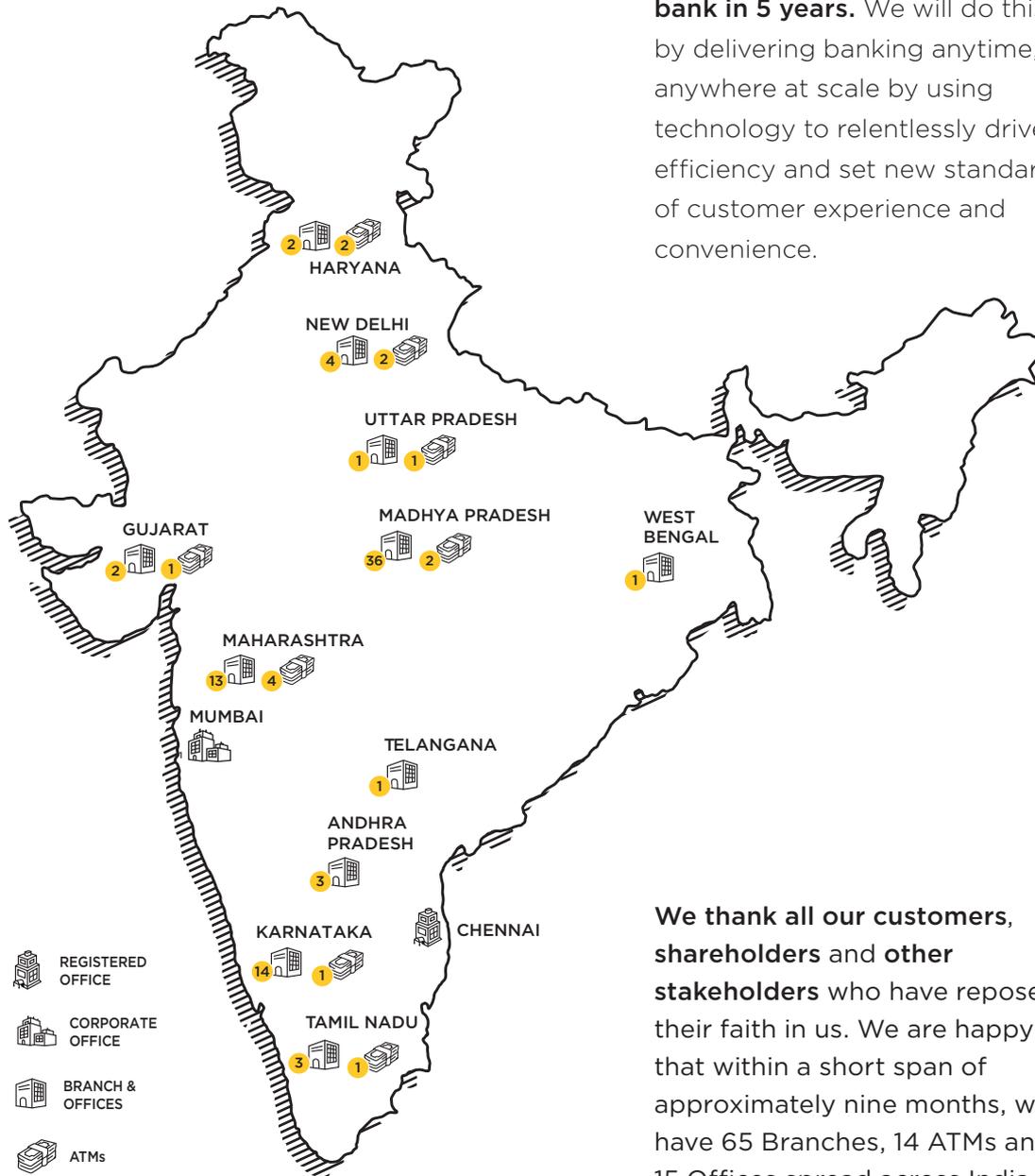
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NOTICE

WE HAVE RE-IMAGINED THE BASICS OF BANKING

As an institution, we are committed to serve all stakeholders that include our customers, community, country & colleagues.

Our vision for IDFC Bank is to transform it into a mass retail bank in 5 years. We will do this by delivering banking anytime, anywhere at scale by using technology to relentlessly drive efficiency and set new standards of customer experience and convenience.



We thank all our customers, shareholders and other stakeholders who have reposed their faith in us. We are happy that within a short span of approximately nine months, we have 65 Branches, 14 ATMs and 15 Offices spread across India.

**SAVE PAPER,
SAVE TREES,
SAVE THE EARTH.**

300,000+ Shareholders have already asked for a paperless annual report. Join them and save paper. Just drop us an e-mail.



The Companies Act, 2013, as a part of Green Initiative, allows companies to go for paperless compliances by sending Notice, Annual Report and other related documents by e-mail to its Shareholders. Many of the Shareholders have registered their e-mail address and we thank them for the same. Shareholders, who have not registered their e-mail address so far, may, as a support to this initiative, register their e-mail address by sending an e-mail to 'bank.info@idfcbank.com' quoting their Name, Folio No. / DP ID / Client ID and e-mail address to be registered with us for enabling us to send documents in electronic form.

Also, registering your e-mail address with us will ensure that we directly connect with you and no important communication from our side is missed by you as a Shareholder of the Bank.

AWARDS & ACCOLADES



INTERNET BANKING PLATFORM AWARDED FOR PRODUCT INNOVATION BY GLOBAL FINANCE MAGAZINE

IDFC Bank's Corporate Internet Banking Platform BXP, has been recognized with 'The Innovators 2016' Awards by the highly respected Global Finance magazine.



MICRO ATM AWARDED NETAPP INNOVATION AWARD 2016

IDFC Bank has won the 'NetApp Innovation Award 2016' for its innovative concept of Micro ATM, which is set to transform rural banking.

AWARDED 'BEST HR & TALENT PRACTICES' BY BANKING FRONTIERS

IDFC Bank was named as the bank with 'Best HR & Talent Practices' among private sector banks by the Banking Frontiers magazine, at its Inspiring Workplaces 2015 event.



AWARDED 'INDIA BOND HOUSE' 2015 BY IFR ASIA

IDFC Bank was named the 'India Bond House' for the year 2015, by International Financing Review Asia ('IFR Asia'). The award validates the strength of IDFC Bank's Debt Capital Market ('DCM') business in creating landmark transactions.





CHAIRMAN'S STATEMENT

I deem it a privilege to address my first message to the shareholders of IDFC Bank, as the Chairman of the Board of Directors. I have been associated with the IDFC Limited, as Chairman of the IDFC Foundation for the last 5 years. The IDFC Group has played a leading role in the nation's infrastructure development through its multiple financial entities. As we now embark on the journey of building a bank, we will continue our agenda of nation building and develop a truly universal bank that serves the interests of all segments of society.

Fiscal 2016 was truly historic for us. It witnessed the creation of IDFC Bank on October 01, 2015 and its formal inauguration by the Hon'ble Prime Minister, Shri Narendra Modi, on October 19, 2015, at an event in New Delhi.

The timing of the Bank launch seems to be opportune. India is well placed in the global context of uncertain and slowing growth, albeit some distance away from achieving its full potential. The confluence of the trinity of JAM (Jan Dhan, Aadhaar and mobile technology), increasing models of payment platforms and FinTech has

As we now embark on the journey of building a bank, we will continue our agenda of nation building and develop a truly universal bank that serves the interests of all segments of society.

transformational potential for delivery of financial services at affordable costs to disadvantaged and low-income segments of society. And herein we see an opportunity to re-imagine banking and deliver innovative solutions to customers across businesses.

We will focus on a calibrated organic growth of branch network across India. As of the last financial year, our Bank had 60 branches, 45 of which are in the underbanked / unbanked areas of Madhya Pradesh and Karnataka.

As a new age bank, our efforts are to leverage the digital space and use technology to deliver banking to our customers in a simple and transparent manner. Customers can now speak to trained bankers 24x7, through our Banker-on-Call facility, instead of IVRs. The Bank's micro-ATMs, positioned outside the branches, function like a Bank in a Box, enabling customers of all banks to carry out transactions any time any where.

Customer response to our products and offerings in the last few months has been very encouraging. Feedback on

our internet portal for corporate banking customers, branch design, Banker-on-Call, seamless opening of savings account - based on Aadhaar, micro-ATMs and many other products and services has been very positive. Such feedback and response give us the confidence that we are on the right path to fulfil our vision.

On behalf of the Board of Directors, I want to assure you that we are committed to providing the highest standards of governance and to ensure this, all the systems, procedures and structures of good governance have been put in place. Your Board comprises eminent members drawn from diverse backgrounds; requisite Board Committees have been constituted; and policy framework and operating procedures needed for smooth banking operations have been laid down. The Bank is extremely well capitalised and is ideally placed to take advantage of available opportunities. The Executive Committee of the Bank under the proven leadership of the Founder Managing Director & CEO has developed a robust strategy for the build out of the Bank.

Your Bank is fully committed to its remit of Corporate Social Responsibility in letter and spirit of the extant law. It will continue to focus on sustainable and outcome based programmes through the platform of IDFC Foundation.

I thank you all the esteemed shareholders in facilitating a complex but successful transition to IDFC Bank. I look forward to your continued support and guidance, as we march ahead to fulfil the vision of our Bank.



Anil Baijal

Independent Non-Executive Chairman



FOUNDER MD & CEO'S STATEMENT

Our vision for IDFC Bank is to transform it into a mass retail bank in 5 years. Credible partnerships will play a key role in this. Through partnerships, we intend delivering banking products and solutions across networks and customers that are not necessarily owned by us.



Over the last two years, the Government has taken several steps to ensure a steady revival in economic growth. The positive implications of its proactive steps were visible in the country's stable macroeconomic fundamentals for the fiscal 2016, which were further supported by a comfortable current account deficit, manageable fiscal deficit and low crude prices.

In its continued pursuit of fiscal consolidation, the Government has set a fiscal deficit target of 3.5% of GDP for FY17. Against such a backdrop, the easing of monetary policy will hinge on domestic and international factors, with inflation and monsoons playing a key role.

In the recent Union Budget of February 2016, the Government spelt out its agenda for transforming India, a key component of which is a significant step up in public investments in rural India, and in social and physical infrastructure. Public investment in infrastructure and energy is likely to go up to ₹ 246,246 crore in FY17

from ₹ 180,610 crore in FY16. A large share of this is to be directed to roads and railways with a view to enhancing efficiency in transportation of goods, thereby reducing the cost of logistics. Government investment in agriculture and irrigation has also been increased from ₹ 25,988 crore in FY16 to ₹ 54,212 crore in FY17. The expectation is that this should help improve the productivity of the farm sector, which is prone to droughts. Apart from this, the Government is expected to invest ₹ 25,000 crore during the year to recapitalize PSU banks. This will be critical for shoring up overall credit given that PSU banks still account for more than 70% of the system's total advances. The combined effect of these measures along with the Government's ambitious initiatives to liberalize our FDI regime, should improve the business climate restore some momentum to private corporate investment and strengthen the country's growth outlook.

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

For IDFC Bank, FY16 has been historic with the launch of the Bank by the Hon'ble Prime Minister Shri Narendra Modi in October 2015. We launched with 23 branches and a state-of-the-art digital banking platform. We are among the few banks to start wholesale and retail operations simultaneously in line with our stated position of being a universal bank. Soon after launch, in November 2015, the Bank was also listed on the BSE Limited and National Stock Exchange of India Limited demonstrating our robust commitment to Corporate Governance.

In our maiden half year of banking operations, IDFC Bank reported a profit before tax of ₹ 625 crore and after providing income tax of ₹ 218 crore, the net profit after tax stood at ₹ 407 crore for the half year ended March 31, 2016. The Bank is extremely well capitalized and has a AAA credit rating.

Our aim is to build an institution that stands the test of time and is committed to serving all stakeholders. We are committed to take forward the IDFC legacy - of serving the nation. A Bank that goes much beyond servicing just the needs of the country's infrastructure sector, being our historical sector of focus, to focus particularly on the needs of mid-market, small business, the self-employed and the wider retail customer base in our cities and in underserved communities of rural India.

Our banking activities will allow us to serve the full range of financial needs of a more diversified client base, while also enabling us to serve our infrastructure clients better. We look upon the large segments of the economy that are under-penetrated from a financial services perspective as an opportunity for us to deliver stable earnings growth for shareholders.

Our vision for IDFC Bank is to transform it into a mass retail bank in 5 years. Credible partnerships will play a key role in this. Through partnerships we intend delivering banking products and solutions across networks and customers that are not necessarily owned by us. Our partnership with ASA India, an MFI, is one such example. We will leverage its network across north-east India, north Bengal and Bihar to complement its asset offerings, source liabilities and facilitate remittances.

Our consumer banking foray is currently focused on the top 5-8 cities to deliver a multi-channel user friendly access to customers that relies on fewer physical branches. Our "click-and-mortar" model combines state of the art branches with an easy-to-use digital platform and 'Banker on Call' services. Digital marketing, acquisition and servicing will be a thrust area.

Our Bharat Banking business aims to deliver banking anywhere, anytime in a simple, 'no-nonsense' way. Its unique concept involves creating hub branches with an ecosystem of access points and an ambulatory sales force. This unique distribution model is intended to

substantially increase financial access in India's vast hinterland.

Solutions through technology for simplicity and transparency for customers are the underlying theme for all our banking products and solutions. Be it our internet portal for our corporate banking customers or our Banker-on-Call or our Straight-Through-Process ('STP') for account opening for customers having an Aadhar number or internet banking for urban consumers or the bank-in-a-box offering called a micro-ATM; customer feedback on all of these has been extremely encouraging. This initial positive feedback on differentiating through simplicity and transparency, gives us a lot of confidence that we will fulfil our vision of transforming into a mass retail bank in 5 years.

We have made significant progress in the first six months of launch on the back of our investments in people and technology. We believe these two pillars are the cornerstone to help us deliver a differentiated superior customer experience.

In line with our nation building purpose, the Bank's staff is closely involved in implementing IDFC Foundation's community engagement initiatives at locations where the intervention is in the vicinity of its branches. To engage with the local communities, IDFC Foundation in conjunction with the Bank has identified requirements such as digital education for children, vision care, and cattle care for livelihood enhancement.

There is a wave of transformation happening across the economy and the banking industry. Being a new Bank we are extremely well poised to leverage the opportunities that this presents. As we embark on this exciting journey, I look forward to the cooperation of our stakeholders and wish to sincerely thank the entire IDFC Bank staff and our shareholders for their contribution and support.



Rajiv B. Lall
Founder Managing Director & CEO



COMPANY INFORMATION

CIN: U65110TN2014PLC097792
Website: www.idfcbank.com
E-mail: bank.info@idfcbank.com

**Company Secretary &
Chief Compliance Officer**

Mr. Mahendra N. Shah

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants

Solicitors & Advocates

Shardul Amarchand Mangaldas & Co.
AZB & Partners
Wadia Ghandy & Co.

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 7018
Fax: +91 22 6631 1776

Registrar & Transfer Agents

Karvy Computershare Private Limited
Unit: IDFC Bank Limited
Karvy Selenium Tower B,
Plot No 31 & 32, Gachibowli,
Financial District,
Nanakramguda, Serilingampally,
Hyderabad - 500 032
Telangana, India.
Tel: +91 40 6716 2222
Fax: +91 40 2342 0814
Toll Free: 1800 345 4001

BANK'S OFFICES

Registered Office

KRM Tower, 8th Floor,
No. 1 Harrington Road, Chetpet,
Chennai - 600 031
Tamil Nadu, India.
Tel: +91 44 4564 4000
Fax: +91 44 4564 4022

Corporate Office

Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra East,
Mumbai - 400 051
Maharashtra, India.
Tel: +91 22 4222 2000
Fax: +91 22 2654 0354

BOARD OF DIRECTORS



MR. ANIL BAIJAL
Independent
Non-Executive Chairman



DR. RAJIV B. LALL
Founder Managing
Director & CEO



MR. ABHIJIT SEN
Independent Director



MR. AJAY SONDHI
Independent Director



DR. ASHOK GULATI
Independent Director



MR. RAJAN ANANDAN
Additional Director
(Independent Director)



MS. VEENA MANKAR
Independent Director



MR. VIKRAM LIMAYE
Nominee Director
IDFC Limited



MR. VINOD RAI
Nominee Director
IDFC Limited

CORE MANAGEMENT TEAM



DR. RAJIV B. LALL
Founder Managing
Director & CEO



MR. AJAY MAHAJAN
Head - Commercial &
Wholesale Banking



MR. ANIMESH KUMAR
Head - HR, Brand &
Foundation



MR. AVTAR MONGA
Chief Operating Officer



MR. PAVAN KAUSHAL
Chief Risk Officer



DR. RAJEEV UBEROI
General Counsel and
Head - Legal & Audit

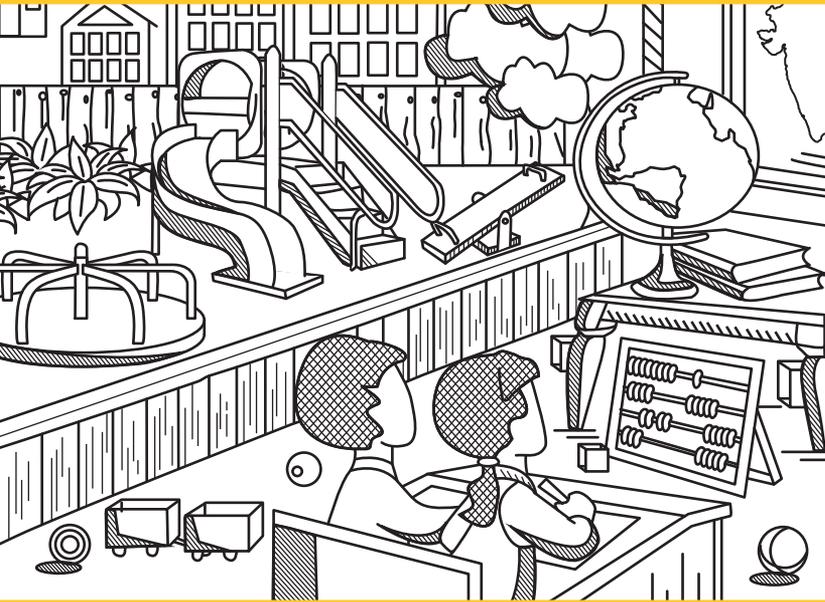


MR. RAVI SHANKAR
Head - Bharat Banking



MR. SUNIL KAKAR
Chief Financial Officer

BOARD'S REPORT



Dear Members,

Your Directors have pleasure in
presenting the Second Annual Report
of IDFC Bank together with the audited
financial statements for the financial
year ended March 31, 2016.

DEMERGER

IDFC Limited was granted an In-principle approval by the Reserve Bank of India ('RBI') on April 09, 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 'Bank') was incorporated on October 21, 2014.

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') required IDFC Limited to transfer its lending and borrowing business ('Financing Undertaking') to IDFC Bank. Accordingly, the Financing Undertaking was demerged into IDFC Bank pursuant to the Scheme of Arrangement amongst IDFC Limited and IDFC Bank and their respective Shareholders and Creditors under Sections 391 to 394 of the Companies Act, 1956 ('Demerger Scheme').

SUMMARY OF FINANCIAL PERFORMANCE

IN ₹ CRORE

Your Bank received final approval from RBI on July 23, 2015 to commence banking business.

The Demerger Scheme became effective and your Bank started its Banking Operations on October 01, 2015.

On October 09, 2015, your Bank issued and allotted to the Shareholders of IDFC Limited; whose names were recorded in the Register of Members of IDFC Limited as on the Record Date (i.e. October 05, 2015), 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 Limited, each equity share being fully paid-up.

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

Your Bank was formally inaugurated by the Hon'ble Prime Minister Shri Narendra Modi at a ceremony in New Delhi on October 19, 2015. Union Minister of Finance, Corporate Affairs, and Information & Broadcasting, Shri Arun Jaitley and Minister of State for Finance, Shri Jayant Sinha, were also present at the launch.

Your Bank got listed on November 06, 2015 on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').

BUSINESS OVERVIEW AND OUTLOOK

Your Bank's overall business strategy is to replicate IDFC Limited's success as an NBFC, through a differentiated and calibrated foray into the banking sector, with a diversified focus on Commercial and Wholesale Banking, Bharat Banking and Personal and Business

Banking business and an added emphasis on infrastructure financing. Accordingly, your Bank's banking business consists of three distinct strategic business verticals as follows:

Commercial and Wholesale Banking caters to large corporates, mid-markets & SME clients (commercial banking), Government business, financial institutions, treasury, cash management, transaction banking and investment banking.

Bharat Banking caters to semi-urban and rural areas.

Personal and Business Banking caters to the urban retail consumers.

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

Your Bank performed well in FY16 with a Net Profit of ₹ 467 crore. In its first six months of operations, your Bank has successfully and steadily diversified its business mix and added new revenue streams. It has expanded its reach to serve new customer segments both on the retail as well as wholesale side of the business, and is thus well positioned to build a sustainable banking franchise. Total deposits and borrowings of your Bank stood at ₹ 8,219 crore and ₹ 47,914 crore respectively. The gross advances of your Bank were ₹ 49,667 crore and after reducing provisions of ₹ 3,968 crore, your Bank reported net advances of ₹ 45,699 crore. As at March 31, 2016, your Bank's total balance sheet was of ₹ 73,970 crore.

As at March 31, 2016, your Bank's network comprised 60 branches, 45 of which were

FY16*	
DEPOSITS AND BORROWINGS	56,133
ADVANCES	45,699
TOTAL INCOME	4,052
PROFIT BEFORE DEPRECIATION AND TAX	757
NET PROFIT	467
PROFIT BROUGHT FORWARD**	1,194
APPROPRIATIONS	
TOTAL PROFIT AVAILABLE FOR APPROPRIATION	1,661
TRANSFER TO STATUTORY RESERVE	118
TRANSFER TO SPECIAL RESERVE	145
TRANSFER TO CAPITAL RESERVE	83
DIVIDEND	
PROPOSED DIVIDEND	85
TAX INCLUDING SURCHARGE AND EDUCATION CESS ON DIVIDEND	17
BALANCE CARRIED OVER TO BALANCE SHEET	1213

*Includes financial performance of your Bank before commencement of banking operations i.e. for the period April 01, 2015 to September 30, 2015.

**Includes ₹ 1,196 crore brought forward on account of Demerger of Financing Undertaking of IDFC Limited and loss of ₹ 2 crore brought forward from previous year.

Your Bank got listed on November 06, 2015
on the National Stock Exchange of India Limited and
BSE Limited.

Bharat Bank branches in the states of Madhya Pradesh and Karnataka.

Further, details on Financial Summary and Business Review are appearing in the Chapter Management Discussion and Analysis, which forms part of this Annual Report.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.25 per equity share of ₹ 10 each (i.e. 2.5%), entailing a payout of ₹ 102 crore including tax on dividend, for the year ended March 31, 2016.

The Register of Members and Share Transfer Books will remain closed from Thursday, July 21, 2016 to Wednesday, July 27, 2016 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2016.

Dividend will be paid to those Members whose names appear in the Register of Members as on Wednesday, July 20, 2016; in respect of shares held in dematerialized form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

Above dividend would be paid subject to approval by the Members at the ensuing Annual General Meeting ('AGM').

AWARDS AND RECOGNITIONS

During the year under review, your Bank was recognized in various ways and the significant awards presented to your Bank are listed below:

■ IDFC Bank's Corporate Internet Banking Platform BXP, has been recognized with 'The Innovators 2016 Awards' by the highly respected Global Finance magazine.

■ IDFC Bank has won the 'NetApp Innovation Award 2016' for its innovative concept of Micro ATM, which is set to transform rural banking.

■ IDFC Bank was named as the bank with 'Best HR & Talent Practices' among private sector banks by the Banking Frontiers magazine, at its Inspiring Workplaces 2015 event.

■ IDFC Bank was named the 'India Bond House' for the year 2015, by International Financing Review Asia ('IFR Asia'). The award validates the strength of IDFC Bank's Debt Capital Market ('DCM') business in creating landmark transactions.

CAPITAL RAISING & CAPITAL ADEQUACY RATIO

During FY16, the Board of Directors of the Bank at its meeting held on April 29, 2015 and August 25, 2015 issued 1,250,000,000 and 547,462,668 equity shares respectively to IDFC Financial Holding Company Limited (Holding Company) by way of Rights Issue and subsequently the allotment was made.

Pursuant to the Demerger Scheme, the Allotment & Share Transfer Committee of the Bank at its meeting held on October 09, 2015 allotted 1,594,020,668 equity shares of ₹ 10 each to 492,106 equity shareholders of IDFC Limited whose names were recorded in the Register of Members of IDFC Limited as on the Record Date, i.e. October 05, 2015.

Additionally, the Bank issued and allotted 1,090,000 equity shares of ₹ 10 each of the Bank to eligible employees of the Bank on exercise of Options granted under IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015').

As on March 31, 2016, the issued, subscribed and paid-up share capital of your

Bank was ₹ 33,926,233,360 comprising of 3,392,623,336 equity shares of ₹ 10 each.

Subsequently in April 2016, the Bank issued and allotted 2,223,674 equity shares of ₹ 10 each of the Bank to eligible employees of the Bank on exercise of Options granted under IDFC Bank ESOS - 2015 which resulted in an increase in share capital and the share capital now stands at ₹ 33,948,470,100 i.e. 3,394,847,010 equity shares of ₹ 10 each.

Your Bank is well capitalised and has a Capital Adequacy Ratio ('CAR') under Basel III as at March 31, 2016 of 22.04% with Tier I being 21.50%.

During the year, your Bank has not issued any instrument eligible under Tier II.

Also, your Bank has not issued any equity shares with differential voting rights during the year.

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 your Bank.

LOANS, GUARANTEES OR INVESTMENTS IN 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 the ordinary course of its business are exempted from disclosure requirements under Section 134(3)(g) of the Companies Act, 2013.

SUBSIDIARY / ASSOCIATE COMPANIES

IDFC Bank does not have any subsidiary company. However, it has two associate

Your Directors are pleased to recommend a dividend of ₹ 0.25 per equity share of ₹ 10 each (i.e. 2.5%) for the year ended March 31, 2016.

companies namely Feedback Infra Private Limited and Millennium City Expressways Private Limited in which it holds 24.61% and 29.98% equity stake respectively.

The Bank's policy for determining material subsidiaries is available on the Bank's website: www.idfcbank.com.

Further, a statement containing salient features of the financial statement of associate companies in Form AOC-I is appended as **Annexure 1**.

EMPLOYEES

IDFC Bank considers gender diversity during its recruitment process. The employee strength of your Bank was 2,405 as of March 31, 2016 out of which 466 are women employees.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the Members of the Bank. The said information is available for inspection at the Registered Office and Corporate Office of the Bank during working hours and any Member interested in obtaining such information may write to the Company Secretary & Chief Compliance Officer and the same will be furnished on request.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act 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 Stock Option Scheme enables the Bank to hire the best talent for its senior management.

Pursuant to the Resolution passed by the Members of the Bank at the Extraordinary General Meeting held on December 09, 2014; your Bank had introduced 'IDFC Bank ESOS - 2015' and approved grant of Options not more than 2.5% of the paid up capital of the Bank, from time to time, to enable the eligible employees of the Bank to participate in the future growth and financial success of the Bank.

Pursuant to the Demerger Scheme, on the Effective Date, the employees that were transferred with the Financing Undertaking to IDFC Bank, as well as all remaining employees of IDFC Limited or their respective subsidiaries, who had been granted Options under IDFC Limited Employee Stock Option Scheme 2007, which were not exercised (vested or unvested), as of the Record Date, were granted One (1) stock option by IDFC Bank under IDFC Bank ESOS - 2015 for every One (1) stock option held in IDFC Limited by such employee.

Accordingly, it was necessary to increase the pool of ESOPs that can be granted under IDFC Bank ESOS - 2015 from 2.5% to 7% so as to accommodate grants to IDFC Group employees (pursuant to the Demerger Scheme) and grants to new employees of IDFC Bank. Therefore, the shareholders at the 1st AGM of the Bank approved and increased the pool of ESOPs from 2.5% to 7% of the

paid-up equity share capital of the Bank at any point of time.

However, the Management is now of the view that with large capital base, the reduced ESOP pool of 6% would be sufficient to adequately compensate employees of IDFC Bank and its subsidiary companies (present & future) in next 2-3 years.

Accordingly, at the ensuing AGM to be held on July 27, 2016, the Board of Directors recommends reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank.

Being a new company, there were no outstanding Options at the beginning of the financial year. During FY16, Options granted pursuant to the Demerger Scheme were 32,210,878 Options. Also, 45,440,500 fresh Options were granted to eligible employees under IDFC Bank ESOS - 2015. Further, 1,910,217 Options lapsed / forfeited and 1,090,000 Options were exercised during the year. Accordingly, 74,651,161 Options remain outstanding as of March 31, 2016. All Options vests in 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 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 Bank ESOS - 2015 is administered by the Nomination & Remuneration Committee ('NRC') of the Board of the Bank.

During FY16, there has been no material change in IDFC Bank ESOS - 2015 and the said scheme is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time. Disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 and circulars issued thereunder, is disclosed on the Bank's website: www.idfcbank.com.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

APPOINTMENTS

Based on the recommendation of NRC of the Bank and subject to the approval of the Members at the AGM and RBI, the Board of Directors of the Bank at its meeting held on July 27, 2015, accorded its consent to appoint

Mr. Abhijit Sen (DIN: 00002593), Mr. Ajay Sondhi (DIN: 01657614), Dr. Ashok Gulati (DIN: 07062601), and Ms. Veena Mankar (DIN: 00004168) as Independent Directors ('IDs') of the Bank under the Companies Act, 2013, for a period of three (3) consecutive years w.e.f July 27, 2015 and also consented to the appointment of Mr. Vinod Rai (DIN: 01119922) as Nominee Director representing IDFC Limited / IDFC Financial Holding Company Limited.

IDFC Bank commenced its banking operations on October 01, 2015. Accordingly, Dr. Rajiv B. Lall stepped down as the Executive Chairman of IDFC Limited w.e.f. September 30, 2015 and took the position of Founder Managing Director & CEO of IDFC Bank w.e.f October 01, 2015. Dr. Rajiv B. Lall shall hold office of Founder Managing Director & CEO of the Bank for a period of three (3) years w.e.f October 01, 2015.

The aforesaid appointments have been approved by the RBI, Board of Directors and the Shareholders of the Bank. Based on the recommendation of the NRC of the Bank and subject to the approval of the Members at the AGM and RBI, the Board appointed Mr. Rajan Anandan (DIN: 02395272) as an Additional Director in the category of Independent Director of IDFC Bank w.e.f. December 01, 2015. It is proposed to appoint him for a period of three (3) consecutive years at the ensuing AGM to hold office from December 01, 2015 to November 30, 2018.

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

Further, the Bank has received a declaration from all the aforesaid IDs, at the time of appointment and also before the first meeting of the Board of Directors held in FY16, 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.

In terms of Section 160 of the Companies Act, 2013, your Bank has received notice in writing from a Member along with requisite deposit of ₹ 1,00,000 proposing candidature of Mr. Rajan Anandan for appointment as an

Independent Director. The Board recommends the appointment of Mr. Rajan Anandan to the shareholders at the ensuing AGM.

Brief Profiles and other details of all the aforesaid Directors are set out in the Corporate Governance Report which forms part of this Annual Report.

CESSATION

During the year, Mr. Gautam Kaji (DIN: 02333127), Independent Director of the Bank resigned from the Board with effect from September 30, 2015 for complying with RBI regulations.

The Board placed on record its appreciation for the valuable services rendered by him during his tenure as a Director of the Bank.

RETIREMENT BY ROTATION

In accordance with the Articles of Association of the Bank and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vinod Rai (DIN: 01119922) would retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

KEY MANAGERIAL PERSONNEL

The Board identified the following officials as Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013:

Dr. Rajiv B. Lall

Founder Managing Director & CEO

Mr. Sunil Kakar

Chief Financial Officer

Mr. Mahendra N. Shah

Company Secretary &
Chief Compliance Officer

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

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

Periodic presentations are made at the Board meetings, on business and performance of the Bank, global business environment, business strategy and associated risks, roles, rights and responsibilities of IDs etc. Detailed presentations on the Bank's business were

made at the meetings of the Directors held during the year.

The details of the said programmes are available on the Bank's website: www.idfcbank.com.

BOARD EVALUATION

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Companies Act, 2013, the process indicating the manner in which formal annual evaluation of the Directors, Board and Board-level committees are given in detail in the Corporate Governance Report, which forms part of this Annual Report.

BOARD MEETINGS

During the period under review, eight (8) board meetings were held; details of which are given in the Corporate Governance Report which forms part of this Annual Report.

BOARD COMMITTEES

The Board has constituted various Board Committees to delegate various matters that require greater and more focused attention. Brief overview of some of the Board-level Committees is furnished below. The details of the constitution, terms of reference and meetings of all the Board-level Committees is given in the Corporate Governance Report which forms part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Bank as constituted under Section 177 of the Companies Act, 2013 has the following members:

Mr. Abhijit Sen

Chairman | DIN: 00002593

Mr. Ajay Sondhi

Member | DIN: 01657614

Ms. Veena Mankar

Member | DIN: 00004168

Mr. Vikram Limaye

Member | DIN: 00488534

The Audit Committee of the Bank met two (2) times during FY16 i.e. on October 26, 2015 and January 27, 2016. All the recommendations made by the Audit Committee during the year were accepted by the Board.

CORPORATE SOCIAL RESPONSIBILITY

Being the 1st year of operations, the provision relating to contribution towards CSR as per Section 135 of the Companies Act, 2013 was not applicable to IDFC Bank for FY16.

Pursuant to the Demerger Scheme, the Financing Undertaking of IDFC Limited was transferred to IDFC Bank w.e.f. October 01, 2015 (Effective date of the Demerger Scheme).

Accordingly, the CSR spend from the Financing Undertaking was carried out by IDFC Limited (Ultimate Holding Company of IDFC Bank) through IDFC Foundation, a Section 8 company under the Companies Act, 2013.

The Board of Directors at its meeting held on August 25, 2015 constituted the CSR Committee of the Bank comprising of the following:

Dr. Rajiv B. Lall
Chairman | DIN: 00131782

Mr. Anil Bajjal
Member | DIN: 01608892

Dr. Ashok Gulati
Member | DIN: 07062601

The Board at its meeting held on April 26, 2016 approved the CSR Policy of the Bank. The CSR Policy is available on the Bank's website: www.idfcbank.com. The CSR initiatives undertaken by IDFC Limited are given in **Annexure 3**.

NOMINATION AND REMUNERATION COMMITTEE / REMUNERATION POLICY

In compliance with the RBI New Banking Guidelines and the directions and circulars issued by the RBI, from time to time and in accordance with Section 178 of the Companies Act, 2013 and the Rules made thereunder; the Board of Directors at its meeting held on December 09, 2014 constituted the Nomination and Remuneration Committee of the Bank.

As on March 31, 2016, the Committee consisted of:

Mr. Ajay Sondhi
Chairman | DIN: 01657614

Mr. Anil Bajjal
Member | DIN: 01608892

Ms. Veena Mankar
Member | DIN: 00004168

Mr. Vinod Rai
Member | DIN: 01119922

The Bank has a process in place for identification of independence, qualifications and positive attributes of Directors. The Board approved the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees which is formulated in line with the applicable regulations. The aforesaid Remuneration Policy is available on the Bank's website: www.idfcbank.com.

NRC recommends the remuneration of all the Directors to the Board for its approval.

The details of the remuneration to Directors and related disclosures have been included in the Report on Corporate Governance, which is forming part of this Annual Report.

INTERNAL FINANCIAL CONTROLS

The Bank has adequate internal controls and processes in place with respect to its financial statements which 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 certification. The controls and processes shall be 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.

STATUTORY AUDITORS

Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad ('DHS') (Registration No - 117365W), will retire as the Statutory Auditors of the Bank at the ensuing AGM. In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the Board of Directors has recommended the appointment of DHS as Statutory Auditors of the Bank for a period of One (1) year, subject to the approval of the RBI, to hold office from the conclusion of the ensuing 2nd AGM till the conclusion of 3rd AGM, on remuneration to be decided by the Board or Committee thereof.

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 appointed.

The Board recommends the appointment of DHS as the Statutory Auditors of the Bank at the ensuing AGM.

The Hon'ble High Court of Judicature at Madras, vide its Order dated June 25, 2015, had sanctioned the Scheme of Arrangement among IDFC Limited and IDFC Bank Limited and their respective Shareholders and Creditors under Sections 391 to 394 of the Companies Act, 1956.

AUDITORS' REPORT

There were no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their report.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed Bhandari & Associates, Company Secretaries to undertake the Secretarial Audit of the Bank for FY16.

The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit.

The Secretarial Audit Report is appended as an **Annexure 4** to this report.

There were no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors in their report.

CONCURRENT AUDIT

Your Bank has a regular process of getting concurrent audit done for the treasury operations. The concurrent audit is done by BSR & Co. LLP, Chartered Accountants. The concurrent audit reports are placed before the Audit Committee for review.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS OR MANAGEMENT

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

RISK MANAGEMENT POLICY

Your 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. Your Bank aims to establish itself as an industry leader in the management of risks and strive to reach the efficient frontier of risk and return for the Bank and its shareholders. The Board has ultimate responsibility for the Bank's risk management framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. To ensure the Bank has a sound system of risk management and internal controls in place, the Board has established the Risk Management Committee of the Board. The Risk Management Committee 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 frameworks, Internal Capital Adequacy Assessment Process ('ICAAP') and stress testing. Your Bank has in place a Risk Management Policy approved by the Board.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Bank has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of IDFC Bank Code of Conduct, employee misconduct, fraud, illegal unethical imprudent behaviour, 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 of 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: www.idfcbank.com. The Whistle Blower Policy has been periodically communicated to the employees and also posted on the Bank's intranet.

In addition to the above, IDFC Bank has formulated Vigilance Policy for effectively managing the risks faced by the Bank on account of corruption, malpractices and frauds. In accordance with RBI circular, Dr. Rajeev Uberoi is the Chief Vigilance Officer of IDFC Bank.

ANTI SEXUAL HARASSMENT POLICY

Your Bank has in place a policy on Anti Sexual Harassment, which reflects the Bank's zero-tolerance to any form of prejudice, gender bias and sexual harassment at the workplace. Your Bank undertakes ongoing trainings to create awareness on this policy. There were no instances of Sexual Harassment that were reported during FY16.

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

The Hon'ble High Court of Judicature at Madras, vide its Order dated June 25, 2015, had sanctioned the Scheme of Arrangement among IDFC Limited and IDFC Bank Limited

and their respective Shareholders and Creditors under Sections 391 to 394 of the Companies Act, 1956.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank which have occurred between the end of the financial year of the Bank i.e. March 31, 2016 and the date of this Board's Report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Bank will update the details of unclaimed / unpaid dividend / interest on the Bank's website: www.idfcbank.com and on MCA website: www.mca.gov.in, from time to time.

RELATED PARTY TRANSACTION

All the Related Party Transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. IDFC Group including the Bank has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen and accordingly the required disclosures are made to the

Committee on quarterly basis in terms of the approval of the Committee.

Pursuant to the provisions of Companies Act, 2013 and Rules made there under & Listing Regulations and in the back-drop of the Bank's philosophy on such matters, on the recommendation of the Audit Committee, the Board approved 'Policy on Related Party Transactions' at its meeting held on January 27, 2016. The said policy is also uploaded on the Bank's website: www.idfcbank.com. Since all related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length basis, Form AOC-2 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 are not applicable to your Bank.

However, your Bank has been taking steps at all times for conservation of energy. The initiatives taken for conservation of energy has been mentioned in the Business Responsibility Report, which is hosted on the Bank's website: www.idfcbank.com.

Also, your Bank has been increasingly using information technology in its operations, for more details please refer the section on Information Technology under Management Discussion & Analysis, which forms part of this Annual Report.

SPECIAL BUSINESS

The Board of Directors recommends the following items under special business for

approval of the Shareholders at the ensuing AGM:

1. Appointment of Mr. Rajan Anandan as an Independent Director
2. Offer and Issue of Debt Securities on Private Placement Basis
3. Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme')
4. Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme
5. Payment of Commission to Non-Executive Directors
6. Approval of remuneration payable to Dr. Rajiv B. Lall, Founder Managing Director & CEO of the Bank.

GREEN INITIATIVE

In accordance with the 'Green Initiative', the Bank will be sending the Annual Report / Notice of AGM in electronic mode to those Shareholders whose e-mail Ids are registered with the Bank and/or the Depository Participants.

Your Directors are thankful to the Shareholders for their participation in this Green Initiative.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's 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

The Bank is committed to achieve the highest standards of Corporate Governance. A separate section on Corporate Governance standards followed by your 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 Statutory Auditors of the Bank, Deloitte Haskins & Sells, Chartered Accountants (Registration No. 117365W), conforming compliance to the conditions of Corporate Governance as stipulated under Listing Regulations, forms part of this Annual Report.

CEO & CFO CERTIFICATION

Certificate issued by Dr. Rajiv B. Lall, Founder Managing Director & CEO and Mr. Sunil Kakar, Chief Financial Officer 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 Bank from an environmental, social and governance perspective is hosted on the Bank's website: www.idfcbank.com. Any Member interested in obtaining a physical copy of the same may write to the Company Secretary of

the Bank by sending an e-mail on mahendra.shah@idfcbank.com.

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return (Form MGT-9) as at March 31, 2016 forms part of this report and is appended as **Annexure 6**.

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 at the end of the financial year and of the profit 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.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep and sincere gratitude to the customers for their trust and confidence in the Bank. We would like to thank all our Shareholders, Bondholders, Banks 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 valuable guidance and support received from IDFC Group, Government of India, State Governments, various Ministries, Hon'ble Madras High Court, RBI, Securities and Exchange Board of India, Insurance Regulatory and Development Authority and other Government and Regulatory agencies. Your Directors would also like to thank the employees for the hard work put in by them for creating a robust foundation of the Bank.

For and on behalf of the Board of Directors

Anil Bajjal

Independent Non-Executive Chairman

New Delhi | Date: June 25, 2016

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

[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	INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING
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Not Applicable, since IDFC Bank does not have any Subsidiary Company.

- Names of subsidiaries which are yet to commence operations: Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

B ASSOCIATES AND JOINT VENTURES

[Pursuant to Section 129(3) of the Companies Act, 2013 related to Associates Companies and Joint Ventures]

SR. NO.	NAME OF ASSOCIATE COMPANIES	FEEDBACK INFRA PRIVATE LIMITED	MILLENNIUM CITY EXPRESSWAYS PRIVATE LIMITED
1.	Latest audited Balance Sheet Date	March 31, 2016	March 31, 2016
2.	Shares of Associate held by the Bank on the year end		
	Number of Equity Shares	4,026,689	194,000,000
	Amount of Investment in Associate Company (₹ in crore)	20.09	194.00
	Extent of Holding (%)	24.61%	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	The Bank does not have any subsidiaries and hence not required to prepare consolidated financial statements. Accordingly, consolidation of investments in associates is not applicable.	
5.	Networth attributable to Bank's Shareholding as per latest audited Balance Sheet (₹ in crore)	19.58	118.29
6.	Profit / (Loss) attributable to Bank's Shareholding for the year ended March 31, 2016 (₹ in crore)		
	I. Considered in Consolidation	-	-
	II. Not Considered in Consolidation	1.45	(24.40)

Notes:

- Names of associates or joint ventures which are yet to commence operations: Not Applicable.
- Names of associates or joint ventures which have been liquidated or sold during the year: Not Applicable.
- The financials of Millennium City Expressways Private Limited are unaudited.
- Investment in associates were acquired by the Bank as part of demerger of Financing Undertaking of IDFC Limited i.e. w.e.f. October 01, 2015.

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

Anil Bajjal
Chairman

Rajiv B. Lall
Founder Managing Director & CEO

Sunil Kakar
Chief Financial Officer

Abhijit Sen
Director

Vikram Limaye
Director

Mahendra N. Shah
Company Secretary &
Chief Compliance Officer

April 26, 2016

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

The ratio of the remuneration of each Director to the median Employee's remuneration and other 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:

SR. NO.	REQUIREMENT	DISCLOSURE
I	The ratio of the remuneration of each Director to the median remuneration of the Employees for the financial year	Dr. Rajiv B. Lall: 64 X
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	IDFC Bank was launched on October 01, 2015. There has been no increase in the remuneration of any Director / Key Managerial Personnel till March 31, 2016.
III	The percentage increase in the median remuneration of Employees in the financial year	IDFC Bank was launched on October 01, 2015. There has been no increase in the remuneration of any Employee till March 31, 2016.
IV	The number of permanent Employees on the rolls of the Bank	2,405 as on March 31, 2016.
V	The explanation on the relationship between average increase in remuneration and Bank performance	Not Applicable
VI	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank	Being a new bank, the remuneration for all Key Managerial Personnel is based on their last drawn compensation in their previous organisation and is in line with what similar roles are paid in other Indian Private Sector Banks.
VII	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer.	IDFC Bank got listed on November 06, 2015. The Market Capitalization of IDFC Bank as at March 31, 2016 was ₹ 16,352.44 crore. The earning per share of the Bank was ₹ 2.34 as at March 31, 2016. The stock price of the Bank as at March 31, 2016 on the National Stock Exchange of India Limited was ₹ 48.20 per share.
VIII	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	Not Applicable. There was no increase in remuneration for Bank Employees during FY16.
IX	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank	Not Applicable
X	The key parameters for any variable component of remuneration availed by the Directors	The variable component depends on the performance assessment done by the Nomination & Remuneration Committee of the Bank against key performance parameters set at the beginning of the year and market benchmarks for similar roles.
XI	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	Nil
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	We confirm.

CORPORATE SOCIAL RESPONSIBILITY

Note: Being the 1st year of operations, the provision relating to contribution towards CSR as per Section 135 of the Companies Act, 2013 was not applicable to IDFC Bank for FY16. Pursuant to the Demerger Scheme, the lending and borrowing business (Financing Undertaking) of IDFC Limited was transferred to IDFC Bank Limited w.e.f. October 01, 2015 (Effective date of the Demerger Scheme). Accordingly, the CSR spend from the Financing Undertaking was carried out by IDFC Limited (Ultimate Holding Company of IDFC Bank) through IDFC Foundation, a Section 8 company under the Companies Act, 2013. The below statement shows the amount spent by IDFC Limited on CSR activities during FY16.

SR. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE ACT, AMENDED)
1	Improvement in the learning environment in night schools—which cater to underprivileged students.	Cl.(ii) promoting education
2	Improvement in learning outcomes through pedagogical interventions for children attending anganwadi centers set up under the Integrated Child Development Scheme of the Government of India.	Cl.(ii) promoting education
3	Improvement in learning outcomes and universalization of primary education for a set of 60 schools in the backward blocks of Ramgarh and Kishangarh through an identified set of interventions and infrastructure improvements.	Cl.(ii) promoting education
4	Promoting Digital Literacy amongst School Students to enable access to universal knowledge, quality education, healthcare, transparent governance and economic opportunities.	Cl.(ii) promoting education
5	Support to Janaagraha Centre for Citizenship and Democracy to strengthen and improve the quality of life in Indian cities and towns.	Cl.(ii) promoting education Cl.(ii) livelihood enhancement projects
6	Improvement of infrastructure facilities at Anganwadi centre and Primary Schools at Sanghakheda Kalan Village.	Cl.(ii) promoting education
TOTAL		
7	Improvement in access to maternal and neo-natal health services for poor slum dwellers by strengthening the linkages with existing public health systems.	Cl.(i) promoting health care including preventive health care
8	Providing emergency food supplies, house hold items and non-food items (NFIs) to meet the urgent needs of families affected by flood in Chennai.	Cl.(i) promoting health care including preventive health care
9	Support to Kamla Nehru Memorial Hospital for the maintenance cost of the essential cancer treatment equipment used for providing cancer treatment to underprivileged/ economic weaker section of the society.	Cl.(i) promoting health care including preventive health care
TOTAL		
10	Cattle Care programme for breed improvement by providing services such as Artificial Insemination (AI) & other Veterinary Services to the Cattle farmers which have helped in their livelihood promotion.	Cl.(ii) livelihood enhancement projects
11	Improving the aspired quality of life for the people through the development of infrastructure projects - (i) Setting up of Micro Hydel for supply of electricity; (ii) Solar street light; and (iii) Clean drinking water in Mawlyngbwa Village, Meghalaya.	Cl.(ii) livelihood enhancement projects; Cl.(iv) ensuring environmental sustainability; Cl.(x) rural development projects.
12	Setting up a Centre of Excellence for developing Handloom and Crafts as a means of sustainable livelihoods for the women in the remote areas of Uttarakhand.	Cl.(ii) livelihood enhancement projects
13	Skill development programme for improving the employment opportunities for the youth.	Cl.(ii) livelihood enhancement projects
TOTAL		
14	Other programmes (including research & studies).	Various clauses of Schedule VII
TOTAL		
Total Direct Expense of Project & Programmes (A)		
Overhead Expense (restricted to the 5% of total CSR expenditure) (B)		
Total (A) + (B)		

*IDFC Foundation, a not for profit company within the meaning of Section 8 of Act (erstwhile Section 25 company of the Companies Act, 1956) has a comprehensive approach towards promoting the development of livelihoods, rural areas, social infrastructure such as healthcare and education and other infrastructure that would meet the objectives of Inclusion and environmental sustainability such as water supply, sanitation, renewable energy, slum re-development and affordable housing.

(₹ IN CRORE)

PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS 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
Maharashtra-Mumbai		0.74	1.35	IMPLEMENTING AGENCY IDFC FOUNDATION*
Uttarakhand-Dehradun, Nainital, Haridwar, Udham Singh Nagar and Tehri.		0.34	1.42	
Rajasthan-Alwar		1.04	1.93	
Madhya Pradesh-Hoshangabad	5.12	0.89	0.89	
Gujarat-Ahmedabad & Surat, Karnataka-Bangalore, Madhya Pradesh-Bhopal, Odisha-Bhubaneswar, Chandigarh, Tamilnadu-Chennai, Kerala-Thiruvananthapuram, Uttarakhand-Dehradun, Delhi, Andhra Pradesh-Hyderabad, Rajasthan-Jaipur, Uttar Pradesh-Kanpur & Lucknow, West Bengal-Kolkata, Punjab-Ludhiana, Maharashtra-Mumbai, Bihar-Patna, Chhattisgarh-Raipur, Jharkhand-Ranchi		0.53	0.53	
Madhya Pradesh-Hoshangabad		0.25	0.25	
		3.79	6.37	
Maharashtra-Mumbai		0.95	1.97	
Tamilnadu-Chennai	3.43	1.22	1.22	
Uttar Pradesh-Allahabad		0.67	0.67	
		2.84	3.86	
Madhya Pradesh-Hoshangabad, Harda, Khandwa, Khargone and Dhar		0.80	0.80	
Meghalaya-Across State	3.20	0.69	2.08	
Uttarakhand-Almora		0.45	0.45	
Madhya Pradesh-Hoshangabad		0.19	0.19	
		2.13	3.52	
All India coverage	11.65	3.84	7.75	
	11.65	3.84	7.75	
		12.60	21.50	
		1.09	2.23	
	23.40	13.69	23.73	

We hereby certify that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of IDFC Limited.

1 A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMMES PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMMES.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skilfully and inextricably woven into the fabric of the IDFC Group's business strategy for overall value creation for all stakeholders. IDFC Group 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 company 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 Limited to mandatorily spend on CSR.

During the year, IDFC Limited carried out CSR activities through its wholly owned subsidiary company, namely, IDFC Foundation, a not-for-profit Company within the meaning of Section 8 of the Act, 2013 (erstwhile Section 25 of the Companies Act, 1956).

The object of the CSR activities would seek to:

- a. serve the poor, marginalised and underprivileged
- b. promote inclusion
- c. be sustainable
- d. meet needs of the larger community and society

IDFC Foundation, as implementing agency on behalf of IDFC Limited and its group companies, 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. rural areas
- c. social infrastructure such as healthcare and education; and
- d. other infrastructure that would meet the objectives of Inclusion and environmental sustainability such as water supply, sanitation, renewable energy, slum re-development and affordable housing.

2 AVERAGE NET PROFIT OF IDFC LIMITED FOR LAST THREE FINANCIAL YEARS

₹ 2,339.65 CRORE

3 PRESCRIBED CSR EXPENDITURE (TWO PER CENT OF THE AMOUNT AS IN ITEM 3 ABOVE)

₹ 46.79 CRORE

₹ 23.40 CRORE FOR HALF YEAR

4 TOTAL AMOUNT TO BE SPENT FOR THE FINANCIAL YEAR BY IDFC LIMITED

₹ 23.40 CRORE

DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR BY IDFC LIMITED

₹ 23.40 CRORE

AMOUNT UNSPENT, IF ANY;

NIL

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED
MARCH 31, 2016

[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 BANK LIMITED
CIN: U65110TN2014PLC097792

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC BANK LIMITED** (hereinafter called "the Bank") having CIN: **U65110TN2014PLC097792**. 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, 2016** 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 31st March, 2016 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 and External Commercial Borrowings. The Bank does not have any Overseas Direct Investment 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, 1992 and Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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[#]; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998[#];
 - 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 Listing Agreements entered into by the Company with Stock Exchange(s) under erstwhile Listing Agreement and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("Listing Regulations, 2015").

During the period under review, the Bank has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

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 is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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. As confirmed by Management the meeting of Independent Directors is schedule to be held on April 26, 2016.

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 Company has undertaken following events / actions—

- I. The Hon'ble High Court of Judicature at Madras, vide its Order dated June 25, 2015, had sanctioned the Scheme of Arrangement among IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956

('Demerger Scheme'). On July 23, 2015, Reserve Bank of India has granted a final banking license to the Bank. The Shareholders of IDFC Limited as on the record date i.e. October 05, 2015 have received 1,594,020,668 Equity Shares of ₹10 each of IDFC Bank Limited pursuant to the Demerger Scheme as approved by the Hon'ble Madras High Court. The Equity Shares of the Bank got listed on Stock Exchanges on November 06, 2015.

II. Member's approval has been obtained at the Annual General Meeting held on September 29, 2015 pursuant to Section 180(1)(c) of the Companies Act, 2013 to borrow from time to time such sum(s) of money(ies) such that the money to be borrowed together with the money(ies) already borrowed by the Bank would exceed the aggregate of the paid-up share capital of the Bank and its free reserves, provided that the total

amount up to which money(ies) may be borrowed shall not exceed the sum of ₹1,50,000 crore, outstanding at any point of time.

III. Member's approval has been obtained at the Annual General Meeting held on September 29, 2015 for borrowing/raising funds, from time to time by issue of debt instruments including but not limited to bonds and non-convertible debentures upto ₹150,000 crore, outstanding at any point of time, on private placement basis.

IV. Member's approval has been obtained at the Annual General Meeting held on September 29, 2015 to the Board of Directors of the Bank to create, issue, offer and allot, such number of equity shares not exceeding in aggregate 7% (seven) percent of the issued equity shares of the Bank, from time to time, under IDFC Bank ESOS - 2015, or any modifications thereof.

V. Board of Directors of the Bank at its meeting held on April 29, 2015 and August 25, 2015 has issued 1,250,000,000 and 547,462,668 Equity Shares respectively to existing shareholders by way of Rights Issue and subsequently the allotment was made.

**For Bhandari & Associates
Company Secretaries**

**S. N. Bhandari
Partner**

FCS No: 761; C P No. : 366
Mumbai | April 23, 2016

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 BANK LIMITED
CIN: U65110TN2014PLC097792

Our Secretarial Audit Report for the Financial Year ended on March 31, 2016 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; CP. No: 366

Mumbai | April 23, 2016.

ANNEXURE 5

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[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	U65110TN2014PLC097792
2.	Registration Date	October 21, 2014
3.	Name of the Company	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, 8 th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India. Tel: +91 44 4564 4000, Fax: +91 44 4564 4022
6.	Whether listed company Yes / No	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited (Unit: IDFC Bank Limited) Karvy Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad-500 032, Telangana, India. Contact Person: M R V Subrahmanyam Tel: +91 40 6716 2222 Fax: +91 40 2342 0814 Toll Free: 1800 345 4001 E-mail: einward.ris@karvy.com Website: www.karvycomputershare.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 Financial Holding Company Limited KRM Tower, 8 th Floor, No.1 Harrington Road, Chetpet, Chennai-600 031, Tamil Nadu, India	U65900TN2014PLC097942	Holding Company	52.98	Section 2(46)
2.	IDFC Limited KRM Tower, 8 th Floor, No.1 Harrington Road, Chetpet, Chennai-600 031, Tamil Nadu, India	L65191TN1997PLC037415	Ultimate Holding Company	Indirectly 52.98	Section 2(46)
3.	Feedback Infra Private Limited 311, 3 rd Floor, Vardhaman Plaza Pocket 7, Plot No. 6, Sector 12, Dwarka New Delhi - 110078, India	U74899DL1990PTC040630	Associate Company	24.61	Section 2(6)
4.	Millennium City Expressways Private Limited IGI Toll Plaza Building Opp Radisson Hotel, Mahipalpur New Delhi - 110037, India	U45204DL2014PTC266306	Associate Company	29.98	Section 2(6)

4A SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AS AT MARCH 31, 2015				NO. OF SHARES HELD AS AT MARCH 31, 2016				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A. PROMOTERS									
1. Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt (s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	50,000	50,000	100	1,797,512,608	60	1,797,512,668	52.98	(47.02)
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-total A. 1.	-	50,000	50,000	100	1,797,512,608	60	1,797,512,668	52.98	(47.02)
2. Foreign									
a. NRIs-Individuals	-	-	-	-	-	-	-	-	-
b. Other-Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp.	-	-	-	-	-	-	-	-	-
d. Banks / FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub-total A. 2.	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	-	50,000	50,000	100	1,797,512,608	60	1,797,512,668	52.98	(47.02)
A. = A. 1.+A. 2.									
B. PUBLIC SHAREHOLDING	-	-	-	-	-	-	-	-	-
1. Institutions									
a. Mutual Funds	-	-	-	-	57,896,594	-	57,896,594	1.71	1.71
b. Banks/FI	-	-	-	-	8,488,245	-	8,488,245	0.25	0.25
c. Central Govt	-	-	-	-	261,400,000	-	261,400,000	7.70	7.70
d. State Govt(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	48,522,313	-	48,522,313	1.43	1.43
g. FPIs	-	-	-	-	768,151,580	-	768,151,580	22.64	22.64
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Corporate Bodies	-	-	-	-	5,151,271	-	5,151,271	0.15	0.15
Bodies Corporate	-	-	-	-	122,216,102	-	122,216,102	3.60	3.60
Overseas Corporate Bodies	-	-	-	-	2,000	-	2,000	-	-
Sub-total B. 1.	-	-	-	-	1,271,828,105	-	1,271,828,105	37.49	37.49

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

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AS AT MARCH 31, 2015				NO. OF SHARES HELD AS AT MARCH 31, 2016				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
2. Non-Institutions									
a. Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b. Individuals	-	-	-	-					
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	183,521,102	54,431	183,575,533	5.41	5.41
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	113,261,261	-	113,261,261	3.34	3.34
c. Others (specify)	-	-	-	-	-	-	-	-	-
Clearing members	-	-	-	-	1,624,284	-	1,624,284	0.05	0.05
Non Resident Indians	-	-	-	-	13,688,929	1,527	13,690,456	0.40	0.40
Trusts	-	-	-	-	9,869,586	-	9,869,586	0.29	0.29
NBFC registered with RBI	-	-	-	-	1,261,443	-	1,261,443	0.04	0.04
Sub-total B. 2.	-	-	-	-	323,226,605	55,958	323,282,563	9.53	9.53
Total Public Shareholding B. = B.1. + B.2.	-	-	-	-	1,595,054,710	55,958	1,595,110,668	47.02	47.02
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	3,392,567,318	56,018	3,392,623,336	100.00	-

4B SHAREHOLDING OF PROMOTERS

SHAREHOLDING AS AT MARCH 31, 2015

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

4C CHANGE IN PROMOTERS' SHAREHOLDING

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR AS ON 01.04.2015		DATE	REASON	INCREASE/DECREASE IN SHAREHOLDING		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK			NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1.	IDFC Financial Holding Company Limited ('IDFC FHCL')	50,000	100	-	-	-	-	50,000	100
-	-	-	-	07.07.2015	Rights issue to IDFC FHCL	1,250,000,000	100	1,250,050,000	100
-	-	-	-	30.09.2015	Rights issue to IDFC FHCL	547,462,668	100	1,797,512,668	100
-	-	-	-	09.10.2015	Shares issued to Shareholders of IDFC Limited pursuant to Demerger Scheme	-	-	1,797,512,668	52.98

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 01.04.2015		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR 31.03.2016**	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1.	President of India	-	-	261,400,000	7.70
2.	Sipadan Investments (Mauritius) Limited	-	-	151,145,989	4.46
3.	National Westminster Bank PLC as Depository of First State Asia Pacific Leaders Fund a Sub Fund of First State Investments ICVC	-	-	88,125,165	2.60
4.	CLSA Global Markets Pte. Limited	-	-	61,289,435	1.81
5.	Orbis Sicav-Asia Ex-Japan Equity Fund	-	-	42,215,857	1.24
6.	Actis Hawk Limited	-	-	37,091,569	1.09
7.	HSBC Pooled Investment Fund A/C HSBC Pooled Invest	-	-	29,431,469	0.87
8.	First State Investments (Hongkong) Limited A/c First State Asian Equity Plus Fund	-	-	21,771,232	0.64
9.	Orbis Global Equity Fund Limited	-	-	17,919,198	0.53
10.	Wellington Trust Company National Association MUL	-	-	13,506,948	0.40

* Top Ten Shareholders of the Bank as on March 31, 2016 have been considered on the basis of Folio No. / DP ID / Client ID for the above disclosure.

** The shares of the Bank are listed on NSE & BSE and hence are being traded on daily basis, the date wise increase / decrease in shareholding is not indicated.

SHARE HOLDING AS ON MARCH 31, 2016

% CHANGE IN
SHAREHOLDING DURING
THE YEAR

SHAREHOLDER'S NAME	NO. SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	% CHANGE IN SHAREHOLDING DURING THE YEAR
IDFC Financial Holding Company Limited	1,797,512,668	52.98	-	(47.02)
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	-	-	-	0.00
	1,797,512,668	52.98	-	(47.02)

4E SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR. NO.	NAME OF THE SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR 01.04.2015		CHANGES IN THE SHAREHOLDING DURING THE YEAR (ON ACCOUNT OF DEMERGER)		SHAREHOLDING AT THE END OF THE YEAR 31.03.2016	
		NO. OF SHARES	% OF TOTAL SHARES OF THE BANK	INCREASE	DECREASE	NO. OF SHARES	% OF TOTAL SHARES OF THE BANK
1	Dr. Rajiv B. Lall, Founder MD & CEO	-	-	1,198,984	-	1,198,984	0.04
2	Mr. Vikram Limaye, Director	-	-	2,043,728	-	2,043,728	0.06
3	Mr. Sunil Kakar, CFO	-	-	-	-	-	-
4	Mr. Mahendra N. Shah, CS	-	-	210,000	-	210,000	0.01

05 INDEBTEDNESS

(₹ IN CRORE)

(Indebtedness of the Bank including interest outstanding / accrued but not due for payment)

	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				
•	Additions on demerger of Financing Undertaking of IDFC Limited	-	56,720.74	56,720.74
•	Addition	874,867.36	68,765.69	943,633.05
•	Reduction	874,857.42	77,582.54	952,439.96
Net Change		9.94	47,903.89	47,913.83
Indebtedness at the end of the financial year				
i)	Principal Amount	9.94	47,903.89	47,913.83
ii)	Interest due but not paid	-	-	-
iii)	Interest accrued but not due	0.05	2,696.38	2,696.43
Total (i+ii+iii)		9.99	50,600.27	50,610.26

* Includes Borrowings under Collateralised Borrowing and Lending Obligations, market repurchase transactions with banks and financial institutions.

** 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.

06 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

6A REMUNERATION TO FOUNDER MANAGING DIRECTOR & CEO

(IN ₹)

SR. NO.	PARTICULARS OF REMUNERATION	MD / WTD / MANAGER	TOTAL AMOUNT
FOUNDER MANAGING DIRECTOR & CEO			
(FROM OCTOBER 01, 2015 TO MARCH 31, 2016)			
1.	Gross salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	17,046,058	17,046,058
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,606,597	1,606,597
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
(a)	as % of profit	-	-
(b)	others, specify	-	-
5.	Others - Contribution to Provident and Other Funds	576,000	576,000
	Total (A)	19,228,655	19,228,655
	Ceiling as per the Act		Refer Notes

- Note: 1. For the period from April 01, 2015 to September 30, 2015, Dr. Rajiv B. Lall was paid remuneration from IDFC Limited. The remuneration paid to him from IDFC Limited was within the limits prescribed under the Companies Act, 2013.
2. Dr. Rajiv B. Lall was appointed as the Founder Managing Director & CEO of IDFC Bank w.e.f. October 01, 2015. He was paid an amount of ₹ 1.92 crore (approved by RBI) for the period from October 01, 2015 to March 31, 2016 from IDFC Bank. For the full year FY16, performance bonus of ₹ 2 crore has been awarded to Dr. Lall, subject to approval from the RBI. The performance bonus for FY15 of ₹ 2.5 crore was paid to Dr. Lall in May 2015 by IDFC Limited.
3. In FY16, Dr. Lall's combined remuneration on accrual basis from IDFC Limited and IDFC Bank was ₹ 5.70 crore (Previous Year - ₹ 5.40 crore)
4. The remuneration paid / payable to him from IDFC Bank is within the limits prescribed under the Companies Act, 2013.

6B REMUNERATION TO OTHER DIRECTORS

(IN ₹)

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF THE DIRECTORS									TOTAL AMOUNT
		Mr. Anil Bajjal	Dr. Ashok Gulati	Mr. Abhijit Sen	Ms. Veena Mankar	Mr. Ajay Sondhi	Mr. Rajan Anandan	Mr. Vikram Limaye	Mr. Vinod Rai	Mr. Gautam Kaji	
1.	Independent Directors										
	Fee for attending board and committee meetings	800,000	600,000	900,000	550,000	850,000	200,000	-	-	50,000	3,950,000
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	800,000	600,000	900,000	550,000	850,000	200,000	-	-	50,000	3,950,000
2.	Other Non-Executive Directors										
	Fee for attending board committee meetings	-	-	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-	-	-
	Total (B) = (1 + 2)	800,000	600,000	900,000	550,000	850,000	200,000	-	-	50,000	3,950,000
	Total Managerial Remuneration (A+B)										23,178,655
	Overall Ceiling as per the Act										Refer Notes

- Notes: 1. Mr. Gautam Kaji resigned from the Board w.e.f. September 30, 2015.
2. Mr. Vikram Limaye and Mr. Vinod Rai, Nominee Directors representing IDFC Limited, have not been paid sitting fees during FY16.
3. Commission will be paid as per the limits approved by the Shareholders of the Bank at the ensuing 2nd AGM to be held on July 27, 2016; not exceeding 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 Lakhs to each of such Directors, whichever is lower.
4. In terms of the provisions of the Companies Act, 2013, the remuneration to Directors other than Executive Director shall not exceed 1% of the Net Profits of the Bank. The remuneration paid to all the Directors is well within the said limits.

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL		
		MR. MAHENDRA N. SHAH (COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER)	MR. SUNIL KAKAR (CHIEF FINANCIAL OFFICER)	TOTAL
1.	Gross salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,908,233	8,869,092	15,777,325
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5,400	169,800	175,200
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
(a)	as % of profit	-	-	-
(b)	Others, specify.	-	-	-
5.	Others, Contribution to Provident and Other Funds	332,012	1,005,689	1,337,701
	Total	7,245,645	10,044,581	17,290,226

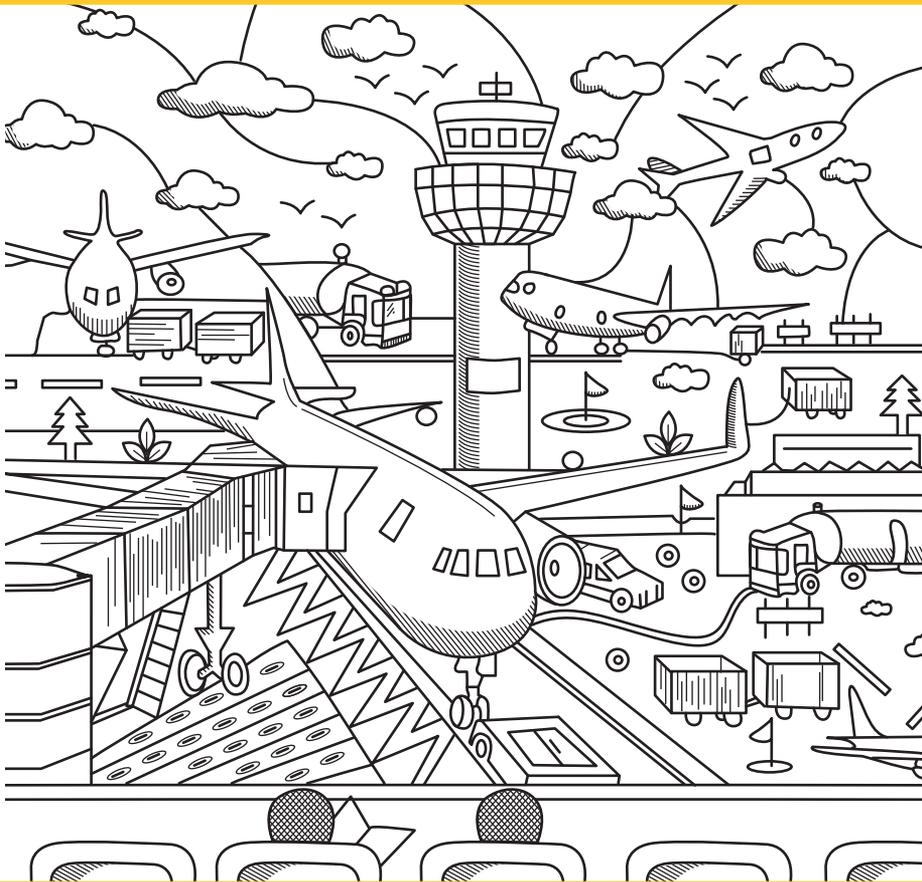
Note:

- Mr. Mahendra N. Shah and Mr. Sunil Kakar have been paid remuneration for the period beginning from October 01, 2015 (date of commencement of banking operations) to March 31, 2016 from IDFC Bank.
- In May 2016, Mr. Kakar and Mr. Shah were awarded by IDFC Bank a Performance Bonus of ₹ 0.90 crore and ₹ 0.82 crore respectively for their performance during FY16 (Previous Year ₹ 1.66 crore and ₹ 1.35 crore, respectively were paid by IDFC Limited while they were on the payroll of IDFC Limited, for their performance during FY15).
- For FY16, combined remuneration on accrual basis from IDFC Limited and IDFC Bank of Mr. Kakar and Mr. Shah was ₹ 2.87 crore and ₹ 2.21 crore respectively (Previous Year ₹ 3.31 crore and ₹ 2.41 crore respectively).
- Details of stock options granted during the year to Key Managerial Personnel are provided on the website of the Bank - www.idfcbank.com under 'Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 Disclosures'.

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

MACROECONOMIC ENVIRONMENT

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

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

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

GROWTH-INFLATION DYNAMICS GET BETTER

The Central Statistical Organisation ('CSO') has put the advance estimate for real GDP growth in FY16 at 7.6%, higher than 7.2% in FY15. However, in nominal terms, GDP decelerated to 8.6% in FY16 from 10.8% in

FY15, due to deflationary pressures. On the production side, growth in FY16 was led by agriculture (Gross Value Added in agriculture increased by 1.1%, while for industry it increased by 7.3%). Poor monsoons for the second year in a row dampened agricultural incomes, thereby casting a long shadow on rural demand. For the services sector, GVA growth decelerated to 9.2% in FY16 compared to a strong 10.3% growth in FY15 with lower Government expenditures and lower growth in trade, hotels, transport, communication and financial, real estate and business services segments.

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

On the inflation front, the pressures seem to have relaxed. Headline Consumer Price Index ('CPI') inflation remained more or less contained in FY16, averaging at 4.9% (6% in FY15). Favourable base effects even led to a drop in headline CPI inflation in July

and August 2015 to sub-4% levels. As the base effect wore off, CPI inflation rose till January 2016, before easing off again to end in March 2016 at 4.8%. Even as headline CPI inflation fell, inflation persisted on the services side, such as in areas of 'Household goods and services', 'Healthcare', 'Education' and 'Recreation and Amusement'.

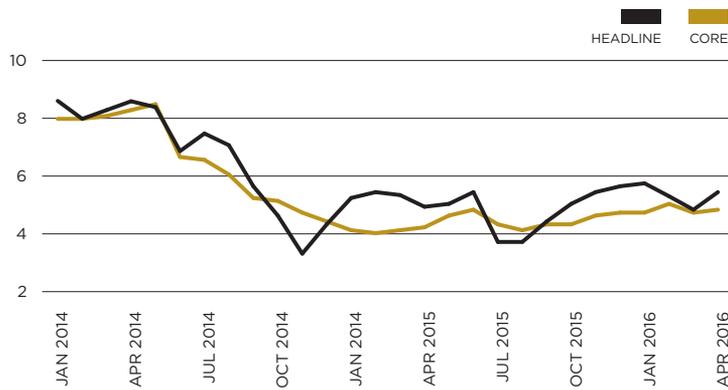
Core CPI inflation averaged at 4.5% in FY16 (5.6% in FY15) with the drop coming from 'Transport and Communication', which in turn reflected in reductions in petrol and diesel prices. Food inflation witnessed some swings in FY16 with volatility in price of pulses and vegetables. Headline Wholesale Price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

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

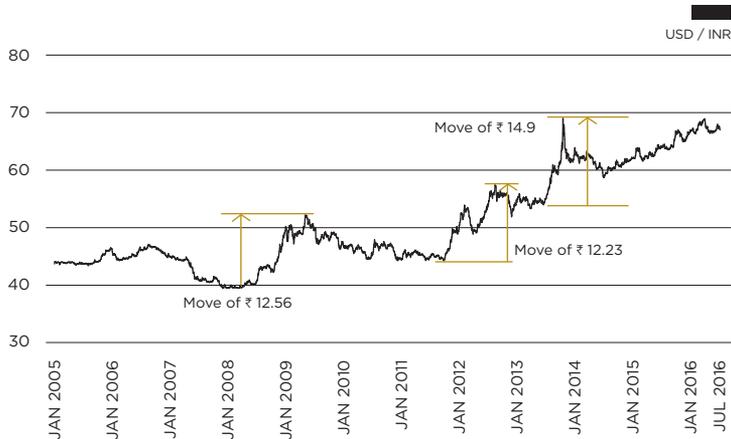
MONETARY POLICY, LIQUIDITY AND G-SEC YIELDS

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

A HEADLINE AND CORE CPI



B USD-INR IN A CHANNEL POINTING NORTH



C MOVEMENTS IN THE 10-YEAR BENCHMARK YIELD AND SPREADS



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

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

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

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

EXTERNAL ACCOUNTS AND CURRENCY DYNAMICS

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

Broadly, USD / INR maintained a depreciating trend through FY16 on account of fears of US monetary policy normalisation and other global risk-aversion sentiments—such as devaluation of the Chinese Renminbi

and a large sell-off in the Chinese equity markets. Domestically, weaker export growth and also lower portfolio flows impacted the USD / INR trends. USD / INR was at around 62.19 in the beginning of the year, traded at its weakest at 68.71 closer to end-February 2016, before finally ending the FY16 at 66.25. Thus, over the year, USD / INR witnessed a depreciation of around 6.5%.

REFORMS IN THE BANKING SECTOR

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

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

Another significant initiative announced by the Government for revival of power distribution companies was the Ujwal DISCOM Assurance Yojna ('UDAY') Scheme. Under this plan, state-owned banks were able to convert their loans to Distribution

Companies ('DISCOMs') into higher rated Government bonds which helped address concerns on the ability of DISCOMs to repay banks. Ten states have signed up for the scheme with total debt of ₹ 2 trillion of which ₹ 1 trillion has already been converted to bonds in FY16 while ₹ 0.5 trillion will be converted in FY17. Under INDRADHANUSH, a scheme to improve the efficiency of state-owned banks, the Government laid down a long-term capitalization plan under which public sector banks would get capital infusion of ₹ 700 billion over four years.

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

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

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE AND STATE OF AFFAIRS

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

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

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

FINANCIAL PERFORMANCE OF YOUR BANK AFTER COMMENCEMENT OF BANKING OPERATIONS

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

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

Operating expenses stood at ₹ 510 crore, out of which HR related cost was of ₹ 269 crore. During the year, your Bank continued to make substantial investments in human capital, information technology and branch infrastructure. Your Bank had a

total headcount of 2,405 employees at the end of fiscal. Moreover, your Bank opened 60 new branches, 11 new ATMs and 33 new Micro ATMs, which resulted in higher cost to income ratio of 44.01%.

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

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

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

IDFC BANK FINANCIAL RESULTS

BEFORE & AFTER COMMENCING
BANKING OPERATIONS

(₹ IN CRORE)

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

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

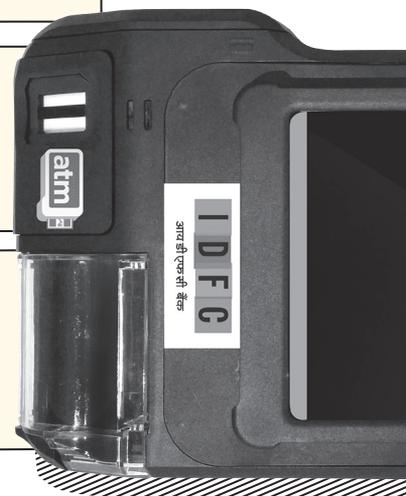
The gross advances of your Bank were ₹ 49,667 crore and after reducing provisions of ₹ 3,968 crore, your Bank reported net advances of ₹ 45,699 crore. As on March 31, 2016, total credit (funded + non-funded book) was of ₹ 53,580 crore and funded credit (net advances + NCDs) was ₹ 48,474 crore.

As on March 31, 2016, your Bank had restructured loans of ₹ 4,998 crore and provisions of ₹ 2,694 crore thereon. The gross NPAs and net NPAs of your Bank stood at ₹ 3,058 crore and ₹ 1,139 crore respectively. The ratio of gross NPA to gross

advances was 6.16%, and net NPA ratio stood at 2.39%. The overall size and volume of the stressed asset book did not grow; therefore there has been no deterioration in asset quality of your Bank.

CAPITAL ADEQUACY

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



LAUNCH OF IDFC BANK

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

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

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

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

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

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

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

THE OPPORTUNITY FOR IDFC BANK

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

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

The regulatory architecture for banking has also started to reflect a new openness and flexibility. Acceptance of Aadhar-based authentication, the confluence of the Jan Dhan, Aadhar and Mobile, use of Business Correspondents to build last mile financial

access, launch of the United Payment Interface – is evidence that the way banking was traditionally done, is now set for a change.

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

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



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

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





Prime Minister
Shri Narendra Modi
inaugurates IDFC Bank



IDFC Bank Listing
ceremony at BSE



Prime Minister compliments
IDFC's Successful Journey
of 18 Years

BUSINESS REVIEW

COMMERCIAL AND WHOLESALE BANKING

Commercial Banking

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

IDFC Bank's Commercial Banking business comprises:

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

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

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

Small & Medium Enterprises Group:

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

Wholesale Banking

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

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

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

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

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

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

existing portfolios to benefit from lower interest rates and cost efficiencies.

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

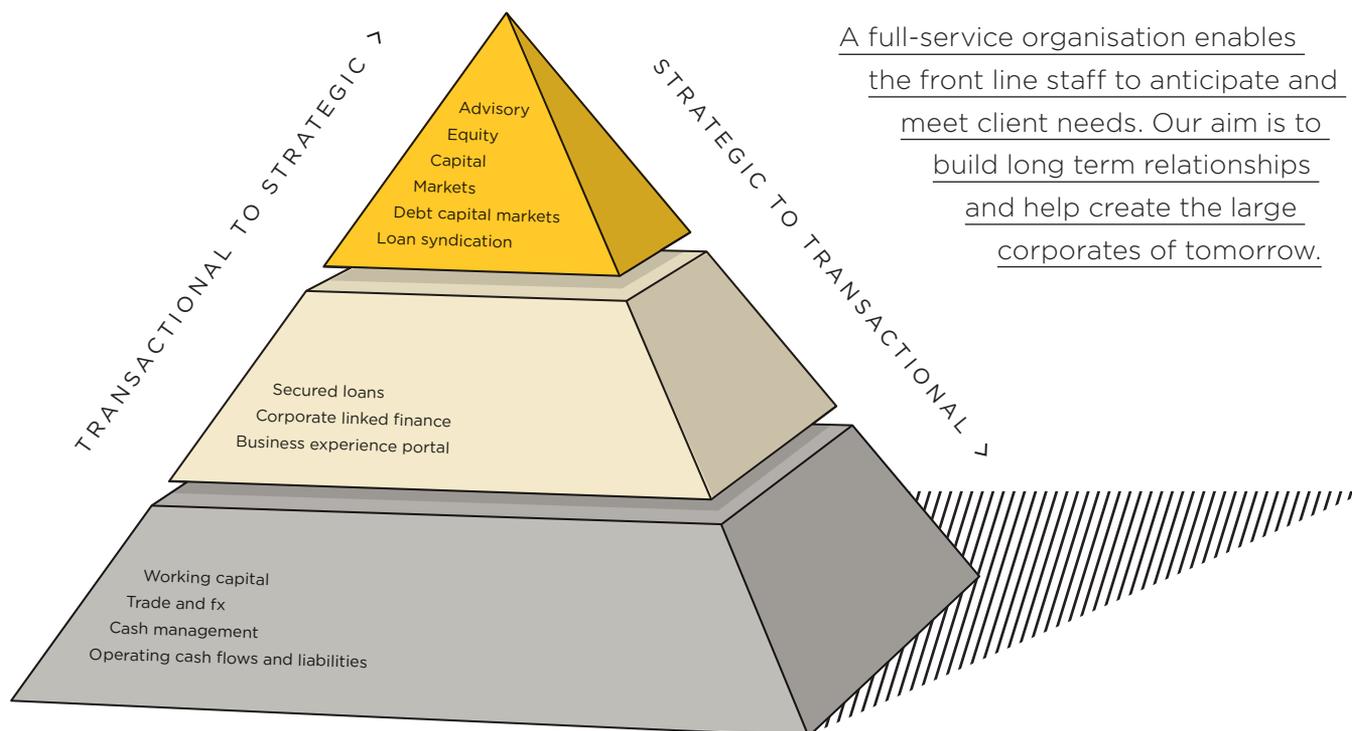
Overall, the Bank believes that there would be opportunities in large corporate space in the short to medium term, triggered by several growth-oriented policies of the Government, including ease of doing business, initiatives to unlock project profitability and increased Government spending on infrastructure.

Robust system for early identification and management of stress

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

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

MIDDLE MARKET GROUP



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

Treasury

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

Another key area of opportunity was the DCM segment, where the Bank leveraged its well-established presence in bond markets to grow the DCM business. The DCM business has been credited with putting together some unique bond offering

solutions which have been accepted by both our issuer clients and the wholesale bond investors' community.

Transaction Banking

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

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

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

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

CONSUMER BANKING

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

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

This combination will allow the customer to choose to be serviced either through a branch, through the internet or through his

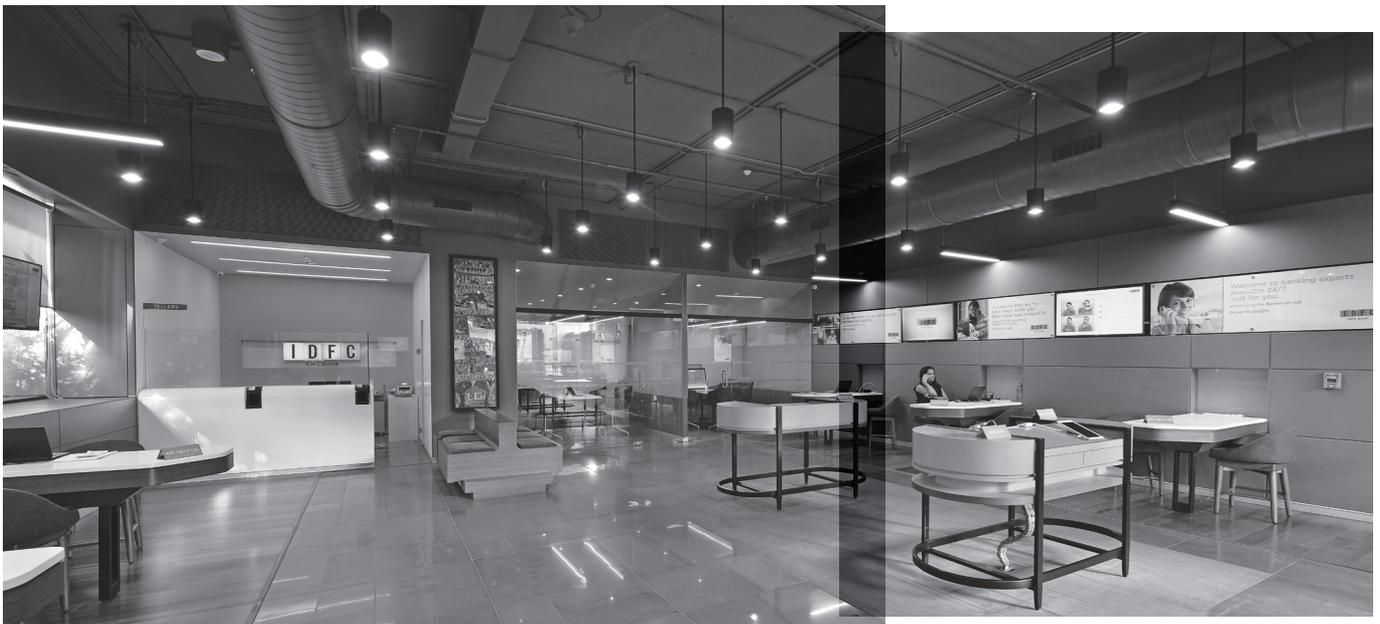
phone. It will allow customers to transact seamlessly across all touch points making their banking experience simpler, more personalised and accessible.

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

We believe that real growth in economic activity and job creation in business can come from Small and Medium Enterprises ('SME'). India is a nation of entrepreneurs.

This segment, however, does not have adequate access to banking services, even for the simplest of requirements. Your Bank intends to create access and simplify banking for this segment significantly. We are rolling out solutions that are intuitive and will meet their most pressing needs.

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



BHARAT BANKING

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

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

Bharat Banking will enable inclusive growth in the following ways:

INNOVATING A PUBLIC PAYMENT INFRASTRUCTURE

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

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

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

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

TRANSFORMING BHARAT, ONE DISTRICT AT A TIME

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

CUSTOMIZED PRODUCTS:

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

PERSONALIZED SERVICE

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

COMMUNITY ENGAGEMENT

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

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

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

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

GOVERNMENT BANKING

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

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

RISK

IDFC Bank operates within an effective risk management framework to actively manage all the material risks faced by the Bank, in a manner consistent with the Bank's risk appetite. The Bank aims to establish itself as an industry leader in the management of risks and strive to reach the

efficient frontier of risk and return for the Bank and its shareholders. The Board has ultimate responsibility for the Bank's risk management framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. To ensure the Bank has a sound system of risk management and internal controls in place, the Board has established the Risk Management Committee of the Board ('RMC'). The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes and controls.

RISK APPETITE

The risk appetite is an expression of the risks the Bank is willing to take in pursuit of its financial and strategic objectives. The risk appetite thus sets the outer boundaries for risk taking at the Bank. The risk appetite is a top-down process and consists of specific risk appetite statements, which are approved by the Board and reviewed quarterly.

Credit Risk

The Bank's credit risk is controlled and governed by the Board approved Credit Risk

Management Policy. The Credit Risk group has been established to independently evaluate all proposals to estimate the various risks and their appropriate pricing, as well as their mitigation.

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

Market Risk

The Bank's positions in debt, foreign exchange, derivatives, and equity are subject to Market Risk. Such risks faced by the Bank are monitored by the Market Risk Group. Several models and their tools are used to support the continuous monitoring of such risks. The tools, models and underlying risk factors are reviewed periodically to enhance their effectiveness.

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



The group also supports the Asset-Liability Management ('ALM') function. The purpose of the Asset Liability Management Committee ('ALCO') is to act as a decision making unit responsible for integrated balance sheet risk management from risk-return perspective including strategic management of interest rate and liquidity risks.

Operational Risk

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

Information Technology and Information Security Risk

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

Capital Adequacy

The Bank manages its capital position to maintain strong capital ratios well in excess of regulatory and Board approved minimum capital adequacy at all times. The strong Tier I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors and shareholders.

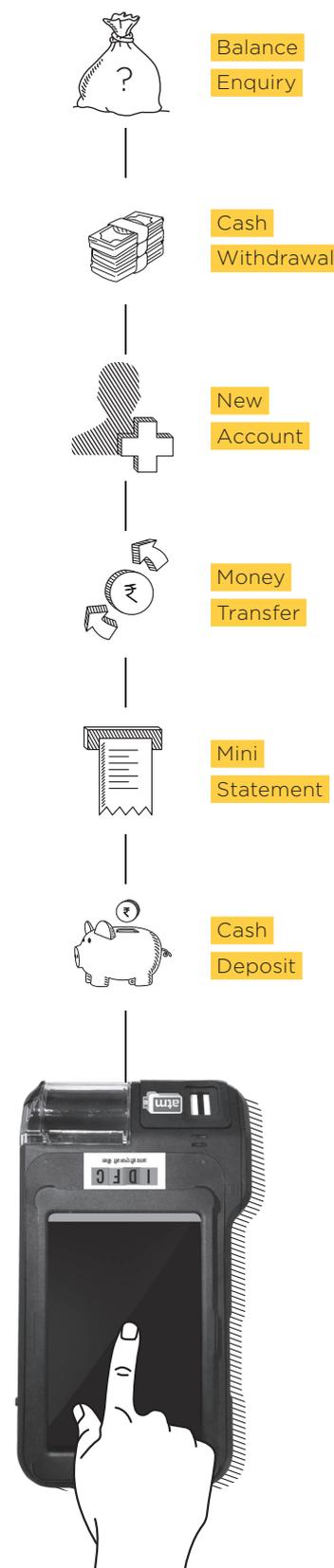
In accordance with the RBI guidelines on Basel III, the Bank adopts the standardized approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk. Capital management practices are designed to maintain a risk reward balance, while ensuring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

Internal Capital Adequacy Assessment Process ('ICAAP')

The Internal Capital Adequacy Assessment Process ('ICAAP') forms an integral part of the Supervisory Review Process ('SRP') under Pillar 2 of the Basel II Framework. SRP under the Basel II Framework (pillar II) envisages the establishment of appropriate risk and capital management processes in banks and their review by the supervisory authority. ICAAP is a structured approach to assess the risk profile of the Bank and determine the level of capital commensurate with the scale and complexity of operations. Capital planning under ICAAP takes into account the demand for capital from businesses for their growth plans and ensures that the Bank is adequately capitalised for the period ahead and holds sufficient buffers to withstand stress conditions. The ICAAP framework thus assists in aligning capital levels with the risks inherent in the business and growth plans.

Stress Testing

Stress testing forms an essential part of ICAAP. It requires the Bank to undertake rigorous, forward looking assessment of risks by identifying severe events or changes in market conditions which could adversely impact the Bank. The ICAAP ensures that stress testing reports provide senior management with a thorough understanding of the material risks to which the Bank is exposed. Stress testing complements other approaches in the assessment of risk. It is the primary indicator of the Bank's ability to withstand tail events and maintain sufficient levels of capital. It is used to evaluate the financial position of the Bank under a severe but plausible scenario to assist in decision making. It also assists the Bank in improving its risk monitoring processes.



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

OPERATIONS

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

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

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

TECHNOLOGY

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

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

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

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

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

- 80 applications in production as on March 31
- Facilitated technology needs resulting from IDFC Ltd. and IDFC Bank Ltd. demerger
- Deployed in a year, the technology footprint that is similar to a bank that has been in existence for over 10 years
- BXP—our state-of-the-art and innovative corporate internet banking portal is a unique solution for corporate customers

■ Retail Internet Banking—a highly responsive solution that is fully-functional, yet nimble enough to accommodate future development efforts

- Single repository of all customer information—demographics and collaterals
- Micro ATM based solution for our Bharat Banking business.

HUMAN RESOURCES

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

CULTURE TOPS OUR PEOPLE AGENDA

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

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

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

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

DRIVING A LEARNING CULTURE IS KEY ASPECT OF OUR PEOPLE AGENDA

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

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

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

BUILDING A SENSE OF COMMUNITY INTERNALLY

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

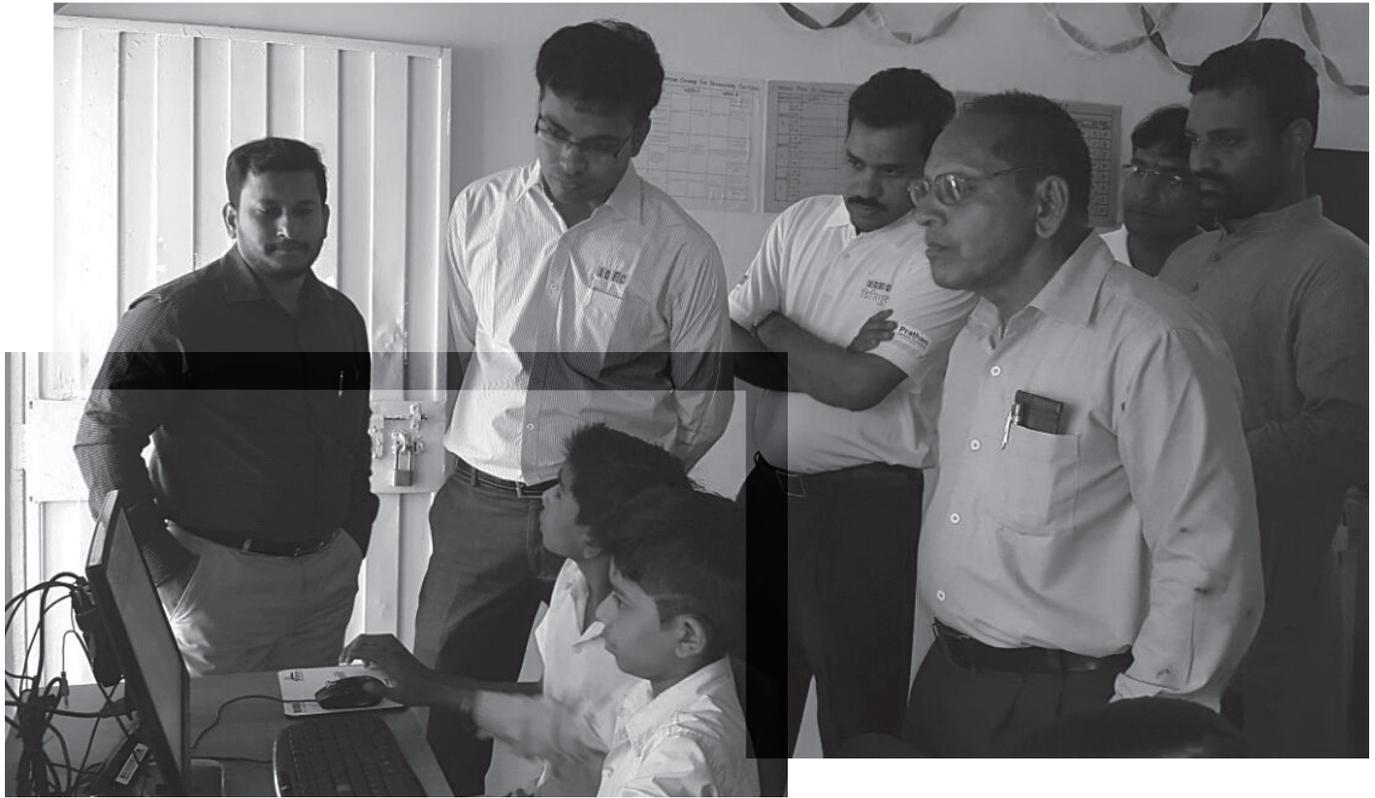
ENVIRONMENT & SOCIAL POLICY AND APPRAISAL PROCESS

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

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

The Environmental Risk Group ('ERG') of IDFC Bank works proactively with clients / internal teams to identify, mitigate and manage Environment & Social ('E&S') risks associated with projects / transactions. IDFC Bank obtains information on environment related regulatory and compliance norms so as to ensure that the projects / transactions it finances are in compliance with the applicable national environmental legislation.

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



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

INTERNAL CONTROLS AND THEIR ADEQUACY

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

IDFC INSTITUTE

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

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

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

IDFC Institute's work currently focuses on:

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

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

CORPORATE SOCIAL RESPONSIBILITY ('CSR') & IDFC FOUNDATION

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

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

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

Some recent initiatives include:

NAYANTARA: VISION CARE

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

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



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

DIGISHALA: DIGITAL EDUCATION IN SCHOOLS

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

Aside from digital education, IDFC Foundation also focusses on need-based interventions. For example, two schools in Sangakheda, MP, have been adopted for upgrading physical infrastructure, thereby helping the village in its aim to become

a model village under the Government's Pradhan Mantri Aadarsh Gram Yojna.

SHWETDHARA: CATTLE CARE PROJECT

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

MASOOM: NIGHT SCHOOL TRANSFORMATION IN MUMBAI

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

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





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

SNEHA: SUPPORTING MATERNAL AND NEWBORN HEALTH IN MUMBAI

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

program. The referral linkages have also significantly contributed in saving lives of 2,164 pregnant women.

COMMUNITY DEVELOPMENT IN MEGHALAYA

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

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

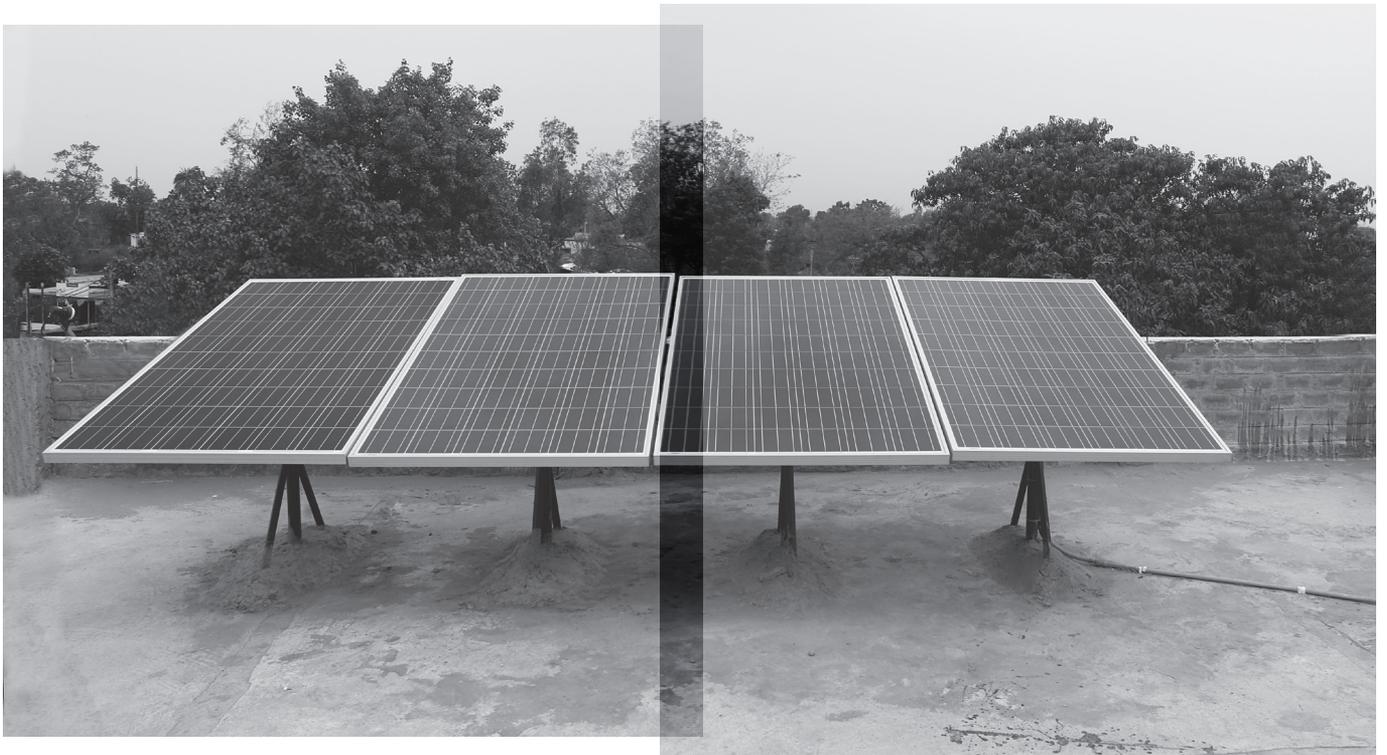
IDFC Foundation has been supporting Masoom, an organization working towards improving education in night schools of Mumbai through a 'Night School Transformation Program'.

PRIMARY EDUCATION IN RAJASTHAN

This initiative is aimed at improving the learning levels of students studying in 60 Government primary schools (Classes I to V) in Ramgarh and Kishangarh Bas blocks of Alwar district, Rajasthan. This is being done in partnership with the District Authority, Alwar District and Ibtada (an NGO based in Alwar, Rajasthan). The program involves a 'whole-school approach' targeting holistic improvements across a set of intervention areas. These include development of specialized remedial packages for students

who are lagging, training of Government school teachers for improved teaching techniques and better school management, building leadership qualities among school children, and capacity building of the local community for playing a greater role in School Management Committees ('SMCs'). The program is expected to benefit 8,000 students over 3 years.

Solar panels installed for use at all
Bharat Banking branches



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

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

IMPROVING EARLY CHILD CARE AND EDUCATION IN UTTARAKHAND

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

IMPROVED CITY SYSTEMS IN URBAN CENTRES

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

3.4 crore population in three years from 21 major cities in India, comprising capital cities of 16 major states chosen based on population and coverage of states.

CANCER TREATMENT FOR UNDERPRIVILEGED

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



CORPORATE GOVERNANCE REPORT

IDFC Bank strongly believes that sound Corporate Governance is an essential ingredient for corporate success and sustainable economic growth. IDFC Bank, through its stringent adherence to compliances aims to enhance and retain investor trust and social acceptability.

IDFC BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

IDFC Bank Limited ('IDFC 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. IDFC Bank strongly believes that sound Corporate Governance is an essential ingredient for corporate success and sustainable economic growth. IDFC Bank, through its stringent adherence to compliances aims to enhance and retain investor trust and social acceptability.

IDFC Bank endeavors to conduct its operations with transparency and honesty towards all its stakeholders including customers, shareholders, regulators, employees and the general public. IDFC Bank's businesses focus on maximising 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 the business, but also increase in complexities of the organizational 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 Bank not only meets with the Companies Act, 2013 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 Board's Report confirms IDFC Bank's compliance with Listing Regulations.

BOARD OF DIRECTORS

The Board of Directors of the Bank bring with them, a wide range of significant professional expertise and rich experience across a wide spectrum of functional areas such as Management and Administration, Economics, Banking, Commercial Banking, Investment Banking, Micro-Finance, Finance, Audit and Accounting, Agriculture etc.

The Board has been constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013 and rules made thereunder, Listing Regulations and in accordance with the best practices in Corporate Governance across the Industry.

The appointment of Directors on the Board of IDFC Bank has also been approved by the Reserve Bank of India ('RBI').

The Board of the Bank has an optimum combination of Executive and Non-Executive Directors ('NEDs') including one (1) Woman Director. Listing Regulations mandate that for a company with a Non-Executive Chairman, at least one-third of the Board shall comprise of Independent Directors ('IDs'). The Board of the Bank consists of nine (9) Directors; out of which six (6) are IDs i.e. 66.67% of the Board is Independent, which is more than the requirements of the Companies Act, 2013 and the Listing Regulations. The Board has two (2) Nominee Directors representing IDFC Limited / IDFC Financial Holding Company Limited ('IDFC FHCL'). As on March 31, 2016, IDFC FHCL held 52.98% equity shares of IDFC Bank. Also, IDFC FHCL is a wholly owned subsidiary of IDFC Limited. The Board has one (1) Executive Director namely Dr. Rajiv B. Lall who is the Founder Managing Director & CEO of the Bank. Mr. Anil Baijal is the Independent Non-Executive Chairman of the Bank.

Brief Profiles of all the Directors are available on the Bank's website: www.idfcbank.com and also at the end of this Chapter.

During FY16, Mr. Abhijit Sen, Mr. Ajay Sondhi, Dr. Ashok Gulati, Ms. Veena Mankar and Mr. Vinod Rai were inducted on the Board w.e.f. July 27, 2015 and Mr. Rajan Anandan was inducted w.e.f. December 01, 2015. Also, Mr. Gautam Kaji resigned from the Board w.e.f. September 30, 2015.

IDFC Bank commenced its banking operations on October 01, 2015. Accordingly,

Dr. Rajiv B. Lall stepped down as the Executive Chairman of IDFC Limited w.e.f. September 30, 2015 and took the position of Founder Managing Director & CEO of IDFC Bank w.e.f. October 01, 2015. Dr. Rajiv B. Lall shall hold office as Founder Managing Director & CEO of the Bank for a period of three (3) years w.e.f. October 01, 2015.

All the new NEDs inducted on the Board were introduced to the culture and vision of the Bank through special induction programmes. The Founder Managing Director & CEO and the Senior Management Personnel ('SMP') provided an overview of Bank's operations and familiarized all the new NEDs with them.

The Board has complete access to all the information about the Bank. The Board members are frequently provided with necessary documents, reports and internal policies to enable them to get familiarized with the Bank's procedures and practices. The details of familiarization programmes imparted to Directors are disclosed on the Bank's website: www.idfcbank.com.

CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Directors and designated SMP of the Bank. The Code is available on the Bank's website: www.idfcbank.com. All Board members and designated SMP have affirmed their compliance with the Code. A declaration to this effect duly signed by the Founder Managing Director & CEO is enclosed at the end of this Chapter.

Further, all the IDs have confirmed that they meet the criteria mentioned under

01 COMPOSITION OF BOARD OF DIRECTORS FOR FY16

NAME OF THE DIRECTOR	DIN	POSITION
Mr. Anil Bajjal	01608892	Independent Non-Executive Chairman
Mr. Abhijit Sen*	00002593	Independent Director
Mr. Ajay Sondhi*	01657614	Independent Director
Dr. Ashok Gulati*	07062601	Independent Director
Mr. Rajan Anandan**	02395272	Independent Director
Dr. Rajiv B. Lall	00131782	Founder Managing Director & CEO
Ms. Veena Mankar*	00004168	Independent Director
Mr. Vikram Limaye	00488534	Nominee Director (Nominee of IDFC Limited-equity investor)
Mr. Vinod Rai*	01119922	Nominee Director (Nominee of IDFC Limited-equity investor)
Mr. Gautam Kaji***	02333127	Independent Director

* Mr. Abhijit Sen, Mr. Ajay Sondhi, Dr. Ashok Gulati, Ms. Veena Mankar and Mr. Vinod Rai were appointed w.e.f. July 27, 2015.

**Mr. Rajan Anandan was appointed w.e.f. December 01, 2015.

***Mr. Gautam Kaji resigned w.e.f. September 30, 2015.

[§] 1st Annual General Meeting ('AGM') of IDFC Bank was held on September 29, 2015 and IDFC Bank got listed on November 06, 2015. Mr. Abhijit Sen, Chairman of the Audit Committee, Mr. Gautam Kaji, Chairman of Nomination and Remuneration Committee and Ms. Veena Mankar, Chairperson of Stakeholders' Relationship and Customer Service Committee could not attend the AGM for personal commitments.

1. Includes directorship held in Foreign Companies, Private Limited Companies and Section 8 Companies in India.

2. Includes memberships of Audit Committee and Stakeholders Relationship Committee of all Indian Public Limited Companies including IDFC Bank Limited; figures in brackets indicate number of Committee Chairmanships as per Regulation 26 of the Listing Regulations.

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 alongwith their affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual General Meeting ('AGM'). Additional meetings are held whenever necessary.

The dates of the Board Meetings for the next financial year are decided well in advance and are informed to the Directors to enable them to manage their schedule effectively and prepare for the meetings in advance. Also, the Bank makes use of video conferencing facility or other audio visual

means, whenever necessary, to enable larger participation of Directors in the meetings.

In consultation with the Chairman & Founder Managing Director & CEO, the Company Secretary prepares the agenda and the explanatory notes and circulates these in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion.

Members of the Senior Management are invited to attend the Board Meetings, make presentations and provide additional inputs to the items under discussion.

The responsibilities of the Board *inter alia* include formulating and monitoring of plans, business strategy, budgets, reviewing financial results, appointment / cessation and remuneration of SMP and Key Managerial Personnel, 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 Stock Exchanges.

During FY16, eight (8) Board Meetings were held on April 29, 2015, July 27, 2015

(2 meetings), August 25, 2015, October 26, 2015, December 12, 2015, January 27, 2016 and March 29, 2016. The maximum gap between any two consecutive meetings was less than 120 days. The necessary quorum was present for all the meetings.

Detailed presentations on the Bank's business segments were made at the Board Meetings held during the year. 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 names of the Board members along with their attendance at the Board Meetings held during FY16 and the last AGM, their directorships, memberships and chairmanships in committees of companies (including IDFC Bank) are given in **Table 01**.

The Board / Committees also pass resolutions by circulation on need basis. The resolutions passed by circulation is placed for noting at the next Board / Committee

NO. OF BOARD MEETINGS HELD IN FY16	NO. OF BOARD MEETINGS ATTENDED IN FY16	WHETHER ATTENDED FIRST AGM HELD ON SEPTEMBER 29, 2015	NUMBER OF DIRECTORSHIPS		NO. OF COMMITTEE MEMBERSHIP (CHAIRMANSHIP) OF COMPANIES ² (INCLUDING IDFC BANK)
			OF INDIAN PUBLIC LIMITED COMPANIES (INCLUDING IDFC BANK)	OF OTHER COMPANIES ¹	
8	8	No	5	2	3 (1)
5	5	No ⁵	4	2	3(3)
5	5	No	2	2	2(None)
5	5	No	2	1	-
3	2	N.A	1	4	-
8	8	Yes	1	2	1(None)
5	4	No ⁵	2	3	3(2)
8	8	Yes	9	3	3(None)
5	5	No	4	2	3(1)
4	2	No ⁵	-	-	-

Notes:

- a. 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.
- b. None of the Directors held directorship in more than 10 Public Limited Companies.
- c. None of the Directors was related to any other Director.
- d. None of the Independent Directors of the Bank served as Independent Director in more than 7 listed companies.
- e. Dr. Rajiv B. Lall, Founder Managing Director & CEO, was not an Independent Director of any other listed company.

meetings, as applicable. There were six (6) circular resolutions passed by the Board during FY16.

The Minutes of each Board / Committee Meeting are recorded in the Minutes Book after its confirmation at the respective meetings.

MEETINGS OF INDEPENDENT DIRECTORS

As per Schedule IV of the Companies Act, 2013 and the rules made thereunder, the IDs of the Bank shall hold atleast one (1) meeting in a year, without the attendance of Non-Independent Directors and members of the Management. These meetings are expected to review the performance of Non-Independent Directors and the Board as a whole, as well as the performance of the Chairman of the Board, taking into account the views of Executive Directors and NEDs; assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform their duties.

A meeting of IDs of the Bank was held on April 26, 2016. The meeting was attended by all six (6) IDs.

The IDs unanimously agreed that since this was the first year of the operations of the Bank and most of the Directors had joined the Board during the year, the formal process of evaluation as mentioned aforesaid would be carried out when the Bank completes one full year of operations.

BOARD COMMITTEES

The Board has constituted various Board Committees to delegate particular matters that require greater and more focused attention. The 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.

Majority of the members of most of the below mentioned Committees consist of IDs and most of these Committees are chaired by IDs. Mr. Mahendra N. Shah, Company Secretary & Chief Compliance

Officer officiates as the Secretary for all the Board Committees and adheres to all laws and regulations for conducting Committee meetings.

During FY16, some of the Committees of the Board were reconstituted and their terms of reference were revised to align with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the Listing Regulations.

The composition of all Board Committees is available on the Bank's website: www.idfcbank.com

Details on the terms of reference and composition of these Committees, including the number of meetings held during FY16, are given hereinafter:

01 | AUDIT COMMITTEE

The Audit Committee comprises of four (4) members, three (3) of whom are IDs and one (1) Nominee Director. All members of the Audit Committee are financially literate and have accounting and related financial management expertise.

The Committee met two times during FY16 on October 26, 2015 and January 27, 2016. The time gap between two consecutive meetings was less than 120 days. The quorum of the meeting is two (2) members. The Chief Financial Officer, Statutory Auditors and the Internal Auditors are permanent invitees to the meetings of the Audit Committee.

The Minutes of the Audit Committee are circulated to the Members of the Board and are taken note of.

The composition, name of members and chairman and their attendance at Audit Committee meetings held during FY16 is given in **Table O2**.

The Terms of Reference of the Audit Committee includes the following:

A. Financial Statements

1. 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.
2. Reviewing, with the management, the annual financial statements and draft auditors report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Modified Opinion(s) in the draft Audit report.
3. Reviewing, with the management, the quarterly financial statements and results before submission to the Board for approval.
4. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue,

rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

5. Approval or any subsequent modification of transactions of the Bank with related parties.
6. To scrutinize inter-corporate loans and investments.
7. To review report on valuation of undertakings or assets of the Bank, wherever it is necessary.
8. Evaluation of internal financial controls and risk management systems.
9. Pre-approval, approval or any subsequent modification of transactions of the Bank with related parties.
10. Audit Committee may grant omnibus approval for related party transactions in accordance with applicable regulations.
11. Review of housekeeping-particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts.
12. Suggest change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines (Annual).
13. Review of accounting policies / systems of the Bank with a view to ensuring greater transparency in the Bank's accounts and adequacy of accounting standards (Annual).
14. Investigate any activity within its terms of reference, seek information from any employee, have full access to information contained in the records of the Bank and obtain outside legal or professional advice.

B. Statutory Audit

1. Recommending to the Board, the appointment, re-appointment, remuneration, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
2. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Abhijit Sen	Independent Director	Chairman	2	2
Mr. Ajay Sondhi	Independent Director	Member	2	2
Ms. Veena Mankar	Independent Director	Member	2	1
Mr. Vikram Limaye	Nominee Director	Member	2	2

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, performance of statutory auditors & internal auditors and adequacy of the internal control systems.
5. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
6. Review the Long Form Audit Report ('LFAR') issued by the statutory auditors.
7. Review of the management letters / letters of internal control weaknesses issued by the statutory auditors.

C. Internal Audit

1. Discussing with internal auditors any significant findings and follow up there on.
2. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
3. Review of the internal audit reports relating to internal control weaknesses.
4. Review of the appointment, removal and terms of remuneration of the chief internal auditor.
5. Review of Audit plan and status of achievement thereof.
6. Review of significant Audit Findings of the following audits along with the compliance thereof-(i) Concurrent Audit (ii) Internal Inspection (iii) I.S.Audit of Data Centre (iv) Treasury and Derivatives (v) Management Audit at Controlling Offices / Head Offices (vi) Audit of Service Branches (vii) Currency Chest (viii) FEMA Audit of branches authorized to deal in foreign exchange, etc.
7. Review of Systems and Procedures adopted by the Bank.

8. Review of IS Audit Policy (Annual).
9. Review of adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit (Annual).
10. Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof-reasons for undercharges and steps taken to prevent revenue leakage (Annual).

D. Compliance with RBI Guidelines

1. Review of exposure to sensitive sectors i.e. capital market & real estate.
2. KYC / AML Guidelines-(i) Review of implementation (ii) Periodic AML Update (iii) Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
3. Review compliance report on directives issued by ACB / Board / RBI.
4. Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital.
5. Review status of implementation of Ghosh and Jilani Committee reports (Half Yearly).
6. Review penalties imposed / penal action taken against Bank under various laws and statutes and action taken for corrective measures (Annual).
7. Review the Anti-Money Laundering ('AML') / Counter-Financing of Terrorism ('CFT') policy annually and review the implementation of the Companies AML / CFT programme.
8. Review the application of KYC procedures at the branches and comment on the lapses observed in this regard.
9. Report on compliance of regulatory requirements of regulators in host countries in respect of overseas branches.

E. Compliance with Companies Act 2013 / Other Statutes / Regulations

1. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
2. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience, background etc.
3. Recommending to the Board, the appointment, re-appointment, remuneration, terms of appointment and, if required, the replacement or removal of auditors of the Bank-both for domestic and overseas operations.
4. Review of housekeeping-particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts.
5. Review of Frauds (frauds of ₹1 crore and above to be reviewed as and when reported).
6. Review of information on violations by various functionaries in the exercise of discretionary powers.
7. Review detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases (Half Yearly).
8. Review of the Bank's results and risk management policies (Annual).
9. Review of the management discussion and analysis of financial condition and results of operations.
10. Review the statement of significant related party transactions (as defined by the audit committee), submitted by management.
11. Review of Statement of deviations.

a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

b. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of Listing Regulations.

12. The Auditors of the Bank and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditors' report but shall not have the right to vote.

13. The Audit Committee of the listed entity shall review the financial statements, in particular, the investments made by the unlisted subsidiary, whenever applicable.

F. RBI Inspection

Review of compliance in respect of the Annual Financial Inspection conducted by RBI (to review this on on-going basis till the Bank furnishes full compliance). To closely

monitor persisting deficiencies pointed out in RBI Inspection Reports.

G. Whistle Blower

To review the functioning of the Whistle Blower / Vigil Mechanism. To ensure that the procedures ensure adequate safeguards against victimization of persons using such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

H. IT Governance

To review IT Governance & Infrastructure and Information Security Risk related aspects of the Bank.

I. Other requirements

Any other requirement in accordance with the applicable provisions of the Listing Agreement with the Stock Exchanges and / or the Companies Act, or any re-enactment, amendment or modification thereto from time to time.

IT GOVERNANCE & INFRASTRUCTURE COMMITTEE

The IT Governance & Infrastructure and Information Security Risk related aspects of the Bank are reviewed by the Audit Committee of the Bank. Accordingly, IT Governance & Infrastructure Committee is monitored by the Audit Committee of the Bank. The IT Governance & Infrastructure Committee comprises of five (5) members, one (1) of whom is the Founder Managing Director & CEO and four (4) are Officers of the Bank. The Officers of the Bank consist of Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and General Counsel & Head - Legal & Audit.

The Committee met six times during FY16 on October 14, 2015, November 26, 2015, December 16, 2015, January 11, 2016, February 23, 2016 and March 10, 2016. The quorum of the meeting is fifty percent (50%) members. All the meetings were held during the year with requisite quorum.

03 ATTENDANCE DETAILS OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS HELD DURING FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Ajay Sondhi ^{1a & 1b}	Independent Director	Chairman	3	3
Mr. Anil Bajjal	Independent Director	Member	5	5
Ms. Veena Mankar ²	Independent Director	Member	1	1
Mr. Vinod Rai ²	Nominee Director	Member	1	1
Mr. Gautam Kaji ³	Independent Director	Chairman	3	3
Dr. Rajiv B. Lall ⁴	Founder Managing Director & CEO	Member	4	4

^{1a} Appointed as Member of the Committee w.e.f. July 27, 2015; ^{1b} Appointed as Chairman of the Committee w.e.f. October 01, 2015.

² Appointed as Member of the Committee w.e.f. October 26, 2015.

³ Resigned as Chairman of the Committee w.e.f. September 30, 2015.

⁴ Resigned as Member of the Committee w.e.f. October 26, 2015.

The Terms of Reference of IT Governance & Infrastructure Committee includes the following:

1. Approving IT strategy and policy documents of the Bank.
2. Ensuring IT investments represent a balance of risks and benefits for sustaining Bank's growth and that budgets are acceptable.
3. Monitoring the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
4. Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value).
5. Ensuring that all critical projects have a component for 'project risk management' from IT perspective (by defining project success measures and following up progress on IT projects).
6. Defining and ensuring effective implementation of standards of IT Governance, Business Continuity and Data Governance.
7. Ensure that there is an appropriate framework of information security risk assessment within the Bank.
8. Provide direction to IT architecture design and ensure that the IT architecture reflects the need for legislative and regulatory compliance, the ethical use of information and business continuity.

02 | NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ('NRC') comprises of four (4) members, three (3) of whom are IDs and one (1) Nominee Director.

The Committee met five times during FY16 on July 27, 2015 (2 meetings), August 25, 2015, October 26, 2015 and March 29, 2016. The quorum of the meeting is two (2) members.

The composition, name of members and chairman and their attendance at NRC meetings held during FY16 is given in **Table 03**.

The Terms of Reference of the NRC includes the following:

1. 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.
2. Formulation of criteria for evaluation of performance of IDs and the Board of Directors.
3. Devising a policy on diversity of Board of Directors.
4. 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 carry out evaluation of every Director's performance.
5. Determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of IDs.
6. Determine the Bank's policy on specific remuneration packages for Whole-time Directors / Executive Directors including pension rights and any compensation payment.

7. Decide the Salary, Salary Grades, Overseas Allowance, Perquisites, Retirals and Increment of Whole-time Directors.

8. Define and implement the performance linked incentive scheme and evaluate the performance and determine the amount of incentive of the Whole-time Directors for that purpose.

9. Decide the amount of commission payable to each Whole-time Director.

10. Periodically review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view performance of the Bank, standards prevailing in the industry, Norms specified by RBI, statutory guidelines, etc.

11. Abide by any other requirement in accordance with the applicable provisions of the Listing Agreement with the Stock Exchanges, Companies Act, 2013 and / or applicable RBI Guidelines / Regulations, or any re-enactment, amendment or modification thereto from time to time.

12. 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.

13. Oversee the Director's succession planning process for ensuring the right mix of Directors on the Board.

14. In cases where Director provides any services to the Bank in any other capacity, evaluating whether the Director possesses the requisite qualification for the practice of such profession.

15. Keep abreast of external remuneration trends and market conditions.

16. Develop an Orientation (new Directors) and Continuing Education Program ('CEP') for the Board and individual Directors so as

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY AND PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	PAID DURING FY16 TOTAL
Mr. Anil Bajjal	01608892	8,00,000	-	-	8,00,000
Mr. Abhijit Sen*	00002593	9,00,000	-	-	9,00,000
Mr. Ajay Sondhi*	01657614	8,50,000	-	-	8,50,000
Dr. Ashok Gulati*	07062601	6,00,000	-	-	6,00,000
Mr. Rajan Anandan***	02395272	2,00,000	-	-	2,00,000
Dr. Rajiv B. Lall	00131782	-	18,652,655	576,000	19,228,655
Ms. Veena Mankar*	00004168	5,50,000	-	-	5,50,000
Mr. Vikram Limaye	00488534	-	-	-	-
Mr. Vinod Rai*	01119922	-	-	-	-
Mr. Gautam Kaji**	02333127	50,000	-	-	50,000

* Mr. Vinod Rai, Mr. Abhijit Sen, Ms. Veena Mankar, Mr. Ajay Sondhi and Dr. Ashok Gulati were appointed w.e.f. July 27, 2015.

**Mr. Gautam Kaji resigned w.e.f. September 30, 2015.

***Mr. Rajan Anandan was appointed w.e.f. December 01, 2015.

- Note: 1. For the period from April 01, 2015 to September 30, 2015, Dr. Rajiv B. Lall was paid remuneration from IDFC Limited. The remuneration paid to him from IDFC Limited was within the limits prescribed under the Companies Act, 2013.
2. Dr. Rajiv B. Lall was appointed as the Founder Managing Director & CEO of IDFC Bank w.e.f. October 01, 2015. He was paid an amount of ₹ 1.92 crore (approved by RBI) for the period from October 01, 2015 to March 31, 2016 from IDFC Bank. Details of performance linked incentives to Dr. Lall are given in the Board's Report. The remuneration paid / payable to Dr. Lall from IDFC Bank is within the limits prescribed under the Companies Act, 2013.
3. During the year, Dr. Rajiv B. Lall was granted 3,000,000 stock options under IDFC Bank ESOS - 2015. The stock options granted to Dr. Lall would vest in a graded manner over a period of 3 years from the date of grant of options and are exercisable over a period of 4 years from the date of vesting. Options were granted at 'fair value' as defined under the SEBI (Share Based Employee Benefits) Regulations, 2014.
4. During the year, Mr. Vikram Limaye was granted 775,000 stock options under IDFC Bank ESOS - 2015, subject to the regulatory approvals, as applicable. The stock options granted to Mr. Limaye would vest in a graded manner over a period of 3 years from the date of grant of options and are exercisable over a period of 4 years from the date of vesting. Options were granted at 'fair value' as defined under the SEBI (Share Based Employee Benefits) Regulations, 2014.

to keep abreast of changes in the Bank and the environment in which it operates.

17. To co-ordinate and oversee the annual self-review of the performance of the Board, its Committees and of the Individual Directors (including IDs) in the governance of the Bank.

18. To review the performance of each existing Director and consider the results of such review when determining whether or not to recommend the nomination of such Director for the next year.

19. To ensure that a Deed of Covenant and a declaration and undertaking in Bank's favor, as may be specified by RBI is obtained from every Director.

20. To scrutinize Deed of Covenant and declaration and undertaking submitted by each of its Directors and on a continuing basis perform due diligence in respect of each of its Directors and shall report to the RBI if any of its Directors fails to fulfil the 'fit and proper' criteria as specified by RBI from time to time. The Committee shall review and assess its performance as and when required.

21. To seek and obtain external legal and professional advice and assistance, if

considered necessary, at the cost of the Bank.

PERFORMANCE EVALUATION CRITERIA

The Companies Act, 2013 and Regulation 19 of the Listing Regulations stipulate the performance evaluation of the Directors including Chairperson, Board and its Committees.

Accordingly, the performance evaluations for Directors including Chairperson, Board and its Committees was done in April 2016 through circulation of questionnaires which would assess the performance of the Board on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Directors unanimously agreed that since this was the first year of the operations of the Bank and all the Directors had joined the Board during the year, the formal process of evaluation as mentioned

aforsaid would be carried out when the Bank completes one full year of operations.

REMUNERATION OF DIRECTORS

The Board, based on the recommendation of the NRC, approved the Remuneration Policy for the Directors, Key Managerial Personnel, SMP and other Employees. The said policy is posted on the Bank's website: www.idfcbank.com.

IDFC Bank pays remuneration to Founder Managing Director & CEO by way of salary, allowance, perquisites including retirement benefits (fixed component) and a variable component based on the recommendation of the NRC and approval of the RBI, Board of Directors and Members of the Bank. The remuneration paid to Founder Managing Director & CEO is determined keeping in view the industry benchmark and the relative performance of the Bank vis-à-vis industry performance. The Bank at its 1st AGM held on September 29, 2015 approved the payment of a total remuneration of ₹ 3.29 crore p.a. to Dr. Rajiv B. Lall, Founder Managing Director & CEO. Since, IDFC Bank started its banking operations only on October 01, 2015, Dr. Rajiv B. Lall was

paid remuneration from October 01, 2015 to March 31, 2016 during FY16 from IDFC Bank. The detailed break-up of the remuneration for FY16 has been disclosed in the Boards' Report.

The NEDs are paid remuneration by way of commission and sitting fees. Based on the recommendation of the NRC, the Board at its meeting held on August 25, 2015 approved sitting fees to be paid to NEDs @ ₹ 100,000 per Board Meeting and ₹ 50,000 per Committee Meeting. Further, based on the recommendation of the NRC, the Board at its meeting held on March 29, 2016 approved Commission to be paid to the NEDs not exceeding 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 ₹ 1,000,000 to each of such Directors, whichever is lower. The aforesaid Commission is proposed for approval of the Shareholders of the Bank at the ensuing 2nd AGM to be held on July 27, 2016. The criteria for making payments to NEDs has been disseminated on the Bank's website: www.idfcbank.com.

Eventhough most of the Non-Executive Independent Directors were appointed on the Board before October 01, 2015 (date of commencement of banking operations), all these Non-Executive Independent Directors shall be paid commission on a pro-rata basis from the period beginning from October 01, 2015. For FY16, IDFC Bank will pay a sum of ₹ 2,833,333 as commission to its Non-Executive Independent Directors, subject to the approval of the Shareholders at the ensuing AGM.

The Bank has not granted any stock Options to Non-Executive Independent Directors of the Bank.

Table 04 gives details of remuneration paid to the Directors during FY16. The Bank did not advance loans to any of its Directors during FY16. None of the Directors is entitled to severance fee. The notice period for Dr. Rajiv B. Lall, Founder Managing Director & CEO is three months. None of the employees of the Bank is related to any of the Directors. There are no *inter-se* relationships between Board members. None of the Directors of the Bank is related to each other. None of the NEDs hold any shares or convertible instruments of IDFC Bank except Mr. Vikram Limaye who holds 2,043,728 equity shares of the Bank as on March 31, 2016.

03 | STAKEHOLDERS' RELATIONSHIP AND CUSTOMER SERVICE COMMITTEE

The Stakeholders' Relationship and Customer Service Committee comprises of four (4) members, two (2) of whom are IDs, one (1) Nominee Director and one (1) Executive Director. The Committee met once during FY16 on January 27, 2016. The quorum of the meeting is two (2) members.

Mr. Mahendra N. Shah, Company Secretary & Chief Compliance Officer is the designated person responsible for handling Investor Grievances.

Pursuant to the Scheme of Arrangement between IDFC Limited and IDFC Bank and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 ('Demerger Scheme'), the lending and borrowing business ('Financing Undertaking') of IDFC Limited was transferred to IDFC Bank w.e.f. 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 Bank w.e.f. October 01, 2015. The Bank has a dedicated team of professionals to respond to queries and grievances received from the aforesaid bondholders. The designated e-mail address for equity and bond complaints is ig@idfcbank.com.

Details of queries and grievances received and attended by the Bank from October 09, 2015 (Date of Allotment of IDFC Bank's Equity Shares pursuant to Demerger Scheme) to March 31, 2016 for Equity Shares and from October 01, 2015 (Effective Date of Demerger Scheme) to March 31, 2016 for Infrastructure Bonds are given in **Table 5A** and **Table 5B** respectively. No complaints were received in respect of the bonds issued by the Bank on private placement basis. During FY16, there were no complaints received from the customers of the Bank.

The composition, name of members and chairperson and their attendance at Stakeholders' Relationship and Customer Service Committee meetings held during FY16 is given in **Table 06**.

The Terms of Reference of the Stakeholder's Relationship & Customer Service Committee includes the following:

For Security and Other Stakeholders

1. To consider and resolve the grievances of security holders of the Bank relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend and complaints etc.
2. Review the existing 'Stakeholder Redressal System' and suggest measures for improvement.
3. Receive the report of the Registrar and Share Transfer Agent about investor's grievances and follow up for necessary action taken for redressal thereof.
4. Take measures to enhance operational transparency to Stakeholders and suggest measures for improvement in Stakeholder relations.
5. Consider and take on record the certificate from a practicing Company Secretary under Regulation 40 of Listing Regulations.
6. 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.
7. Decide the frequency of audit of Registrar and Share Transfer Agent and consider the Auditors' Report thereon.
8. 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.
9. Any other requirement in accordance with the applicable provisions of the Companies Act, 2013, Listing Regulations and RBI Guidelines, including any amendment or modification thereto from time to time.

For Customers

1. To oversee the functioning of the Bank's internal committee set-up for customer service.
2. To review the level of customer service in the Bank including customer complaints and the nature of their resolution.
3. To provide guidance in improving the customer service level.
4. To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which

5A

NATURE OF COMPLAINTS RECEIVED AND ATTENDED FROM OCTOBER 09, 2015 (DATE OF ALLOTMENT OF IDFC BANK'S EQUITY SHARES PURSUANT TO DEMERGER SCHEME) TO MARCH 31, 2016 FOR EQUITY SHARES

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON OCTOBER 09, 2015	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2016
1.	Non receipt of Refund	NIL	NIL	NIL	NIL
2.	Non Receipt of Electronic Credit	NIL	76	76	NIL
3.	Non receipt of Annual Report	NIL	NIL	NIL	NIL
4.	Non receipt of Securities	NIL	160	160	NIL
5.	Non receipt of Dividend Warrants	NIL	NIL	NIL	NIL
6.	SEBI	NIL	10	10	NIL
7.	Stock Exchange	NIL	3	3	NIL
TOTAL			249	249	

5B

NATURE OF COMPLAINTS RECEIVED AND ATTENDED FROM OCTOBER 01, 2015 (EFFECTIVE DATE OF DEMERGER SCHEME) TO MARCH 31, 2016 FOR INFRASTRUCTURE BONDS ISSUED UNDER SECTION 80CCF OF INCOME TAX ACT, 1961

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON OCTOBER 01, 2015	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2016
1.	Non receipt of Bond Certificates	NIL	1,791	1,791	NIL
2.	Non Receipt of Electronic Credit	NIL	5	5	NIL
3.	Non receipt of Refund	NIL	43	43	NIL
4.	Non receipt of Interest Warrant	NIL	3,035	3,035	NIL
5.	SEBI	NIL	89	89	NIL
6.	Stock Exchange / Depositories	NIL	6	6	NIL
7.	ROC	NIL	NIL	NIL	NIL
TOTAL			4,969	4,969	

06

ATTENDANCE AT STAKEHOLDERS' RELATIONSHIP AND CUSTOMER SERVICE COMMITTEE MEETINGS HELD DURING FY16

NAME OF DIRECTOR	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms. Veena Mankar	Independent Director	Chairperson	1	1
Mr. Anil Bajjal	Independent Director	Member	1	1
Dr. Rajiv B. Lall	Founder Managing Director & CEO	Member	1	1
Mr. Vikram Limaye	Nominee Director	Member	1	1

07

THE COMPOSITION OF CSR COMMITTEE

NAME OF THE MEMBER	POSITION	STATUS
Dr. Rajiv B. Lall	Founder Managing Director & CEO	Chairman
Mr. Anil Bajjal	Independent Director	Member
Mr. Ashok Gulati	Independent Director	Member

will help the Bank in protecting and growing its brand equity.

5. To ensure customers are treated fairly all the times and complaints raised by them is dealt with courtesy and in time.
6. To examine any other issues having a bearing on the quality of customer service rendered.
7. 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.
8. To monitor implementation of awards under the Banking Ombudsman Scheme.
9. To evaluate feedback on quality of customer service and to oversee implementation of commitments towards customers as per the directions received from Banking Codes and Standards Board of India ('BCSBI').
10. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.

04 | CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Being the 1st year of operations, the provisions relating to contribution towards Corporate Social Responsibility ('CSR') was not applicable to IDFC Bank for FY16.

However, pursuant to the Demerger Scheme, the Financing Undertaking of IDFC Limited was transferred to IDFC Bank w.e.f. October 01, 2015 (Effective date of the Demerger Scheme).

Accordingly, the CSR spend from the Financing Undertaking was carried out by IDFC Limited (Ultimate Holding of IDFC Bank) through IDFC Foundation, a Section 8 company under the Companies

Act, 2013 and a wholly owned subsidiary of IDFC Limited.

The Board of Directors have constituted the CSR Committee pursuant to Section 135 of the Companies Act, 2013 and corresponding Rules pertaining to CSR.

The CSR Committee comprises of three (3) members, two (2) of whom are IDs, and one (1) Executive Director. The quorum of the meeting is two (2) members.

The composition along with the name of members and chairman is given in **Table 07**.

One meeting of the CSR Committee was held on April 26, 2016, where the CSR Policy was approved by the Committee and recommended to the Board for adoption. The Board at its meeting held on April 26, 2016 adopted the CSR Policy recommended by the CSR Committee. A copy of the said CSR Policy is also placed on the Bank's website: www.idfcbank.com.

The Terms of Reference of the CSR Committee includes the following:

1. 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.
2. Recommend the amount of expenditure to be incurred on the activities referred to in Point No. 1 above.
3. Monitor the CSR Policy of the Bank from time to time.
4. 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.
5. Formulate a transparent monitoring mechanism for implementation of CSR Projects or programs or activities undertaken by the Bank.

6. 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.
7. Review management's position on key stakeholder expectations involving CSR and provide perspectives for Board's consideration.
8. Review on a continuous basis the Bank's communication strategies relating to CSR.
9. Review the Bank's annual CSR report prior to its issuance.
10. Review and assess the remit and reports of any audit process to gain assurance over the CSR activities.
11. Review management-identified opportunities to optimize the use of technology for the use of CSR activities.

05 | RISK MANAGEMENT COMMITTEE

IDFC Bank has in place mechanisms to inform the Board about its risk assessment and minimisation procedures with periodical reviews to ensure that the Management controls risk through a Board-approved properly 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 and it monitors and reviews risks of the Bank on a regular basis. The Risk Management Committee reviews and monitors mainly four types of risks across the organization: credit risk, market risk, liquidity risk and operational risk. This is done under the overall framework of the Enterprise Risk Management System.

The Risk Management Committee comprises of six (6) members, four (4) of whom are IDs, one (1) Nominee Director and

08 ATTENDANCE DETAILS OF THE RISK MANAGEMENT COMMITTEE MEETINGS HELD DURING FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Anil Baijal	Independent Director	Chairman	2	2
Mr. Abhijit Sen	Independent Director	Member	2	2
Mr. Ajay Sondhi	Independent Director	Member	2	2
Mr. Ashok Gulati	Independent Director	Member	2	2
Dr. Rajiv B. Lall	Founder Managing Director & CEO	Member	2	2
Mr. Vikram Limaye	Nominee Director	Member	2	2

one (1) Executive Director. The Committee met two times during FY16 on October 26, 2015 and January 27, 2016. The quorum of the meeting is four (4) members.

The composition, name of members and chairman and their attendance at Risk Management Committee meetings held during FY16 is given in **Table 08**.

The Terms of Reference of the Risk Management Committee includes the following:

1. 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).
2. To review and monitor the activities of 'ALCO committee'.
3. To review and monitor the activities of the 'Credit Risk and Market Risk Management Committee'.
4. To review and monitor the activities of the 'Operational Risk, Information Security Risk and Fraud Risk Management Committee'.
5. To approve the annual Risk Appetite Framework for the Bank.
6. To oversee the risk management policy for approval by the Board.
7. To develop Bank's credit risk, operational risk, fraud management, liquidity risk, information security risk and market risk policies for approval by the Board.
8. To oversee promotion of awareness of a risk-based culture and achieving a balance between risk minimization and reward for risks accepted.
9. To review the returns and reports to the RBI pertaining the Risk Monitoring Function.
10. To monitor and review the risk management plan of the Bank.
11. To oversee the Bank's integrated risk measurement system.
12. To review management's formulation of procedures, action plans and strategies to mitigate risks on short term as well as long term basis.
13. To liaise, as necessary, with other Board Committees, especially where there is a perceived or actual overlapping of responsibilities regarding particular risk and compliance issues.
14. To oversee the Bank's Basel (Standardized and Advance Approaches) preparedness and RBI Application.
15. To review and recommend to the Board the Bank's ICAAP proposal.
16. To monitor compliance of various risk parameters by operating departments.
17. 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.
18. 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.
19. The Committee shall have direct access to, and complete and open communication with the Bank's management and may obtain advice and assistance from legal, risk or other advisors.
20. The Bank shall provide for appropriate funding, as determined by the Committee, for the payment of (i) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities and (ii) compensation to independent legal, risk and other advisors retained by the Committee.
21. Reviewing adequacy of insurance policies taken by Management to cover risks / transfer risk exposures.
22. To carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

09 ATTENDANCE DETAILS OF THE CREDIT COMMITTEE MEETINGS HELD DURING FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vinod Rai	Nominee Director	Chairman	4	4
Mr. Abhijit Sen	Independent Director	Member	4	4
Dr. Rajiv B. Lall	Founder Managing Director & CEO	Member	4	4
Mr. Vikram Limaye	Nominee Director	Member	4	4

06 | CREDIT COMMITTEE

The Credit Committee comprises of four (4) members, one (1) of whom is Independent Director, one (1) Executive Director and two (2) Nominee Directors.

The Committee met four times during FY16 on October 26, 2015, November 30, 2015, February 16, 2016 and March 14, 2016. The quorum of the meeting is two (2) members.

There were eight (8) circular resolutions passed by the Credit Committee during FY16.

The composition, name of members and chairman and their attendance at Credit Committee meetings held during FY16 is given in **Table 09**.

The Terms of Reference of the Credit Committee includes the following:

1. 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.
2. To approve credit exposures which are beyond the powers delegated to executives of the Bank as per the Delegation of Authority.
3. To control the risk through effective loan review mechanism and portfolio management.

07 | ALLOTMENT AND SHARE TRANSFER COMMITTEE

The Allotment and Share Transfer Committee comprises of four (4) members, two (2) of whom are Directors and two (2) are Officers of the Bank.

The Committee met eighteen times during FY16 on July 07, 2015, September 30, 2015, October 09, 2015, November 09, 2015, November 28, 2015, December 09, 2015, December 17, 2015, December 29, 2015, January 07, 2016, January 16, 2016, January 27, 2016, February 03, 2016, February 12, 2016, February 22, 2016, March 03, 2016, March 05, 2016, March 09, 2016 and March 16, 2016. These meetings were held mainly for dematerialisation / rematerialisation of Infra Bonds issued under Section 80CCF of the Income Tax Act, 1961 and also for share transfer requests. The quorum of the meeting is two (2) members. All the meetings were held during the year with requisite quorum.

The Terms of Reference of the Allotment and Share Transfer Committee includes the following:

1. 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.
2. To issue duplicate share / debenture certificates.
3. To authorize persons to sign on behalf of the Bank Share Certificates, Share Allotment Letters and Deposit Receipts.
4. To authorize officials of the Bank to execute transfer deeds on behalf of the Bank.

OTHER COMMITTEES

In addition to the above mentioned Board-level Committees, the Bank has put in place a Management Committee framework to ensure that the various submissions to the Board and its Committees are first reviewed, approved and recommended by the Management Committees. This would enhance governance and help strengthen the compliances within the Bank. Some of the significant Management-level Committees at IDFC Bank are -

1. Credit & Market Risk Committee (includes Investment Committee)
2. Operational and Information Security Risk Committee (includes Fraud Risk Management Committee)
3. Business Planning / Strategic Initiatives Committee
4. Asset Liability Management Committee
5. Product & Process Approval Committee
6. Internal Audit & Controls Committee
7. IT Governance & Infrastructure Committee
8. Premises & Outsourcing Committee
9. Brand and Public Relations Committee
10. HR, EX and Culture Committee

RELATED PARTY TRANSACTIONS

The Board of Directors at its Meeting held on January 27, 2016 had adopted a policy on Related Party Transactions in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations. The same is displayed on Bank's website: www.idfcbank.com

During FY16, 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 an arm's length basis and do not attract the provisions of Section 188

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTION PASSED WITH REQUISITE MAJORITY
FY15	KRM Tower, 8 th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031 Tamil Nadu, India.	September 29, 2015	10.00 a.m.	(i) Approval of the Borrowing Limits of the Bank (ii) Offer and Issue Debt instruments under Private Placement (iii) Setting up of aggregate non-resident / foreign shareholding limit upto an aggregate of 49% of the paid-up voting equity capital of the Bank. (iv) Issuance of shares under ESOS upto 7% of the issued equity shares of the Bank.

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 disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

FOUNDER MD & CEO AND CFO CERTIFICATION

In Compliance with Regulation 17 of the Listing Regulations, the Founder Managing Director & CEO and Chief Financial Officer certification on the financial statements and internal controls relating to financial reporting for FY16 is enclosed at the end of this Chapter.

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

In accordance with the provisions of Listing Regulations, every listed entity shall formulate a policy for determining 'material' subsidiary.

In the case of IDFC Bank, presently there is no subsidiary company. However, a policy for determining 'material' subsidiaries needs to be adopted (being a listed company) and hence the policy for determining material subsidiaries was approved by the Board of Directors at its meeting held on April 26, 2016. The policy is available on the Bank's website: www.idfcbank.com

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

During FY16, the Bank adopted Code of Conduct for Prohibition of Insider Trading (the 'Code') in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Board of Directors and Employees of IDFC 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 any listed company. 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 Compliance 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 in excess of ₹ 10 lakhs.

No Employee / Designated Person is permitted to communicate, provide, or allow access to any Unpublished Price Sensitive Information relating to IDFC Limited / IDFC 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 purposes, performance of duties or discharge of legal obligations.

The Bank periodically monitors and facilitates compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177(9) of the Companies Act, 2013 and Listing Regulations and other application laws, the Bank has established the Vigil Mechanism, as part of the Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of Conduct or ethics policy. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. No personnel has been denied access to the Audit Committee. The Audit Committee oversees the Vigil Mechanism. The Whistle Blower Policy has been periodically communicated to the employees and also posted on the Bank's intranet. Also, the Whistle Blower Policy has been posted on the Bank's website: www.idfcbank.com.

In addition to the above, IDFC Bank has formulated Vigilance Policy for effectively managing the risks faced by the Bank on account of corruption, malpractices and frauds. In accordance with RBI circular, Dr. Rajeev Uberoi is the Chief Vigilance Officer of IDFC Bank.

PENALTIES AND STRICTURES

IDFC Bank has complied with all the requirements of regulatory authorities. There were no instances of non-compliance by the Bank, penalties, strictures imposed on the Bank by stock exchange(s) or SEBI or any statutory authority, on any matter

related to capital markets, from the time of incorporation of the Bank.

ANNUAL GENERAL MEETING HELD LAST YEAR

IDFC Bank was incorporated on October 21, 2014. The first AGM of the Bank was held on September 29, 2015. Details of the first AGM are given in **Table 10**.

POSTAL BALLOT

No Special Resolution was passed during FY16 through postal ballot. However, the Bank may seek to pass Special Resolution(s) in FY17 through Postal Ballot, as and when required.

MEANS OF COMMUNICATION

As per Regulation 46 of Listing Regulations, IDFC Bank maintains a website viz. www.idfcbank.com containing basic information about the Bank, such as details of its business, financial results, shareholding pattern, compliance with corporate governance, contact information of the designated officials who are responsible for assisting and handling investor grievances.

It also displays all official press releases and presentation to institutional investors or analysts made by the Bank. Information on this website is regularly updated.

National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') have introduced 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

Bank ensures that the requisite compliances are done / filed through these systems.

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. BSE & NSE.

The quarterly, half-yearly and annual results of IDFC Bank's performance and other news articles are published in leading newspapers like the Hindu Business Line (All India) & Makkal Kural in Chennai and are also displayed on the Bank's website: www.idfcbank.com.

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

IDFC Bank has 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:

SEPARATE POSTS OF CHAIRMAN AND CEO

The Bank has complied with the requirement of having separate persons to the post of Chairman and Managing Director & CEO.

Mr. Anil Bajjal is the Independent Non-Executive Chairman and Dr. Rajiv B. Lall is the Founder Managing Director & CEO of the Bank.

AUDIT QUALIFICATION

For the year under review, there were no audit qualifications in the Bank's financial statements. IDFC Bank strives to adopt best

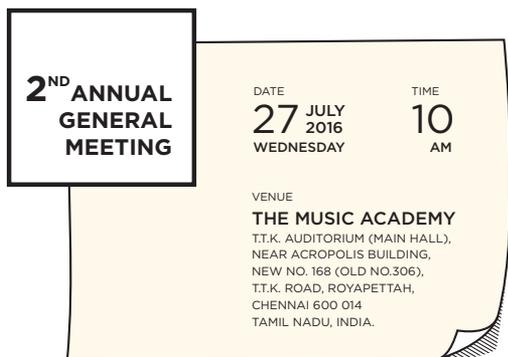
practices to ensure regime of unqualified financial statements.

REPORTING OF INTERNAL AUDITOR

The Internal Audit team presents its reports directly to the Audit Committee.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V of Listing Regulations, the Auditors' Certificate on Corporate Governance is annexed and forms part of the Annual Report.



GENERAL SHAREHOLDER INFORMATION

SPECIAL RESOLUTIONS SOUGHT TO BE PASSED AT THE ENSUING AGM

IDFC Bank seeks the approval of Members of the Bank by way of Special Resolution in respect of the following proposals:

1. Offer and Issue of Debt Securities on Private Placement basis
2. Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme')
3. Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme

Detailed explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the above items forms part of the Notice of the 2nd AGM.

DIVIDEND PAYMENT DATE

The dates of book closure for the purpose of payment of dividend shall be from Thursday, July 21, 2016 to Wednesday, July 27, 2016 (inclusive of both days).

A final dividend of ₹ 0.25 per equity share will be paid from July 28, 2016, subject to approval by Shareholders at the ensuing AGM.

FINANCIAL CALENDAR

Financial year-April 01, 2015 to March 31, 2016

For the year ended March 31, 2016, results were announced on:

- January 27, 2016 for third quarter

- April 26, 2016 for fourth quarter and annual.

For the year ending March 31, 2017, results will be announced latest by:

- Second week of August 2016 for the first quarter.
- Second week of November 2016 for the second quarter and half year.
- Second week of February 2017 for the third quarter.
- Last week of May 2017 for the fourth quarter and annual.

STOCK EXCHANGE WHERE IDFC BANK SECURITIES ARE LISTED

Equity Shares

The Equity Shares of IDFC Bank got listed on November 06, 2015 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 (E)
Mumbai - 400 051

The Stock Exchange Codes for equity shares of the Bank are as follows:

BSE: 539437

NSE: IDFCBANK

ISIN: INE092T01019

The annual listing fees for equity shares for FY17 have been paid.

Private Placement Bonds & 80CCF Infrastructure Bonds

Pursuant to the Demerger Scheme, the Financing Undertaking of IDFC Limited was transferred to IDFC Bank w.e.f. October 01, 2015 (Effective Date of Demerger Scheme).

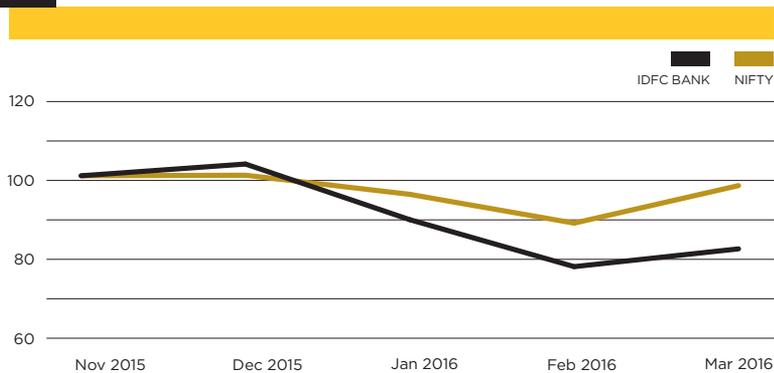
Accordingly, Infra Bonds issued by IDFC Limited under Section 80CCF of the Income Tax Act, 1961 and the Bonds issued by IDFC Limited on private placement basis were transferred to IDFC Bank on October 01, 2015. The 80CCF Infrastructure Bonds of IDFC Bank are listed on NSE & BSE. Private placement bonds of IDFC Bank are listed on NSE. The security codes for the bonds mentioned above can be obtained by sending an e-mail to bank.info@idfcbank.com

The annual listing fees for FY17 for both the aforesaid bonds have been paid.

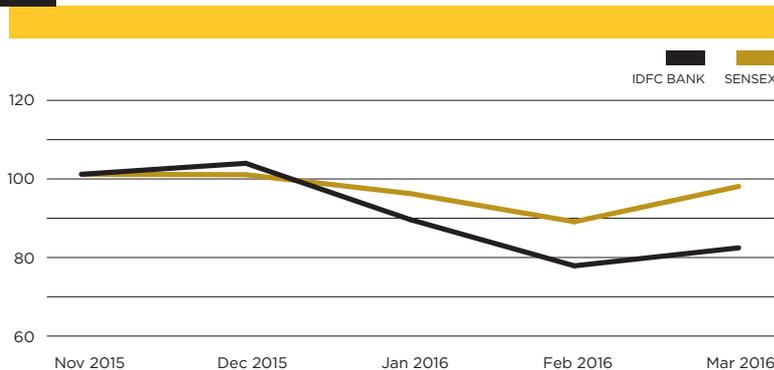
Market Price Data

Table 11 gives details of the stock market prices of IDFC Bank's equity shares. A comparison of the share price of the Bank at NSE and BSE with their respective indices are given in **Charts A and B**.

A IDFC BANK V/S NIFTY



B IDFC BANK V/S SENSEX



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 Bank for every one equity share held by them in IDFC Limited. Therefore, 100 members who were holders of 28,453 shares lying in the Escrow Account of IDFC Limited were also eligible for equity shares of IDFC Bank. Accordingly, the Escrow Account of IDFC Bank holds 28,453 equity shares of ₹ 10 each. The voting rights on the shares outstanding shall remain frozen till the rightful owner claims their shares. The details are given in **Table 12**. The details of the shareholders whose equity shares are lying in escrow account are also available on the Bank's website: www.idfcbank.com.

11 HIGH, LOW AND VOLUMES OF IDFC BANK'S EQUITY SHARES FOR FY16

MONTH	BSE			NSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
Mar 2016	51.00	44.25	12,402,158	51.05	43.90	81,527,385
Feb 2016	58.80	45.45	9,016,764	58.75	45.00	56,670,417
Jan 2016	61.35	43.15	11,949,366	61.40	43.10	70,047,396
Dec 2015	62.40	54.05	8,943,339	62.40	54.05	62,271,761
Nov 2015	73.45	59.00	24,297,478	73.40	58.80	107,541,908

Note: No security of IDFC Bank Limited is suspended from trading.

UNCLAIMED / UNPAID INTEREST

Pursuant to the Demerger Scheme, the Financing Undertaking of IDFC Limited was transferred to IDFC Bank w.e.f. 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 Bank on October 01, 2015. The status of interest on 80CCF Infrastructure Bonds remaining unclaimed is given in **Table 13** and is also uploaded on the Bank's website: www.idfcbank.com

Pursuant to the provisions of IEPF (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2014, the Bank will upload the details of unpaid and unclaimed amounts lying with the Bank as on July 27, 2016 (date of ensuing AGM) on the Bank's website: www.idfcbank.com and on MCA website: www.mca.gov.in

SHARE TRANSFER SYSTEM

IDFC Bank has appointed Karvy Computershare Private Limited ('Karvy') as its Registrar and Share Transfer Agent. All share transfers and related operations are conducted by Karvy, which is registered with SEBI as a Category 1 Registrar. The shares sent for physical transfer are effected after giving a 15 days notice to the seller for confirmation of the sale. IDFC Bank has a Stakeholders' Relationship & Customer Service Committee for redressing Shareholders, Investors and Customers complaints, from time to time. The Bank's shares are compulsorily traded in dematerialized 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 Company Secretary in practice 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 forwarded to BSE and NSE on quarterly basis.

DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of IDFC Bank's equity shares by size and by ownership as on March 31, 2016 is given in **Table 14** and **Table 15** respectively. Top ten equity shareholders of IDFC Bank are given in **Table 16**.

DEMATERIALIZATION 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, 2016, over 99.99% equity shares of IDFC Bank were held in dematerialised form. **Table 17** gives the details.

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 HEDGING ACTIVITIES

The Bank has not undertaken any commodity price risk or foreign exchange risk and hedging activities as on the date of this report.

PLANT LOCATION

As the Bank is engaged in the business of banking / financial services, there is no plant location.

BRANCHES

As on June 25, 2016 IDFC Bank had a total of 65 branches.

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO - Registrar and Share Transfer Agent

Karvy Computershare Private Limited
(Unit: IDFC Bank Limited)
Karvy Selenium Tower B,
Plot 31 & 32, Financial District,
Gachibowli, Nanakramguda, Serilingampally,
Hyderabad - 500 032
Telangana, India.
Tel: +91 40 67162222
Fax : +91 40 23420814
Toll Free: 1800 345 4001
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

Mr. Mahendra N. Shah Company Secretary & Chief Compliance Officer

IDFC Bank Limited
Naman Chambers, C-32, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
Maharashtra, India.
Tel: +91 22 4222 2000
Fax: +91 22 2654 0354
E-mail: mahendra.shah@idfcbank.com
Website: www.idfcbank.com

Registered Office Address

IDFC Bank Limited
KRM Tower, 8th Floor,
No. 1 Harrington Road, Chetpet,
Chennai - 600 031
Tamil Nadu, India.
Tel: +91 44 4564 4000
Fax: +91 44 4564 4022

Details of the Debenture Trustee

IDBI Trusteeship Services Limited
Ms. Anjalee Athalye
Assistant Vice President (Operations)
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001
Maharashtra, India.
Tel: +91 22 4080 7018
E-mail: anjalee@idbitrustee.com
Website: <http://www.idbitrustee.com>

12 UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

PARTICULARS	NO. OF CASES / MEMBERS	NO. OF SHARES OF ₹ 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year	-	-
Aggregate number of Shareholders and the outstanding shares in the suspense account due to demerger of Financing Undertaking to IDFC Bank Limited i.e. as on October 09, 2015 (Date of Allotment of IDFC Bank's Equity Shares pursuant to Demerger Scheme).	100	28,453
Number of Shareholders who approached the issuer / registrar for transfer of shares from suspense account during FY16	-	-
Number of Shareholders to whom shares were transferred from suspense account during FY16	-	-
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2016	100	28,453

13 STATUS OF UNCLAIMED INTEREST AS ON MARCH 31, 2016

YEAR	PARTICULARS	UNCLAIMED INTEREST (₹)	DATE OF PAYMENT OF INTEREST	LAST DATE FOR CLAIMING INTEREST
2010-2011	Interest Payment-Tranche 1-Series 1/2010-11	667,560	12-Nov-11	11-Nov-18
2012-2013	Interest Payment-Tranche 1-Series 1/2010-11	662,400	12-Nov-12	11-Nov-19
2013-2014	Interest Payment-Tranche 1-Series 1/2010-11	776,400	12-Nov-13	11-Nov-20
2013-2014	Interest Payment-Tranche 1-Series 1/2010-11	793,200	12-Nov-14	11-Nov-21
2014-2015	Interest Payment-Tranche 1-Series 1/2010-11	826,800	12-Nov-15	11-Nov-22
2010-2011	Interest Payment-Tranche 1-Series 3/2010-11	1,410,075	12-Nov-11	11-Nov-18
2012-2013	Interest Payment-Tranche 1-Series 3/2010-11	1,516,875	12-Nov-12	11-Nov-19
2013-2014	Interest Payment-Tranche 1-Series 3/2010-11	1,506,375	12-Nov-13	11-Nov-20
2013-2014	Interest Payment-Tranche 1-Series 3/2010-11	1,721,250	12-Nov-14	11-Nov-21
2014-2015	Interest Payment-Tranche 1-Series 3/2010-11	1,735,575	12-Nov-15	11-Nov-22
2010-2011	Interest Payment-Tranche 2-Series 1/2010-11	6,645,560	21-Feb-12	20-Feb-19
2012-2013	Interest Payment-Tranche 2-Series 1/2010-11	7,679,600	21-Feb-13	20-Feb-20
2013-2014	Interest Payment-Tranche 2-Series 1/2010-11	8,064,400	21-Feb-14	20-Feb-21
2014-2015	Interest Payment-Tranche 2-Series 1/2010-11	9,537,920	21-Feb-15	20-Feb-22
2015-2016	Interest Payment-Tranche 2-Series 1/2010-11	15,356,440	21-Feb-16	20-Feb-23
2010-2011	Interest Payment-Tranche 3-Series 1/2010-11	3,141,237	30-Mar-12	29-Mar-19
2012-2013	Interest Payment-Tranche 3-Series 1/2010-11	3,376,323	30-Mar-13	30-Mar-20
2013-2014	Interest Payment-Tranche 3-Series 1/2010-11	3,202,663	28-Mar-14	27-Mar-21
2014-2015	Interest Payment-Tranche 3-Series 1/2010-11	3,670,771	30-Mar-15	29-Mar-22
2015-2016	Interest Payment-Tranche 3-Series 1/2010-11	1,475,433	30-Mar-16	29-Mar-23
2012-2013	Interest Payment-Tranche 1-Series 1/2011-12	4,273,200	31-Dec-12	30-Dec-19
2013-2014	Interest Payment-Tranche 1-Series 1/2011-12	4,253,850	30-Dec-13	29-Dec-20
2013-2014	Interest Payment-Tranche 1-Series 1/2011-12	4,766,040	30-Dec-14	29-Dec-21
2014-2015	Interest Payment-Tranche 1-Series 1/2011-12	5,553,000	30-Dec-15	29-Dec-22
2012-2013	Interest Payment-Tranche 2-Series 1/2011-12	11,411,877	21-Mar-13	20-Mar-20
2013-2014	Interest Payment-Tranche 2-Series 1/2011-12	10,615,740	21-Mar-14	20-Mar-21
2014-2015	Interest Payment-Tranche 2-Series 1/2011-12	10,979,139	21-Mar-15	21-Mar-22
2015-2016	Interest Payment-Tranche 2-Series 1/2011-12	42,313,624	21-Mar-16	20-Mar-23
2012-2013	Interest Payment-Tranche 3-Series 1/2011-12	4,236,507	30-Mar-13	30-Mar-20
2013-2014	Interest Payment-Tranche 3-Series 1/2011-12	3,951,149	28-Mar-14	27-Mar-21
2014-2015	Interest Payment-Tranche 3-Series 1/2011-12	4,020,790	31-Mar-15	30-Mar-22
2015-2016	Interest Payment-Tranche 3-Series 1/2011-12	1,260,709	31-Mar-16	30-Mar-23

14 DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016 (TOTAL) (BY SIZE)

SR. NO.	CATEGORY (SHARES)	NO. OF HOLDERS	% TO HOLDERS	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10 EACH)	% TO EQUITY
1.	1-5000	496,055	98.44	166,958,265	4.92
2.	5001-10000	4,036	0.80	29,867,501	0.88
3.	10001-20000	1,878	0.37	27,123,500	0.80
4.	20001-30000	572	0.11	14,506,923	0.43
5.	30001-40000	275	0.05	9,669,304	0.29
6.	40001-50000	188	0.04	8,599,465	0.25
7.	50001-100000	372	0.07	26,675,108	0.79
8.	100001 and above	516	0.10	3,109,223,270	91.65
	TOTAL	503,892	100.00	3,392,623,336	100.00

15 DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016 (TOTAL) (BY OWNERSHIP)

SR. NO.	CATEGORY	NO. OF HOLDERS	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10 EACH)	% TO EQUITY
1.	Promoter - Bodies Corporate - IDFC Financial Holding Company Limited	1	1,797,512,668	52.98
2.	Foreign Institutional Investors	168	768,151,580	22.64
3.	Resident Individuals	480,191	281,756,442	8.30
4.	President of India	1	261,400,000	7.70
5.	Bodies Corporates	3,714	122,216,102	3.60
6.	Mutual Funds	86	57,896,594	1.71
7.	Insurance Companies	29	48,522,313	1.43
8.	H U F	12,576	15,072,977	0.44
9.	Non Resident Indians	6,754	13,690,456	0.40
10.	Trusts	44	9,869,586	0.29
11.	Banks	30	5,428,184	0.16
12.	Foreign Corporate Bodies	1	5,151,271	0.15
13.	Indian Financial Institutions	8	3,060,061	0.09
14.	Clearing Members	260	1,624,284	0.05
15.	NBFC	24	1,261,443	0.04
16.	Foreign Nationals	4	7,375	0.00
17.	Overseas Corporate Bodies	1	2,000	0.00
	Total	503,892	3,392,623,336	100.00

16 TOP TEN EQUITY SHAREHOLDERS OF IDFC BANK AS ON MARCH 31, 2016

SR. NO.	NAME	NO. OF EQUITY SHARES	% TO EQUITY
1.	IDFC Financial Holding Company Limited	1,797,512,668	52.98
2.	President of India	261,400,000	7.70
3.	Sipadan Investments (Mauritius) Limited	151,145,989	4.46
4.	National Westminster Bank PLC as Depository of First State Asia Pacific Leaders Fund a Sub Fund of First State Investments ICVC	88,125,165	2.60
5.	CLSA Global Markets Pte. Limited	61,289,435	1.81
6.	Orbis Sicav - Asia Ex-Japan Equity Fund	42,215,857	1.24
7.	Actis Hawk Limited	37,091,569	1.09
8.	HSBC Pooled Investment Fund A/C HSBC Pooled Invest	29,431,469	0.87
9.	First State Investments (Hongkong) Limited A/c First State Asian Equity Plus Fund	21,771,232	0.64
10.	Orbis Global Equity Fund Limited	17,919,198	0.53

17 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2016

CATEGORY	NO. OF EQUITY SHARES	% TO EQUITY
Physical	56,018	0.00 (Negligible)
NSDL	3,300,256,009	97.28
CDSL	92,311,309	2.72
TOTAL	3,392,623,336	100.00

PROFILES OF DIRECTORS OF THE BANK

MR. ANIL BAIJAL

Independent Non-Executive Chairman

Mr. Anil Baijal, aged 69 years, joined the Indian Administrative Service in 1969. He retired from the service in October, 2006 as Secretary, Ministry of Urban Development, Government of India. While in that Ministry, he anchored the designing and roll-out of the flagship programme of Jawaharlal Nehru National Urban Renewal Mission ('JNNURM') with a federal grant equivalent of about ₹ 60,000 crore, for improvement of infrastructure and provision of basic services in urban areas of India.

In his long service career spanning over 38 years, Mr. Baijal held various important assignments like that of the Union Home Secretary, Chairman & Managing Director, Indian Airlines, Chief Executive Officer, Prasar Bharti Corporation (Broadcasting Corporation of India), Vice-Chairman, Delhi Development Authority, Development Commissioner, Goa and Counselor in-charge of Indian Aid Programme in Nepal.

After his retirement from Government service, Mr. Baijal is at present working as Chairman of IDFC Foundation. Besides advising a couple of equity funds, Mr. Baijal is also the Non-Executive Director on the Boards of ITC Limited, DHFL Pramerica Life Insurance Company Limited and International Travel House Limited.

DR. RAJIV B. LALL

Founder Managing Director & CEO (Executive Director)

Dr. Rajiv B. Lall, aged 58 years, was the Executive Chairman of IDFC Limited until September 2015. He has about three decades of experience with leading global

investment banks, multilateral agencies and in academia. His areas of expertise include project finance, private equity / venture capital, international capital markets, trade, infrastructure and macroeconomic policy issues with a focus on emerging markets including India and China in particular.

Dr. Lall straddles the policy making and finance worlds. He currently chairs the National Committee on Infrastructure Financing of CII (Confederation of Indian Industry) a leading business chamber in the country. He is a member of the Managing Committee of ASSOCHAM; the CII National Council on Financial Sector Development and the CII National Committee on Banking. Internationally, he is a member of the Advisory Board of Columbia Global Centers, South Asia, set up by the Columbia University, New York. He is also on the International Advisory Board of the Centre for the Advanced Study of India ('CASI') at the University of Pennsylvania; and a member of the City of London's Advisory Council on India. He was the President of Bombay Chamber of Commerce and Industry and has chaired the Global Agenda Council on Infrastructure of the World Economic Forum. Dr. Lall was India's representative to the G20 Workgroup on Infrastructure and was also a member of the Planning Commission's Steering Committee on Urban Development Management; the Prime Minister's Committees on Infrastructure Finance and Transport Sector Development; Expert Group on Modernisation of Indian Railways of Ministry of Railways Government of India; and the RBI's Committee on NBFCs. Dr. Lall has served on several other Government Committees including those focused on Urban Infrastructure, Bond Market Development and Financial Sector Reform.

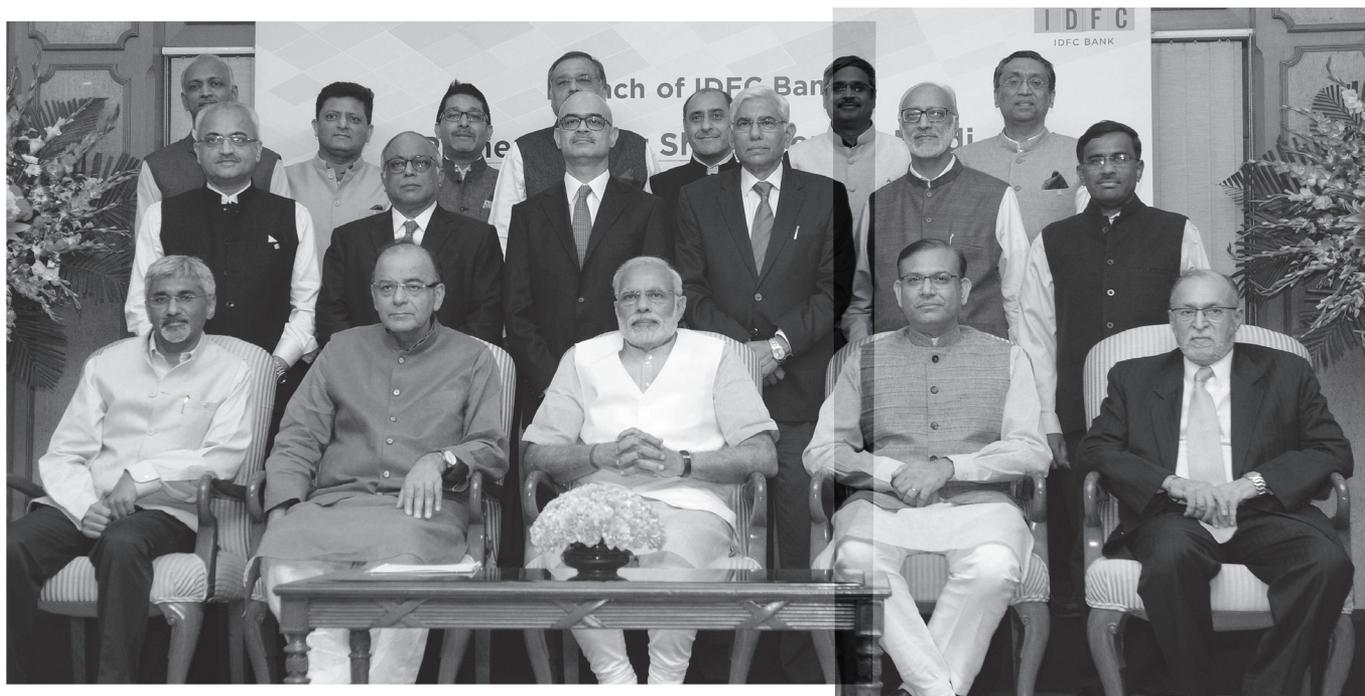
Prior to joining IDFC, Dr. Lall was variously, a Partner with Warburg Pincus in New York; Head of Asian Economic Research with Morgan Stanley in Hong Kong; a senior staff member of the World Bank in Washington, D.C. and of the Asian Development Bank in Manila and faculty member of the Florida Atlantic University Department of Economics.

Dr. Lall has a number of publications and articles to his credit. He has been a regular columnist with the Business Standard, a leading financial daily in India. He has a BA in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.

MR. ABHIJIT SEN Independent Director

Mr. Abhijit Sen, aged 65 years, recently retired from Citi India after serving as the Chief Financial Officer-India Subcontinent for over 18 years. In this role he was responsible for the Finance function in India, Bangladesh and Sri Lanka for the entire Citi franchise including Controllershship, Corporate Treasury, Financial Planning, Product Control and Tax. He was a member of all Policy level Committees as well as Boards of constituent Citi companies, and had a significant ongoing involvement in various areas of Management of the franchise with special emphasis on Business planning / Strategy, regulatory aspects, financial planning and policies and corporate governance / legal entity management. He was also responsible for interfacing with external rating agencies, banks and investors to broad-base funding of non-bank vehicles.

In addition to his CFO role, Mr. Sen was Chairman of Citicorp Services India Limited which provides a variety of services in the analytics, financial modeling and



planning, processing and technology space engaging over 3000 professionals serving a variety of Citi businesses overseas. As Chairman of the Board, he was responsible for providing governance oversight and ensuring performance of service delivery, while protecting regulatory standards. He also earlier provided oversight to a variety of functions including Compliance & Control, Procurement, Premises Management and Utilities.

On retirement from Citi, Mr. Sen joined General Atlantic Pvt. Ltd India, as an Advisor with effect from March 01, 2015, to provide broad strategic support for investments in the Banking and Financial Services Sector. He also currently serves on several Boards including Trent Ltd and Ujjivan Financial Services Ltd and in the past on the Board of National Securities Depository Limited.

Mr. Sen holds an Honours degree in Engineering from IIT, Kharagpur and an MBA from IIM-Calcutta.

MR. AJAY SONDHI
Independent Director

Mr. Ajay Sondhi, aged 55 years, is based in Singapore and is the Founder and CEO of Sentinel Advisors Pte Ltd, a boutique

business and strategy advisory services firm focusing on India, ASEAN and North Asia markets, with particular sector focus on Financial Services, Health Sciences and Real Estate. Mr. Sondhi has had an over 33-year career in wholesale, investment and private banking in India and overseas. Mr. Sondhi was the Regional Head for Private Wealth Management at Goldman Sachs Singapore from 2008 till taking early retirement in mid-2014. Prior to that he was head of Global India markets for Citi Private Bank based in Singapore from 2005 to 2008. Mr. Sondhi has previously been Vice Chairman and MD of Kotak Mahindra Capital Company and a Board member of Kotak Mahindra Bank, India; MD and Country Head for UBS AG, India; Group CEO for Barclays Bank / BZW, India; and Director & Head-South Asia for Salomon Brothers, Hong Kong. Mr. Sondhi started his career with Citibank in India, and held various positions in corporate banking culminating in becoming Country Corporate Bank and Corporate Finance Head before he left in 1993.

Mr. Sondhi is a member of the Board of Advisors of Tufts University School of Medicine, Boston, USA; a Board

Dignitaries of
Government of India with
IDFC Bank Directors and
Core Management Team at
the inauguration of the Bank

Committee member of SPD, a voluntary welfare organisation serving the disabled in Singapore; and a Director of Maxx Medical Pte, a medical devices company headquartered in Singapore. Mr. Sondhi holds a Master in Management Studies degree from Jamnalal Bajaj Institute of Management Studies, Mumbai, and is a graduate of St. Stephens College, Delhi University.

DR. ASHOK GULATI
Independent Director

Dr. Ashok Gulati, aged 62 years, is currently Infosys Chair Professor for Agriculture at the Indian Council for Research on International Economic Relations ('ICRIER'), which he joined in March, 2014. During March 2011-February 2014, he was Chairman of the Commission for Agricultural Costs and Prices ('CACP'), a body responsible for recommending Minimum Support Prices ('MSPs') of 23 important agri-commodities to Government of India. Prior to this, Dr. Gulati was Director at the International Food Policy Research Institute ('IFPRI') for more than 10 years (January 2001-February 2011). Before joining IFPRI, he also served as NABARD Chair Professor at the Institute of Economic Growth, and Chief Economist at the National Council of Applied Economics Research in India. He has his M.A. and Ph.D. in Economics from the Delhi School of Economics (India). Dr. Gulati has been deeply involved in agri-policy analysis and advice in India. He has been a member of the Prime Minister's Economic Advisory Council; a member of the State Planning Board of Karnataka; and a member of the Economic Advisory Committee of the Chief Minister of Andhra Pradesh; and a member of several expert committees from time to time. He has to his

credit more than 10 books on issues related to Asian Agriculture (with a focus on India) from publishers of repute such as Johns Hopkins University Press, Oxford University Press, Mac Millan, Academic Foundation, etc. He has published widely in international and Indian journals, and is a prolific writer in media as well.

He has been recently awarded Padma Shri by the Government.

MR. RAJAN ANANDAN
Additional Director
(Independent Director)

Mr. Rajan Anandan, aged 47 years, is the Vice President and Managing Director of Google South East Asia and India and is responsible for Sales and Operations in the region. Mr. Anandan is focused on expanding the Internet ecosystem in the region, increasing adoption among consumers and businesses and accelerating innovation. South East Asia and India, with over two billion consumers and 500 million Internet users, is the fastest growing Internet user base in the world.

Mr. Anandan joined Google in early 2011 to lead Google's business in India. His career includes leadership roles at Microsoft, Dell and McKinsey & Company. Prior to Google, Mr. Anandan was the Managing Director of Microsoft India and built India's largest software business. Before joining Microsoft, he was a Vice President with Dell where he held several global leadership roles including that of the Executive Assistant to Chairman Michael Dell. Before Dell, Mr. Anandan was a Partner with McKinsey & Company in Chicago.

He holds an MSc from Stanford University and a BSc from MIT.

MS. VEENA MANKAR

Independent Director

Ms. Veena Mankar, aged 63 years, is a Banking and Financial Services professional with expertise in trade and structured finance, financing for MSMEs and microfinance.

She has over 35 years of experience in financial services with banks and financial institutions and as a strategic consultant.

She is the Founder of three entities under the Swadhaar brand, set up with the objective of promoting financial inclusion, including a non-profit that provides financial literacy training. She is the Chairperson of two of the entities, Swadhaar FinServe Pvt. Ltd, an NBFC-MFI and Swadhaar Information & Management Services Pvt. Ltd., a Business Correspondent.

She is also a Director on the Board of Liberty Videocon General Insurance Co. Ltd.

She started her career in 1975 with ICICI, the development finance institution in India, and precursor of the present day ICICI Bank, which was followed by commercial banking experience in Dubai. She set up and headed the Indian Representative Office of West LB, a German state-owned bank and thereafter was the founding MD of a Factoring Non-Banking Financial Company, a joint venture of the same Bank with two other financial institutions (including IFC, Washington). She later advised FIM Bank, Malta on their global factoring strategy and assisted in setting up specialised joint ventures in Dubai and Egypt, where she also served as FIM Bank's Nominee Director on the Boards of these joint ventures companies.

In the past, she has been on the Governing Board of Sa-Dhan, the Association of Microfinance & Community Development Institutions in India.

She has a BA in Economics from Lady Shree Ram College, Delhi and a post-graduation in Business Administration from the Indian Institute of Management, Ahmedabad.

She is widely travelled, including to study factoring / financial inclusion initiatives in other countries, and as a guest speaker at national and international conferences and seminars on the subjects of trade finance, factoring, forfaiting and microfinance.

MR. VIKRAM LIMAYE

Nominee Director (Non-Executive Director)

Mr. Vikram Limaye, aged 49 years, is the Managing Director & CEO of IDFC Limited. He started his professional career with Arthur Andersen in Mumbai in 1987 while pursuing his Chartered Accountancy and worked in the audit and business advisory services groups of Arthur Andersen, Ernst & Young and the consumer banking group of Citibank before going to the US in 1994 to pursue a MBA. After completing his MBA, he worked on Wall Street in USA for 8 years with Credit Suisse First Boston in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management before returning to Mumbai, India in 2004.

He has contributed to various committees of Government and industry associations on a range of topics surrounding infrastructure, economic policy, markets, trade, minority affairs etc. He has been a speaker at various domestic and international conferences and been part of international Government delegations for infrastructure and foreign direct investments into India.

He completed his Bachelors in Commerce from HR College of Commerce & Economics, Chartered Accountancy and a MBA in

Finance and Multinational Management from the Wharton School of the University of Pennsylvania, USA.

MR. VINOD RAI

Nominee Director (Non-Executive Director)

Mr. Vinod Rai, aged 68 years, is the Independent Non-Executive Chairman of IDFC Limited. He was the former Comptroller and Auditor General of India. He has been recently honoured with the Padma Bhushan Award by the Government of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. His previous position was as Secretary in the Ministry of Finance-Gol, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank, Life Insurance Corporation of India etc. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company.

Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, GOI.

Mr. Vinod Rai has a Masters Degree in Economics from Delhi School of Economics, University of Delhi. He has a Masters Degree in Public Administration from Harvard University, USA.

PROFILES OF THE CORE MANAGEMENT TEAM OF THE BANK

DR. RAJIV B. LALL

Founder Managing Director & CEO

Dr. Rajiv Lall was the Executive Chairman of IDFC Limited until September 2015. He has about three decades of experience with leading global investment banks, multilateral agencies and in academia. His areas of expertise include project finance, private equity/venture capital, international capital markets, trade, infrastructure and macroeconomic policy issues with a focus on emerging markets including India and China in particular.

Dr. Lall straddles the policy making and finance worlds. He currently chairs the National Committee on Infrastructure Financing of CII (Confederation of Indian Industry) a leading business chamber in the country. He is a member of the Managing Committee of ASSOCHAM; the CII National Council on Financial Sector Development and the CII National Committee on Banking. Internationally, he is a member of the Advisory Board of Columbia Global Centers, South Asia, set up by the Columbia University, New York. He is also on the International Advisory Board of the Centre for the Advanced Study of India ('CASI') at the University of Pennsylvania; and a member of the City of London's Advisory Council on India. He was the President of Bombay Chamber of Commerce and Industry and has chaired the Global Agenda Council on Infrastructure of the World Economic Forum. Dr. Lall was India's representative to the G20 Workgroup on Infrastructure and was also a member of the Planning Commission's Steering Committee on Urban Development Management; the Prime Minister's

Committees on Infrastructure Finance and Transport Sector Development; Expert Group on Modernisation of Indian Railways of Ministry of Railways Government of India; and the RBI's Committee on NBFCs. Dr. Lall has served on several other Government Committees including those focused on Urban Infrastructure, Bond Market Development and Financial Sector Reform.

Prior to joining IDFC, Dr. Lall was variously, a Partner with Warburg Pincus in New York; Head of Asian Economic Research with Morgan Stanley in Hong Kong; a senior staff member of the World Bank in Washington, D.C. and of the Asian Development Bank in Manila and faculty member of the Florida Atlantic University Department of Economics.

Dr. Lall has a number of publications and articles to his credit. He has been a regular columnist with the Business Standard, a leading financial daily in India. He has a BA in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.

MR. AJAY MAHAJAN

Head - Commercial & Wholesale Banking

Mr. Ajay Mahajan is the Head of Commercial & Wholesale Banking. He has over 25 years of experience in the banking industry and has now been with IDFC for two years. Mr. Mahajan started his career with Bank of America in 1990, where he last served as Managing Director & Country Treasurer responsible for all financial markets, balance sheet management and capital markets businesses. After 14 years with Bank of America, he joined the founding team of Yes Bank, a greenfield bank, serving as Group President of Financial Markets, Institutions and Investment Management.

This was a very entrepreneurial role as it involved setting up various functions in the Bank from scratch. In 2008, Mr. Mahajan joined UBS to build their banking franchise in India when they got licensed by RBI to commence banking operations in India. This was an equally entrepreneurial role building a foreign bank's capabilities, processes and clients business in the country and leading the team as the Managing Director. Thereafter, Mr. Mahajan stepped away from formal employment to set up his entrepreneurial ventures. He was Managing Partner and Co-Founder of R-Square Advisors, an investment management and market risk advisory firm, where he provided quant-oriented risk management, fixed income and credit modeling solutions to clients. Earlier he also founded FICC Capital, with the objective of building a structured credit business. Mr. Mahajan has served as a Director on the Board of Fixed Income, Money Markets and Derivatives Association of India ('FIMMDA'), promoted by banks and financial institutions to facilitate the development of securities and derivatives markets in India. He has a Masters from Faculty of Management Studies and has B.E. (Hons) in Electrical and Electronics Engineering from BITS Pilani and CFA from the CFA institute, USA.

MR. ANIMESH KUMAR

Head - HR, Brand & Foundation

Mr. Animesh Kumar leads the Human Resources, Brand and the Community Engagement agenda for Bank. He is also the CEO - IDFC Foundation.

As the HR Head for the Bank, Animesh leads the effort of building an organization that is predicated on its purpose and DNA of serving the nation and driving all aspects of internal service delivery, reinforcing

IDFC's position as an employer of repute and stability. Animesh's key focus is to create and nourish a culture that is not only aligned with the organization's core values but is also able to create an enabling environment that brings to life the philosophy of 'un-bank'.

As the Head of Brand, Animesh drives the organization's Marketing, Communication and Public Relations agenda. He is responsible for building the reputation of IDFC Bank across all channels including social media across the varied stakeholder groups.

As the CEO of IDFC Foundation, Animesh is responsible for facilitating the Foundation's evolution into a community engagement focused 'think and do tank' that works specifically in the areas of Health and Education. His keen interest in the areas of urbanization and social infrastructure serve to further fuel the Foundation's engagements with civil society organizations, academia and Government, driving the Foundation's mandate of catalyzing change in local communities.

Animesh has over two decades of experience in leadership roles in Human Resources across Banking and FMCG sectors. Prior to joining IDFC, Animesh was a part of the HR leadership team at ABN AMRO / Royal Bank of Scotland Group. Previously, he has also held positions with Marico Industries, Thomas Cook, Standard Chartered Bank and YES Bank.

Animesh holds a Post Graduate Diploma in Human Resources from XLRI, Jamshedpur, India and is an Economics graduate from Shri Ram College of Commerce, Delhi.

MR. AVTAR MONGA **Chief Operating Officer**

Mr. Avtar Monga is the Chief Operating Officer of IDFC Bank. He has over 32 years of experience in working with Banking and Financial Industry. Prior to joining IDFC, Mr. Monga served with Bank of America as Managing Director Global Delivery Centers of Expertise ('GDCE') globally. He was responsible for providing services across Operations, Technology, Data Centre Management, Finance and Accounting, Analytics, Operational Risk and HR across multiple lines of businesses and geographies. He established Bank's Captives known as BA Continuum across India and led the expansion into Costa Rica, Mexico and the Philippines as well as managed Six Sigma learning organisation for Bank of America. In addition to Leading a large employee base across locations, he was also responsible for managing strategic partner relationships on behalf of the bank for delivery of Technology and Operations. Prior to re-joining Bank of America in 2003, he worked with GE Capital for 5 years. Mr. Monga was part of management team to establish their credit card joint venture with State Bank which went on to become the fastest growing Visa business across Asia. He later also served as Chief Executive Officer for GE Capital Business Process Management Ltd. He also served as Chief Executive Officer of GE Capital Transport Financial services and was responsible for its's turnaround.

MR. PAVAN KAUSHAL **Chief Risk Officer**

Mr. Pavan Pal Kaushal is the Chief Risk Officer of IDFC Bank. He is a career banker with about three decades of experience with leading global banks and in consulting. His areas of expertise include Corporate, Retail

and Commercial Credit Risk management, Operations Risk, Market Risk and Treasury. Mr Kaushal has extensive experience across emerging markets and developed markets having worked in multiple markets covering, Australia, Central and Eastern Europe, United Kingdom, Russia, Asia and India. Prior to joining IDFC, Mr. Kaushal was variously, a Partner with Ernst & Young in India responsible for leading the Financial Services Risk Management Practice; Chief Risk Officer at ANZ Bank in India; Head of Commercial Credit Risk Asia Pacific with ANZ Bank in Hong Kong, Senior Credit Officer - EMEA Global Consumer Bank with Citibank in London; Head of Commercial Risk - Citibank in Poland and India; and worked in several senior leadership roles both in the Global Corporate & Investment Bank & Global Consumer Bank at Citibank. Mr. Kaushal holds a Masters in Finance from Jamnalal Bajaj Institute of Management Studies & is A.C.A. from the Indian Institute of Chartered Accountants.

DR. RAJEEV UBEROI

General Counsel and Head - Legal & Audit

Dr. Rajeev Uberoi joined IDFC as General Counsel and Group Head - Legal and Compliance in 2009. Having worked in the banking and finance space for more than three decades, Dr Uberoi commands a unique position in the legal fraternity and is looked upon by many institutional heads for his ability to effectively strategize and formulate business - legal decisions which have led to consummation of some path breaking transactions in the domestic and international markets. Having worked as an in-house counsel in multi-functional and multi-jurisdictional organizations with rich experience in banking spanning more than

30 years, he has the ability to seamlessly advise on complex matters including cross border regulatory regimes and enforcement practices, local jurisdiction issues, tax implications, capital market regulations, Mergers & Acquisitions (both domestic and cross-border) including the latest demerger of IDFC Limited and IDFC Bank, corporate restructuring, Private Equity Investments, JVs, foreign collaborations, divestments, major commercial contracts, civil and criminal litigation, property matters and many other incidental issues of legal & regulatory nature. Dr. Uberoi has been instrumental in setting up the governance structure at IDFC that adheres to ethical standards, best practices and compliance of relevant laws to protect the interest of the shareholders. His global outlook has set the foundation for IDFC to collaborate with illustrious law schools like Harvard Law School and Jindal Global Law School and facilitate dissemination of calibrated course contents, allow secondments to student and publish research papers Prior to joining IDFC Limited, Dr. Uberoi worked with Standard Chartered Bank where he was Regional Head - Operational Risk & Assurance, South Asia. In his previous experiences, he has worked with several domestic and multinational banks such as Union Bank of India, State Bank of India, RBI as Asst. General Manager, Dept. of Banking Supervision, Citibank as Vice President & Regulatory Head; ANZ Grindlays Bank as Head - Risk Management & Compliance - India. Dr. Uberoi is also a profound writer and has a lot of publications to his credit. He is also a member of various committees and has been active on the Speaker circuit. He is a recipient of many accolades and awards and his contribution to the legal fraternity has been recognised

in the industry. Dr. Uberoi is a lawyer and a Canadian Commonwealth Scholar with a Masters from McMaster University and a Ph.D. in Economics. He also possesses an MBA degree from MDI, Gurgaon.

MR. RAVI SHANKAR

Head - Bharat Banking

Mr. Ravi Shankar is the Head of Bharat Banking for IDFC Bank Limited. He has over 25 years of experience across sectors including retail finance, business consulting, advertising, automotive, aviation etc. Prior to joining IDFC, Ravi was Head of Business & Marketing at Fullerton India Credit Co. Ltd. In this role, he was responsible for both urban and rural businesses along with Marketing, Corporate Communications and CSR. At Fullerton India, he helped build a profitable and robust rural finance network of over 200 branches across India, called 'Gramshakti'. He was also responsible for conceptualizing and implementing the marketing and communication initiatives for the company. Prior to Fullerton, he worked with TNS India Pvt. Ltd. as Senior Vice President & Head - Stakeholder Management Research and Strategic Consulting for clients across B2B, automotive, finance & technology sectors. Prior to joining TNS India, Ravi worked with organizations like Publicis India Communications Pvt. Ltd., ModiLuft Ltd., Maadhyam Advertising Pvt. Ltd. and the Eicher Group. He began his corporate career with Living Media India Ltd. Ravi holds a Bachelor's degree in Economics & a Post Graduate Diploma in Management.

MR. SUNIL KAKAR

Chief Financial Officer

Mr. Sunil Kakar is the Group Chief Financial Officer at IDFC and was named in this position in 2011. In this role, he is responsible for Finance & Accounts, Business Planning and Budgeting, Investor Relations, Resource Raising and IT. Prior to joining IDFC, Mr. Kakar worked with Max New York Life Insurance Company since 2001, as CFO. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation. As part of the start-up team in Max New York Life, Mr. Kakar was part of the core group responsible for the successful development of the insurance business. In his previous assignment, he worked with Bank of America for 18 years in various roles, covering Business Planning & Financial Control, Branch Administration and Operations, Market Risk Management, Project Management and Internal Controls. As a CFO from 1996 to 2001, Mr. Kakar spearheaded the Finance function at Bank of America. Mr. Kakar holds an MBA in Finance from XLRI and a degree in engineering from IIT Kanpur.

CERTIFICATION BY CEO AND CFO



We, Rajiv B. Lall, Founder Managing Director & Chief Executive Officer and Sunil Kakar, Chief Financial Officer, of IDFC 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, 2016 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of 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:
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - 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.

Rajiv B. Lall
Founder Managing Director & CEO

Sunil Kakar
Chief Financial Officer

Mumbai | April 22, 2016

INDEPENDENT AUDITORS' CERTIFICATE



To the Members
of IDFC Bank
Limited

1. We have examined the compliance of conditions of Corporate Governance by IDFC BANK LIMITED ('the Bank'), for the period from November 06, 2015 (date of listing of the Bank) to March 31, 2016 as stipulated in:
 - Clause 49 [excluding clause 49(VII)(E)] of the Listing Agreements of the Bank with stock exchanges for the period from November 06, 2015 to November 30, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from November 06, 2015 to March 31, 2016 and
 - Regulations 17 to 27 [excluding Regulation 23(4)] and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
3. We have examined the relevant records of the Bank in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the period from November 06, 2015 to March 31, 2016.
5. We 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 DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 117365W)

Kalpesh J. Mehta
(Membership No. 48791)

Mumbai | June 25, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC BANK LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Emphasis of Matter

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

Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act and Section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.
 - c) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

INDEPENDENT AUDITORS' REPORT

- d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
 - e) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - f) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - g) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 17/D-11 and Schedule 18- Note 51 to the financial statements;
 - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 17/D-11 and Schedule 18- Note 51 to the financial statements;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Bank.
2. We report that during the course of our audit we have performed select relevant procedures at 19 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches, to submit any financial returns. Accordingly our audit is carried out centrally at the Head Office and Central Processing Units based on the necessary records and data required for the purposes of the audit and made available to us.

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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : April 26, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1.h under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **IDFC BANK LIMITED** (“the Bank”) as at 31st March, 2016 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“the Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and other applicable regulations. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : April 26, 2016

BALANCE SHEET

AS AT MARCH 31, 2016

	SCHEDULE NO.	AS AT MARCH 31, 2016 (₹ IN THOUSANDS)	AS AT MARCH 31, 2015 (₹ IN THOUSANDS)
CAPITAL AND LIABILITIES			
Capital	1	33,926,233	500
Employees' stock options outstanding	1a	33,235	-
Reserves and surplus	2	102,366,054	(25,849)
Deposits	3	82,190,453	-
Borrowings	4	479,138,308	-
Other liabilities and provisions	5	42,044,422	25,857
TOTAL		739,698,705	508
ASSETS			
Cash and balances with Reserve Bank of India	6	19,008,369	-
Balances with banks and money at call and short notice	7	10,030,700	500
Investments	8	200,911,792	-
Advances	9	456,994,297	-
Fixed assets	10	6,728,549	-
Other assets	11	46,024,998	8
TOTAL		739,698,705	508
Contingent liabilities	12	729,367,008	-
Bills for collection		-	-
Significant accounting policies and notes to accounts	17 & 18		
The schedules referred to above form an integral part of the Balance Sheet.			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai | April 26, 2016

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

Anil Baijal
Chairman

Abhijit Sen
Director

Sunil Kakar
Chief Financial Officer

Rajiv B. Lall
Founder Managing Director & CEO

Vikram Limaye
Director

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2016

	SCHEDULE NO.	YEAR ENDED MARCH 31, 2016 (₹ IN THOUSANDS)	PERIOD ENDED OCTOBER 21, 2014 TO MARCH 31, 2015 (₹ IN THOUSANDS)
I INCOME			
Interest earned	13	36,488,324	-
Other income	14	4,031,974	-
TOTAL		40,520,298	-
II EXPENDITURE			
Interest expended	15	28,015,025	-
Operating expenses	16	5,105,816	25,858
Provisions and contingencies	18.28	2,730,924	(9)
TOTAL		35,851,765	25,849
III NET PROFIT/(LOSS) FOR THE YEAR / PERIOD (I-II)		4,668,533	(25,849)
Balance in profit and loss account brought forward from previous year / period		(25,849)	-
Profit brought forward on demerger of Financing Undertaking of IDFC Limited	18.1	11,962,952	-
IV AMOUNT AVAILABLE FOR APPROPRIATION		16,605,636	(25,849)
V APPROPRIATIONS :			
Transfer to statutory reserve	18.30	1,180,000	-
Transfer to investment reserve	18.30	-	-
Transfer to capital reserve	18.30	825,000	-
Transfer to special reserve	18.30	1,450,000	-
Proposed dividend (includes tax on dividend)		1,021,380	-
Balance in profit and loss account carried forward		12,129,256	(25,849)
TOTAL		16,605,636	(25,849)
VI EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 10 PER SHARE)	18.44		
Basic (₹)		2.34	(516.98)
Diluted (₹)		2.34	(516.98)
Significant accounting policies and notes to accounts	17 & 18		
The schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai | April 26, 2016

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

Anil Baijal
Chairman

Abhijit Sen
Director

Sunil Kakar
Chief Financial Officer

Rajiv B. Lall
Founder Managing Director & CEO

Vikram Limaye
Director

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

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

Notes to the Cash Flow Statement:

Represented by :

Cash and Balances with Reserve Bank of India	6	19,008,369	-
Balances with Banks and Money at Call and Short Notice	7	10,030,700	500
Cash and cash equivalents at the end of the year		29,039,069	500

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai | April 26, 2016

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

Anil Baijal
Chairman

Abhijit Sen
Director

Sunil Kakar
Chief Financial Officer

Rajiv B. Lall
Founder Managing Director & CEO

Vikram Limaye
Director

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2016

SCHEDULE 1 CAPITAL

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

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

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

SCHEDULE 1a EMPLOYEES' STOCK OPTIONS OUTSTANDING

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

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

SCHEDULE 2 RESERVES AND SURPLUS

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

* Includes ₹ 2,753.98 crore on demerger of Financing Undertaking of IDFC Limited (refer note 18.1)

SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2016

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

SCHEDULE 3 DEPOSITS

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

SCHEDULE 4 BORROWINGS

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

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

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

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

SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2016

SCHEDULE 5 OTHER LIABILITIES AND PROVISIONS

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

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

SCHEDULE 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

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

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

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

SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2016

SCHEDULE 8 INVESTMENTS (NET OF PROVISIONS)

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

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

SCHEDULE 9 ADVANCES (NET OF PROVISIONS)

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

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

* Includes advances against book debts

\$ Includes advances against LCs issued by banks

SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2016

SCHEDULE 10 FIXED ASSETS

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

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

SCHEDULE 11 OTHER ASSETS

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

* Includes Deferred Tax Asset (net) of ₹ 1,684.05 crore (Previous Year ₹ 3 crore) (refer note 18.27), receivables on derivative contracts of ₹ 347.43 crore (Previous Year Nil) and application money pending allotment of ₹ 275.00 crore (Previous Year Nil).

SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2016

SCHEDULE 12 CONTINGENT LIABILITIES

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

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

SCHEDULE 13 INTEREST EARNED

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

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

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

SCHEDULE 14 OTHER INCOME

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

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

SCHEDULE 15 INTEREST EXPENDED

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

SCHEDULE 16 OPERATING EXPENSES \$

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

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

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

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

IDFC Bank Limited ("the Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013. Further, to the grant of the universal banking license issued by the Reserve Bank of India ("the RBI") on July 23, 2015 and pursuant to the filing and approval of the Scheme of Arrangement under Section 391-394 of the Companies Act, 1956, between IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors ('Scheme of Arrangement'), by the Hon'ble Madras High Court vide its order dated June 25, 2015 and on fulfilment of all conditions specified under the Scheme and final banking license, the Bank has commenced its Banking operations on October 1, 2015, mainly in Commercial & Wholesale, Personal & Business Banking and Bharat (rural) Banking business. The Bank is regulated by the RBI and governed under the Banking Regulation Act, 1949. The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited since November 6, 2015.

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

B. BASIS OF PREPARATION

The financial statements have been prepared based on historical cost convention and accrual basis of accounting in accordance with the requirements prescribed under Section 29 and third schedule of the Banking Regulation Act, 1949 and in conformity with Generally Accepted Accounting Principles in India to comply with the statutory requirements prescribed under the circulars and guidelines issued by the RBI from time to time and the Accounting Standards notified under section 133 of the Companies Act, 2013, in so far as applicable to banks, to the extent applicable and practices generally prevalent in the banking industry in India.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that affects the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates and the differences between the actual results and the estimates would be recognised in the periods in which the results are known / materialised.

D. SIGNIFICANT ACCOUNTING POLICIES :**17.1 INVESTMENTS****Classification :**

In accordance with the RBI Guidelines on investment classification and valuation; Investments are classified on the date of purchase into:

- Held for Trading (HFT),
- Available for Sale (AFS) and
- Held to Maturity (HTM).

Reclassification of securities if any, in any categories are accounted for as per the RBI guidelines. However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries / Joint Ventures and Others.

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments are recorded on value date except for equity shares which are recorded on trade date.

Cost of acquisition :

- Costs including brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First out Method for all categories of Investments including Short sales.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation :

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant Yield-to-Maturity ('YTM') basis while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM Category is provided for.

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines. Traded investments are valued based on the trades / quotes on the recognised stock exchanges, or prices/yields declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'), periodically.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the YTM rates published by FIMMDA.
- The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved securities, Bonds and Debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA.
- Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines in case the latest balance sheet is not available.
- Units of mutual funds are valued at the latest repurchase price / net asset value ('NAV') declared by the mutual fund.
- Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments, are valued at carrying cost. Accretion of discount on discounted Money Market Securities is computed on straight line method and for long term discounted securities, constant YTM method is used.
- Security receipts are valued as per NAV as provided by the Reconstruction Company (RC) / Securitization Company (SC) on a half yearly basis.
- Units of Venture Capital Funds ('VCF') and Alternate Investment Fund ('AIF') held under AFS category are marked to market based on the NAV provided by VCF/AIF based on the latest financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF/AIF. Banks' investments in units of VCFs is classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines.

Securities are valued script wise and depreciation / appreciation is aggregated for each category. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions.

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

Repo and Reverse Repo Transaction :

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI) are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

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

17.2 ADVANCES

In accordance with the RBI guidelines, advances are classified as performing and non-performing. These advances are stated net of specific provisions, provisions for funded interest term loan classified as non-performing advances, claims received from Export Credit Guarantee Corporation of India Ltd. (ECGC) and provisions in lieu of diminution in the fair value of restructured asset.

Non-Performing advances are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). In addition, based extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on identified advances in infrastructure sector which are classified as standard advances as these are not non-performing advances.

17.3 PROVISIONS / WRITE OFF ON LOANS AND OTHER CREDIT FACILITIES**(a) On legacy advances - loans acquired on demerger of Financing Undertaking of IDFC Limited**

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

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

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

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

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

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

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

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

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

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

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

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

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines and disclosed under Contingent Provision against Standard Assets. In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories as mentioned in the ECGC guidelines namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

17.4 REVENUE RECOGNITION

Interest income :

Interest Income is recognised on accrual basis in the Profit and Loss Account, except in the case of Non-Performing Assets (NPAs) and identified advances as defined in para 2 above, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified advances is reversed and recognised on cash basis.

Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges :

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership / syndication fee is recognised as income on completion of the significant act / milestone and when right to recovery is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received except for commission not exceeding ₹ 25 lacs which is recognised when due, unless the Bank is uncertain of ultimate collection.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period. Underwriting fees is recognised as income on closure of issue and revenue can be reliably measured. All other fees and charges is recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments :

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category, net of taxes and transfer to Statutory Reserves, is appropriated from Profit and Loss Account to "Capital Reserve" (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers' Association of India (FEDAI).

OTHER OPERATING INCOME :

Securitisation transactions :

Net income arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the life of the securities issued by the SPV. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of Non-Performing Assets to Securitisation Company (SC) / Reconstruction Company (RC), excess provision will be reversed on sale of NPA in the year in which amount is received and shortfall if any is charged to the Profit and Loss Account. If sale is against issuance of SRs / PTCs by SC / RC, the sale will be recognised at lower of redemption value of SRs / PTCs and net book value of financial asset sold. Upon realisation of proceeds on redemption of SR / PTC, the gain and shortfall is recognised in the Profit and Loss Account.

Direct Assignments :

Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non-performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non-performing financial assets and shortfall if any is charged to the Profit and Loss Account. However, in accordance with the RBI guidelines, in case of non - performing loans sold to SC / RC, the Bank can reverse the excess provision in Profit and Loss Account in the year in which amounts are received.

17.5 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by FEDAI. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income / expense on accrual basis and is amortized on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

17.6 ACCOUNTING FOR DERIVATIVE TRANSACTIONS

Derivative transactions comprises of forward contracts, futures, swaps and options. The Bank undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.

For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge swaps and funding swaps are not subjected to marked to market, unless underlying transactions are marked to market. In such cases swaps are marked to market with the resultant gain or loss recorded as an adjustment to the market value of the underlying transactions.

Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed in Profit and Loss Account.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter.

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

17.7 FIXED ASSETS AND DEPRECIATION

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below :

ASSETS	ESTIMATED USEFUL LIFE
Building - RCC Frame	60 Years
Building - Other than RCC Frame	30 Years
Computers - Desktops, Laptops, End User Devices	3 Years
Computers - Server & Network	6 Years
Vehicles	4 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (including software and system development)	5 years

Depreciation on vehicles and mobile phone is higher than the rates prescribed under the Schedule II of the Companies Act, 2013, based on the internal assessment of the useful life of these assets.

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

Depreciation on assets sold during the year is recognized on a pro-rata basis to the Profit and Loss Account till the date of sale. Profit on sale of premises net of taxes and transfer to statutory reserve is appropriated to Capital Reserve as per the RBI guidelines.

17.8 INCOME TAX

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.9 EMPLOYEE STOCK OPTION SCHEME

The Bank has formulated Employee Stock Option Scheme - IDFC Bank Limited ESOS -2015 ('the Scheme') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOS provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

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

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price / fair value of the underlying stock over the grant price as determined under the option plan. Compensation cost, if any is amortized over the vesting period on a straight line method. In case the vested stock options expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

17.10 EMPLOYEE BENEFITS**Defined contribution plan :**

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered

Defined benefit plan :

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences :

Based on the leave rules of the Bank, employees are not permitted to accumulate leave for encashment. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Profit and Loss Account for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

17.11 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is :

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

17.12 EARNINGS PER SHARE

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end, except where the results are anti-dilutive.

17.13 LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 SEGMENT REPORTING

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

17.15 IMPAIRMENT OF ASSETS

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Profit and Loss Account, except in case of revalued assets.

17.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

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

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

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

Pursuant to the Scheme of Arrangement, the Financing Undertaking of IDFC Limited was demerged in the Bank with effect from October 1, 2015. Accordingly assets amounting to ₹ 66,237.46 crore and liabilities amounting to ₹ 60,002.90 crore resulting in net assets amounting to ₹ 6,234.56 crore along with contingent liabilities of ₹ 285.63 crore, capital commitment of ₹ 840.05 crore and notional principal of derivative contract of ₹ 13,903.57 crore pertaining to the Financing Undertaking were transferred from IDFC Limited to the Bank and in consideration, equity shares of the Bank, in the ratio of 1:1 have been issued to the shareholders of IDFC Limited equivalent to 47% of the equity shareholding of IDFC Bank Limited. In addition, shares were issued to the Non-operative Financial Holding Company, IDFC Financial Holding Company Limited in compliance with RBI Guidelines for Licensing of New Banks in the Private Sector.

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

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

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

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

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

18.2 CAPITAL ADEQUACY

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

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
Tier I capital	13,311.76	-
of which common equity tier I capital	13,311.76	-
Tier II capital	331.87	-
TOTAL CAPITAL	13,643.63	-
Common equity Tier I capital ratio (%)	21.50%	-
Tier I capital ratio (%)	21.50%	-
Tier II capital ratio (%)	0.54%	-
TOTAL CAPITAL RATIO (CRAR) (%)	22.04%	-
Amount of equity capital raised **	3,391.48	0.05
Amount of additional Tier I capital raised; of which		
Perpetual non cumulative preference shares	-	-
Perpetual debt instruments	-	-
Amount of Tier II capital raised; of which		
Debt capital instrument	-	-
Preference share capital instruments	-	-

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

18.3 BUSINESS RATIOS ** / INFORMATION

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

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

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

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

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

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

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

18.4 INVESTMENTS

I VALUE OF INVESTMENTS :

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

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

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

18.5 REPO TRANSACTIONS

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

YEAR ENDED MARCH 31, 2016						(₹ IN CRORE)
PARTICULARS	MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	OUTSTANDING AS ON MARCH 31, 2016		
SECURITIES SOLD UNDER REPO						
i Government securities	-	12,042.72	5,897.02	-		
ii Corporate debt securities	-	-	-	-		
SECURITIES PURCHASED UNDER REVERSE REPO						
i Government securities	-	1,918.06	847.67	415.00		
ii Corporate debt securities	-	-	-	-		
YEAR ENDED MARCH 31, 2015						(₹ IN CRORE)
PARTICULARS	MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	OUTSTANDING AS ON MARCH 31, 2016		
SECURITIES SOLD UNDER REPO						
i Government securities	-	-	-	-		
ii Corporate debt securities	-	-	-	-		
SECURITIES PURCHASED UNDER REVERSE REPO						
i Government securities	-	-	-	-		
ii Corporate debt securities	-	-	-	-		

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

18.6 NON-SLR INVESTMENT PORTFOLIO

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

		(₹ IN CRORE)				
NO	ISSUER	TOTAL AMOUNT	EXTENT OF PRIVATE PLACEMENT	EXTENT OF "BELOW INVESTMENT GRADE" SECURITIES	EXTENT OF "UNRATED" SECURITIES	EXTENT OF "UNLISTED" SECURITIES
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i	Public sector undertakings	384.80	2.50	-	-	-
ii	Financial institutions	3,186.14	2,254.65	-	-	830.46
iii	Banks	245.91	48.90	-	-	197.02
iv	Private corporates	4,630.25	4,556.90	-	386.39	1,957.96
v	Subsidiaries / joint ventures	-	-	-	-	-
vi	Others	1,145.50	1,145.50	-	-	1,145.50
vii	Provision held towards depreciation	(1,193.70)				
TOTAL		8,398.90	8,008.45	-	386.39	4,130.94

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

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

		(₹ IN CRORE)				
NO	ISSUER	TOTAL AMOUNT	EXTENT OF PRIVATE PLACEMENT	EXTENT OF "BELOW INVESTMENT GRADE" SECURITIES	EXTENT OF "UNRATED" SECURITIES	EXTENT OF "UNLISTED" SECURITIES
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i	Public sector undertakings	-	-	-	-	-
ii	Financial institutions	-	-	-	-	-
iii	Banks	-	-	-	-	-
iv	Private corporates	-	-	-	-	-
v	Subsidiaries / joint ventures	-	-	-	-	-
vi	Others	-	-	-	-	-
vii	Provision held towards depreciation	-				
TOTAL		-	-	-	-	-

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

II NON PERFORMING NON-SLR INVESTMENTS:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

- 18.7** During the year ended March 31, 2016, the value of sales / transfers of securities to / from HTM category (excluding one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year and with approval of the Board of Directors and sales to the RBI under open market operation auctions) exceeded 5% of the book value of investments held in HTM category at the beginning of the year.

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

18.8 FORWARD RATE AGREEMENT / INTEREST RATE SWAP (IRS)

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

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

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

18.9 EXCHANGE TRADED INTEREST RATE DERIVATIVES

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

18.10 DISCLOSURES ON RISK EXPOSURE IN DERIVATIVES

QUALITATIVE DISCLOSURES :

- a. **Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants :**
- i The Bank undertakes transactions in FX and derivatives for the purpose of hedging the Balance Sheet, support customer FX and Derivatives hedging / business requirements and takes proprietary positions. Bank deals in various kinds of products viz. FX spot and forwards, INR and CCY Swaps and Foreign currency options. The Bank undertakes trading positions FX Spot, Forward, Swaps and Futures. Bank does not run Option book as of now. All the Option products are offered to the clients on a back to back basis.
 - ii Treasury Sale Desk is a customer centric desk that caters to customers' requirements in FX and Derivatives products subject to regulatory and internal requirements. Product offering to the clients is based on Suitability and Appropriateness policy of the Bank as well as by the extant RBI guidelines. The policy ensures that the product being offered by the Bank are in sync with the nature of the underlying, risk sought to be hedged giving due regard to the risk appetite of the customer and understanding of the risk by the customer. Market Risk exposures of clients arising out of FX and Derivative transactions are monitored by the Bank on a daily basis through current exposure method. Exposures are independently monitored and reported.
 - iii The Bank recognises all derivative contracts (other than those designated as hedges) at fair value. The mark to market movement on the positions is monitored on a daily basis. Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account. Hedge transactions are accounted for on an accrual basis. Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item.
 - iv All the derivative transactions are governed by the FX & Derivative policy, Market Risk Management policy and Limit Management Framework of the Bank. Limit Management Framework details various types of market risk limits which are monitored on a daily basis and breaches, if any, are reported promptly. Risk assessment of the portfolio is undertaken periodically and presented to the Market Risk Committee / Asset Liability Committee. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. The Bank has a clear functional segregation of Treasury operations between Front Office, Market Risk and Back Office.
- b. **Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation :**

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the balance sheet date are revalued using the closing rate.

QUANTITATIVE DISCLOSURE ON RISK EXPOSURE IN DERIVATIVES :

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

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

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

- i The notional principal amount of derivatives reflect the volume of transactions outstanding as at the balance sheet date and do not represent the amounts at risk.
- ii The Bank has computed the maximum and minimum of PV01 for the year based on daily average.
- iii In respect of derivative contracts, the Bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the Current Exposure Method (CEM) which is the sum of :
 - a. the current replacement cost (marked-to-market value including accrued interest) of the contract or zero whichever is higher; and
 - b. the Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factors prescribed in RBI guidelines, which is applied on the basis of the residual maturity and the type of contract.

18.11 ASSET QUALITY

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

18.12 PARTICULARS OF ACCOUNTS RESTRUCTURED

Details of loans subjected to restructuring during the year ended March 31, 2016 are given below:

SR. NO.	TYPE OF RESTRUCTURING ASSET CLASSIFICATION	UNDER CDR MECHANISM			UNDER SME DEBT RESTRUCTURING MECHANISM			OTHERS			TOTAL						
		STANDARD	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL	
1	Restructured accounts as on April 1, 2015 (opening figures)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1a	Restructured accounts on demerger of Financing Undertaking of IDFC Limited	-	-	-	-	-	16	2	24	104.94	6	2	24	104.94	6	2	24
	Amount outstanding (restructured facility)	-	-	-	-	-	3,74,72	1,12,01	4,96,4,67	3,74,72	1,12,01	4,96,4,67	3,74,72	1,12,01	4,96,4,67	3,74,72	1,12,01
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	-	-	-	-	-	2,08,754	764,35	2,90,7,39	37,87	55,50	2,90,7,39	2,08,754	764,35	55,50	2,90,7,39	37,87
	Amount outstanding (restructured facility)	-	-	-	-	-	-	1	-	-	-	-	394,81	-	-	-	394,81
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	-	-	-	-	-	1	-	-	(1)	-	-	65,81	-	-	(1)	-
	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	(0,13)	-	-	-	(0,13)
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016	-	-	-	-	-	15,54	(29,68)	(0,96)	(16,50)	0,25	(29,43)	15,54	(29,68)	0,25	(16,50)	(0,96)
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	-	-	-	-	-	5,66	-	-	-	-	-	5,66	-	-	-	5,66
	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the year	-	-	-	-	-	(3)	(1,61,2,85)	-	3	-	-	(3)	(1,61,2,85)	1,61,2,85	-	-
	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Write-offs / recoveries of restructured accounts during the year	-	-	-	-	-	(1)	(32,81)	(332,01)	(2)	-	(3)	(32,81)	(299,20)	(2)	-	(332,01)
	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2016 (closing figures) *	-	-	-	-	-	2,53,3,00	2,42,5,91	4,99,7,91	39,00	39,00	4,99,7,91	2,53,3,00	2,42,5,91	39,00	4,99,7,91	39,00
	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Standard	-	-	-	-	-	1,10,5,02	1,54,9,50	2,69,5,52	39,00	39,00	2,69,5,52	1,10,5,02	1,54,9,50	39,00	2,69,5,52	39,00
	Sub-standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	2,69,5,52	2,69,5,52	2,69,5,52	39,00	39,00	2,69,5,52	2,69,5,52	2,69,5,52	39,00	2,69,5,52	39,00

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

18.12 PARTICULARS OF ACCOUNTS RESTRUCTURED

Details of loans subjected to restructuring during the year ended March 31, 2015 are given below:

SR. NO.	TYPE OF RESTRUCTURING	UNDER CDR MECHANISM				UNDER SME DEBT RESTRUCTURING MECHANISM				OTHERS				TOTAL			
		STANDARD	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB-STANDARD	DOUBTFUL	LOSS	TOTAL	
1	Restructured accounts as on April 1, 2014 (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Increase / (decrease) in borrower level outstanding or existing restructured cases during the year ended March 31, 2015	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Write-offs / recoveries of restructured accounts during the year	Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Restructured Accounts as on March 31, 2015 (closing figures) *	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision there on	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

(₹ IN CRORE)

18.13 SPECIFIC PROVISION

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

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

18.14 MOVEMENT IN TECHNICAL / PRUDENTIAL WRITTEN-OFF ACCOUNTS :

Technical or prudential write-offs refers to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. Movement in the stock of technically or prudentially written-off accounts given below:

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

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

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

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

Details of book value of investments in security receipts

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

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

Disclosures relating to securitisation

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
1 No. of SPVs sponsored by the bank for securitisation transactions	-	-
2 Total amount of securitised assets as per books of the SPVs sponsored by the bank	-	-
3 Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
a Off-balance sheet exposures		
First loss	-	-
Others	-	-
b On-balance sheet exposures		
First loss	-	-
Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a Off-balance sheet exposures		
i Exposure to own securitizations		
First loss	-	-
Others	-	-
ii Exposure to third party securitisations		
First loss	-	-
Others	121.91	-
b On-balance sheet exposures		
i Exposure to own securitizations		
First loss	-	-
Others	-	-
ii Exposure to third party securitisations		
First loss	-	-
Others	0.14	-

Disclosures relating to loans sold through direct assignment

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
1 Total amount of assets sold through direct assignment during the year	125.21	-
2 Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
a Off-balance sheet exposures		
First loss	-	-
Others	-	-
b On-balance sheet exposures		
First loss	-	-
Others	414.95	-

18.16 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD

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

18.17 PROVISIONS ON STANDARD ASSETS

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

18.18 EXPOSURE TO REAL ESTATE SECTOR

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

18.19 EXPOSURE TO CAPITAL MARKET

Particulars	(₹ in crore)	
	March 31, 2016	March 31, 2015
1 Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	1,694.83	-
2 Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
3 Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	250.00	-
4 Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
5 Secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers	-	-
6 Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	567.72	-
7 Bridge loans to companies against expected equity flows / issues	-	-
8 Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9 Financing to stockbrokers for margin trading	-	-
10 All exposures to Venture Capital Funds (both registered and unregistered)	1,453.90	-
TOTAL EXPOSURE TO CAPITAL MARKET	3,966.45	-

18.20 RISK CATEGORY WISE COUNTRY EXPOSURE

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

18.21 MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

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

PARTICULARS	(₹ IN CRORE)										
	DAY 1	2 DAYS TO 7 DAYS	8 DAYS TO 14 DAYS	15 DAYS TO 28 DAYS	29 DAYS TO 3 MONTHS	OVER 3 MONTHS AND UP TO 6 MONTHS	OVER 6 MONTHS AND UP TO 1 YEAR	OVER 1 YEAR & UP TO 3 YEARS	OVER 3 YEARS & UP TO 5 YEARS	OVER 5 YEARS	TOTAL
	Deposits	74.30	590.53	195.09	496.49	4,943.40	352.58	807.81	757.87	0.28	0.70
Advances	33.77	47.99	67.92	287.81	1,173.80	1,983.58	2,783.28	11,783.64	10,681.25	16,856.39	45,699.43
Investments	13.24	3,065.91	37.36	92.99	2,210.71	208.45	1,146.92	2,879.48	4,026.52	6,409.60	20,091.18
Borrowings	-	64.94	3.70	-	1,280.43	869.27	3,330.41	10,725.73	7,951.51	23,687.84	47,913.83
Foreign Currency assets	26.93	231.92	0.01	0.02	51.01	311.36	-	66.26	-	-	687.51
Foreign Currency liabilities *	1.03	6.16	7.19	14.26	725.77	662.60	70.99	2,059.43	1,656.51	2,222.66	7,426.60

* Includes ECB borrowings of ₹ 6,120.20 crores. The FX risk arising out of these borrowings is dynamically hedged by the Balance Sheet Management Group of the Bank.

A maturity pattern of certain items of assets and liabilities as at March 31, 2015 :

PARTICULARS	(₹ IN CRORE)										
	DAY 1	2 DAYS TO 7 DAYS	8 DAYS TO 14 DAYS	15 DAYS TO 28 DAYS	29 DAYS TO 3 MONTHS	OVER 3 MONTHS AND UP TO 6 MONTHS	OVER 6 MONTHS AND UP TO 1 YEAR	OVER 1 YEAR & UP TO 3 YEARS	OVER 3 YEARS & UP TO 5 YEARS	OVER 5 YEARS	TOTAL
	Deposits	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding off balance sheet items.

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

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

18.23 UNSECURED ADVANCES

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

18.24 DISCLOSURE OF PENALTIES IMPOSED BY RBI

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

18.25 EMPLOYEE BENEFITS

I THE BANK HAS CHARGED THE FOLLOWING AMOUNTS IN THE PROFIT AND LOSS ACCOUNT TOWARDS CONTRIBUTION TO DEFINED CONTRIBUTION PLANS WHICH ARE INCLUDED UNDER SCHEDULE 16 (I) :

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

II GRATUITY

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the balance sheet for the gratuity benefit plan :

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees) :

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

Balance Sheet

Details of provision for gratuity :

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

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

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

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

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

Experience adjustments :

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

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

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

Principal actuarial assumptions at the balance sheet date:

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

18.26 SEGMENT REPORTING

Business Segments :

The business of the Bank is divided into three segments : Treasury, Corporate / Wholesale Banking and Retail Banking Business. These segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by the RBI.

SEGMENT	PRINCIPAL ACTIVITIES
Treasury	The treasury segment primarily consists of Bank's investment portfolio, money market borrowing and lending, investment operations and entire foreign exchange and derivative portfolio of the Bank. Revenue of treasury segment consist of interest income on investment portfolio, gains or losses from trading operations, fees on FX & derivative trades and capital market deals. The principal expenses consists of interest expenses from external sources, premises expenses, personnel cost, direct and allocated overheads.
Corporate / Wholesale Banking	The wholesale banking segment provides loans, non-fund facilities and transaction services to corporate relationship not included under Retail Banking, corporate advisory, project appraisal placement and syndication. Revenues of the wholesale banking segment consist of interest earned on loans to customers, interest / fees earned on transaction services, earnings from trade services and other non-fund facilities. The principal expenses of the segment consist of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.
Retail Banking	Retail Banking constitutes lending to individuals / business banking customers through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans and fees from services rendered. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as taxes (including deferred tax), prepaid expenses, provision for expenses etc. Revenue & expense of this segment includes income & expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

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

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

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

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

Geographic segments

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

18.27 DEFERRED TAX

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

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

18.28 PROVISIONS AND CONTINGENCIES

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

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

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

18.29 FLOATING PROVISIONS

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

18.30 DRAW DOWN FROM RESERVES

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

APPROPRIATION TO RESERVES

i Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Bank has transferred ₹ 118.00 crore to Statutory Reserve for the year.

ii Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. During the financial year, the Bank did not have any excess provision in the AFS / HFT category and hence there was no transfer to IRA.

iii Capital Reserve

As per RBI Guidelines, profit / loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, the Bank has appropriated ₹ 82.50 crore being profit on sale of investments in the HTM category net of applicable taxes and transfer to statutory reserve.

iv Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, the specified entity is allowed the deduction in respect of any special reserve created and maintained by it, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause). This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital (excluding the amounts capitalized from reserves) of the entity. During the year, the Bank has transferred an amount of ₹ 145.00 crores to Special Reserve.

18.31 DISCLOSURE OF COMPLAINTS

A. COMPLAINTS BY CUSTOMERS / STAKEHOLDERS / BONDHOLDERS

i Customer complaints :

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

ii Investors complaints :

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

iii Retail bondholder's complaints :

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

B. AWARDS PASSED BY THE BANKING OMBUDSMAN

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

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

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

18.33 BANCASSURANCE BUSINESS

Details of income earned from bancassurance business are as under:

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

18.34 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

i Concentration of deposits

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

ii Concentration of advances *

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

* Advances represent credit exposure (funded and non-funded) including derivative exposure computed as per current exposure method in accordance with RBI guidelines.

iii Concentration of exposures *

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

* Exposure includes credit exposure (funded and non-funded), derivative exposure and investment exposure (including underwriting and similar commitments) in accordance with RBI guidelines.

iv Concentration of NPAs

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

v Intra-group exposures

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

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

18.35 UNHEDGED FOREIGN CURRENCY EXPOSURE

The Bank's Credit Policy lays down that the Bank will evaluate risks arising out of unhedged foreign currency exposures of the borrowers and will also monitor the same. Both at the time of initial approval as well as subsequent reviews, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The details of unhedged foreign currency exposure of customers are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

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

18.36 SECTOR-WISE ADVANCES

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

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

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

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

18.37 OVERSEAS ASSETS, NPAs AND REVENUE

PARTICULARS	(₹ IN CRORE)	
	MARCH 31, 2016	MARCH 31, 2015
	Total assets	-
Total NPAs	-	-
Total revenue	-	-

18.38 OFF-BALANCE SHEET SPVs SPONSORED

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

NAME OF THE SPV SPONSORED	(₹ IN CRORE)			
	MARCH 31, 2016		MARCH 31, 2015	
	DOMESTIC	OVERSEAS	DOMESTIC	OVERSEAS
Nil	-	-	-	-

18.39 DISCLOSURES ON REMUNERATION

Qualitative disclosures

a Information relating to the composition and mandate of the Remuneration Committee :

The Board nomination and remuneration committee comprised of the following members :

Mr. Ajay Sondhi	Chairman
Mr. Anil Baijal	Member
Ms. Veena Mankar	Member
Mr. Vinod Rai	Member

The functions of the Committee include :

- i Evaluate performance of the Whole Time Directors (WTDs) (including the Managing Director & CEO) against predetermined parameters
- ii Make recommendations on remuneration (including performance bonus and perquisites) of Whole Time Directors
- iii Approve policy and quantum of variable pay, bonus, stock options and increments for the employees of the Bank
- iv Frame guidelines for the Employees Stock Option Scheme (ESOS) and recommend grants of the Bank's stock options to Whole Time Directors of the Bank

b Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Bank has under the guidance of the Board and the Nomination and Remuneration Committee, follows compensation practices intended to drive pay for performance within the framework of prudent risk management.

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

- i Help attract and retain employees :
 - Pay elements and structure to be market competitive
 - Flexibility and agility in approach to design / review structure
 - Differentiate market through benefit programs that build and reinforce organization values and loyalty
 - Reward meritocracy, with differentiation based on performance
- ii Foster a culture of authentic service and prudent risk taking :
 - Reward programs to be designed to incentivize
 - Superior and consistent customer service and
 - Specifically discourage miss-selling, thereby help build trust and faith of customers
 - Rewards not just based on quantitative (financial) parameters alone; but also on how performance is achieved, including process adopted, prudent judgement and controls exercised
 - Reward good behaviour and organizational stewardship, that conserves franchise reputation
 - Revenue producers will not determine compensation for risk managers and other control functions
 - Compensation programs to be overlaid with requisite conformity to the RBI guidelines.
- iii Emphasize alignment with our stated Bank Values of Balance, Collaboration, Drive and Honesty :
 - Compensation program design to promote, measure and reward excellence on these key organization values
 - Short term and long term incentives, and staff recognition framework to specifically incorporate metrics on these
- iv Evaluate and Reward Performance over Time
 - Program design to ensure balance between short term versus long term financial performance and health of the organization
 - Drive long term commitment and ownership for decisions through LTI and/or equity awards with deferred vesting schedule
- v Balance between market competitiveness and internal alignment
 - Pay levels to be referenced to the 66th percentile of Indian Private Sector banks
 - Aspire to stay best-in-class within competitive cost parameters; balance between basic and lifestyle benefits
 - Internal pay parity for roles staffed with employees with similar skills and seasoning

c Description of the ways in which current and future risks are taken into account in the remuneration process including the nature and type of the key measures used to take account of these risks :

The Board approves the risk framework for the Bank and the business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. The performance evaluation framework of Whole Time Directors, equivalent positions and senior management personnel in material risk taker roles incorporates these risk and control aspects as detailed by the Board. These factors include (but are not limited to) elements such as consistency in asset quality, rating slippage of existing loans, RORWA, operational risk parameters and quality of systems. The performance management framework of the Bank will evolve over time and get more sophisticated and mature. As regards linkage to remuneration, the compensation for Whole Time Director's, etc is paid in fixed pay, performance linked variable pay and stock options which is approved by the NRC. Furthermore, material risk takers will not be put on any guaranteed bonus framework. Performance evaluation of individuals in Credit and Risk, and Control functions will have requisite line of independence to revenue making senior management personnel.

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

While the bank is yet to have a first performance review cycle having started its operations only on October 1, 2015, performance and its linkage to levels of remuneration will be guided by the objectives / principles as spelt out in Item b

above. Annual Remuneration package will comprise of a combination of fixed salary, cash bonus and ESOPs, in a mix that ensures appropriate alignment with RBI guidelines and long term value creation and stability of the Bank. Further, total pay levels will be referenced against 66th percentile of Indian private sector banks.

e Bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting :

As outlined in Item (d) above, deferral structures will be incorporated and published to the staff over the next 12 months. For senior levels and material risk taker roles, remuneration package will represent a mix of fixed pay, cash bonus and ESOP in a manner that ensures deferred vesting schedule of ESOPs. Further, the deferred / unvested portions will be subject to "malus" provision in conformity with RBI guidelines.

f Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

The bank at this juncture primarily has an annual cash bonus process and ESOPs. The ESOP scheme has been designed with a view to ensure an appropriate risk balanced remuneration architecture. Further, for junior roles in front-line sales where quarterly formulae based incentive programs get rolled-out, there will be requisite emphasis on risk and control parameters. We are piloting the first such quarterly plan for junior roles in a specific business area (Bharat Banking), where there is adequate emphasis on risk / collections and compliance to set-out processes.

Quantitative disclosures

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

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
a i Number of meetings held by the Remuneration Committee during the financial year	5	-
ii Remuneration paid to its members (sitting fees) (₹)	400,000	-
b Number of employees having received a variable remuneration award during the financial year	-	-
c Number and total amount of sign-on awards made during the financial year	-	-
d Details of guaranteed bonus, if any, paid as joining / sign-on bonus	-	-
e Details of severance pay, in addition to accrued benefits, if any	-	-
f Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	-	-
g Total amount of deferred remuneration paid out in the financial year	NA	-
h Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	NA	-
i Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	NA	-
j Total amount of reductions during the financial year due to ex-post explicit adjustments	NA	-
k Total amount of reductions during the financial year due to ex-post implicit adjustments	NA	-

18.40 CREDIT DEFAULT SWAPS

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

18.41 TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)

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

18.42 LIQUIDITY COVERAGE RATIO

Qualitative disclosure

Liquidity risk management of the Bank is undertaken by the Balance Sheet Management Group (BSMG) under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies and ALCO approved funding plans. The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI for reporting of the Liquidity Coverage Ratio (LCR).

The mandated regulatory threshold as per the transition plan is embedded into the Limit Management Framework of the Bank with appropriate cushion to ensure maintenance of adequate liquidity buffers. Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO), Risk Management Committee of the Board and Board for oversight and periodical review. The Bank has been submitting LCR reports to RBI from January 2016.

Currently the Liquidity Coverage Ratio is significantly higher than minimum regulatory threshold. As a strategy, the Bank is highly invested into GOI Bonds and corporate bonds which has resulted in a high level of HQLA. The Bank follows the criteria laid down by the RBI for month-end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30 day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and corporate bonds in form of CP, CD and Bonds rated AA- and above with mandated haircuts applied thereto.

Bank is predominantly funded through long term borrowings viz Bonds and ECBs. Further the reliance on retail deposits and CASA is minimal as of now. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. Bank expects the LCR to reduce in the coming quarters primarily on account of growth in advances and increased focus on raising retail deposits.

The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. The Bank assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Bank's ALCO for perusal and review.

Quantitative disclosures

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

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

18.43 RELATED PARTY DISCLOSURE :

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

A. ULTIMATE HOLDING COMPANY

IDFC Limited

B. HOLDING COMPANY

IDFC Financial Holding Company Limited

C. FELLOW SUBSIDIARIES

- IDFC Alternatives Limited
- IDFC Asset Management Company Limited
- IDFC AMC Trustee Company Limited
- IDFC Finance Limited
- IDFC Foundation
- IDFC Infra Debt Fund Limited
- IDFC Projects Limited
- IDFC Securities Limited
- IDFC Trustee Company Limited
- IDFC Capital (USA) Inc.
- IDFC Capital (Singapore) Pte. Ltd.
- IDFC Investment Advisors Limited
- IDFC Investment Managers (Mauritius) Limited
- IDFC Securities Singapore Pte. Limited

D. ASSOCIATES

i Direct

- Feedback Infra Private Limited
- Millennium City Expressway Private Limited

ii Indirect (through fellow subsidiaries)

- Jetpur Somnath Tollways Private Limited
- Delhi Integrated Multi-Modal Transit System Limited
- Infrastructure Development Corporation (Karnataka) Limited
- Uttarakhand Infrastructure Development Company Limited
- India PPP Capacity Building Trust

E. KEY MANAGEMENT PERSONNEL

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

F. RELATIVES OF KEY MANAGEMENT PERSONNEL:

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

In accordance with paragraph 5 and 6 of AS - 18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2016 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- **Interest Expense :**
 IDFC Limited ₹ 2.11 crore (Previous Year Nil); IDFC Financial Holding Company Limited ₹ 1.58 crore (Previous Year Nil); IDFC Finance Limited ₹ 0.46 crore (Previous Year Nil).
- **Interest income earned :**
 Feedback Infra Private Limited ₹ 3.96 crore (Previous Year Nil); Millennium City Expressways Private Limited ₹ 20.03 crore (Previous Year Nil).
- **Receiving of services :**
 IDFC Securities Limited ₹ 5.92 crore (Previous Year Nil); IDFC Alternatives Limited ₹ 1.77 crore (Previous Year Nil).
- **Rendering of services :**
 IDFC Securities Limited ₹ 6.55 crore (Previous Year Nil); IDFC Asset Management Company Limited ₹ 0.91 crore (Previous Year Nil).
- **Managerial Remuneration :**
 Rajiv B. Lall ₹ 1.92 crore (Previous Year Nil).
- **Sale of investments :**
 IDFC Infra Debt Fund Limited ₹ 108.83 crore (Previous Year Nil).
- **Profit on sale of Investments :**
 IDFC Infra Debt Fund Limited ₹ 1.03 crore (Previous Year Nil).
- **Purchase of fixed assets :**
 IDFC Securities Limited ₹ 0.34 crore (Previous Year Nil).
- **Placement of security deposits :**
 IDFC Alternatives Limited ₹ 1.77 crore (Previous Year Nil).
- **Advance repaid :**
 Millennium City Expressways Private Limited ₹ 8.26 crore (Previous Year Nil).
- **Sell down of loans :**
 IDFC Infra Debt Fund Limited ₹ 125.21 crore (Previous Year Nil).
- **Deposits with the Bank :**
 IDFC Limited ₹ 218.97 crore (Previous Year Nil); IDFC Financial Holding Company Limited ₹ 44.23 crore (Previous Year Nil); IDFC Infra Debt Fund Limited ₹ 102.39 crore (Previous Year Nil).
- **Investment of related party in the Bank :**
 IDFC Financial Holding Company Limited ₹ 7,030.07 crore (Previous Year Nil).
- **Other receivables (net) :**
 IDFC Securities Limited ₹ 0.75 crore (Previous Year Nil).
- **Other payables (net) :**
 IDFC Securities Limited ₹ 1.18 crore (Previous Year Nil).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

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

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

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

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

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

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

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

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

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

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

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

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

18.44 EARNING PER SHARE ('EPS')

Basic and diluted earnings per equity share are computed in accordance with AS 20 - Earnings per share. Basic earnings per equity share are computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Dilution of equity is on account of stock options granted to employees by the Bank.

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

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

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

18.46 UNCLAIMED SHARES

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

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

18.47 LEASES

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

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

PARTICULARS	₹ IN CRORE	
	MARCH 31, 2016	MARCH 31, 2015
Future lease rentals payable as at the end of the year :		
Not later than one year	94.91	-
Later than one year and not later than five years	270.52	-
Later than five years	132.83	-
Total of minimum lease payments recognised in the Profit and Loss Account for the year	42.36	-
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	-	-
Sub-lease payments recognised in the Profit and Loss Account for the year	-	-

The Bank has not sub-leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal/ purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

18.48 OTHER FIXED ASSETS

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

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

18.49 SMALL AND MICRO INDUSTRIES

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.50 DISCLOSURE ON FACTORING

As per the RBI circular Ref No. DBR.No.FSD.BC.32/24.01.007/2015-16 dated July 30, 2015, banks are required to disclose factoring exposures. Receivables acquired under factoring are treated as part of loans and advances and reported under the head 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet. The Bank has factoring exposure of ₹ 200.25 crore and outstanding of ₹ 200.21 crore as on March 31, 2016 (Previous Year Nil).

18.51 DESCRIPTION OF CONTINGENT LIABILITIES

i Claims against the Bank not acknowledged as debts

The Bank is a party to taxation matters which are in dispute and are under appeal. The demands have been partly paid/ adjusted and will be received as refund if the matters are decided in favour of the Bank.

ii Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Bank do not have any profit / loss impact.

iii Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An exchange traded currency option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

iv Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

v Acceptances, endorsements and other obligations

These includes documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi Other items

Other items represent estimated amount of contracts remaining to be executed on capital account.

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

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

Anil Bajjal
Chairman

Rajiv B. Lall
Founder Managing Director & CEO

Abhijit Sen
Director

Vikram Limaye
Director

Sunil Kakar
Chief Financial Officer

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

Mumbai | April 26, 2016

BASEL PILLAR III DISCLOSURES

BASEL PILLAR III DISCLOSURES AS AT MARCH 31, 2016

Pillar 3 disclosures as at March 31, 2016 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 link to this section is <http://www.idfcbank.com/regulatory-disclosures.html>

THE SECTION CONTAINS FOLLOWING DISCLOSURES:

1. Qualitative and Quantitative disclosures as at March 31, 2016

- Scope of Application
- Capital Adequacy
- Credit Risk - General Disclosure
- Credit Risk - Disclosure under standardised Approach
- Market Risk in Trading Book
- Operational Risk
- Interest rate risk in the Banking Book (IRRBB)
- Liquidity Risk
- General Disclosure for exposures related to Counterparty Credit Risk
- Equities - Disclosure for Banking Book Positions

2. Leverage Ratio

3. Liquidity Coverage Ratio as at March 31, 2016

4. Capital Disclosure

- Composition of Capital
- Composition of Capital & reconciliation requirements
- Main Features of Regulatory Capital Instruments March 31, 2016
- Terms and Conditions of Equity Shares



IDFC BANK

IDFC BANK LIMITED

Corporate Identity Number: U65110TN2014PLC097792

Email: bank.info@idfcbank.com **Website:** www.idfcbank.com

Regd. Office: KRM Tower, 8th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India.

Tel: + 91 44 4564 4000 **Fax:** +91 44 4564 4022

Corp. Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India.

Tel: + 91 22 4222 2000 **Fax:** +91 22 2654 0354

NOTICE

NOTICE is hereby given that the 2nd Annual General Meeting ('AGM') of the Members of **IDFC BANK LIMITED** ('IDFC Bank' or the 'Bank') will be held on **Wednesday, July 27, 2016** at **10.00 a.m.** at 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, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements of the Bank for the financial year ended March 31, 2016, together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares of the Bank.
3. To appoint a director in place of Mr. Vinod Rai (DIN - 01119922), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Bank and to fix their remuneration and in this regard, to consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI'), from time to time and subject to the approval of the RBI and such other regulatory authorities, as may be applicable, Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 117365W), be and are hereby appointed as the Statutory Auditors of the Bank for a period of One (1) year, to hold office from the conclusion of Second Annual General Meeting ('AGM') until the conclusion of the Third AGM of the Bank, at a remuneration to be determined by the Board of Directors

of the Bank, based on the recommendation of the Audit Committee of the Bank, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Bank for the financial year ending March 31, 2017."

SPECIAL BUSINESS

5. **Appointment of Mr. Rajan Anandan as an Independent Director**

To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 10-A and other applicable provisions, if any, of the Banking Regulation Act, 1949, Sections 149, 150, 152, 160, 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, and Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajan Anandan (DIN-02395272), who was appointed as an Additional Director of the Bank with effect from December 01, 2015 and who holds office upto the date of this Annual General Meeting and in respect of whom the Bank has received a notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Bank to hold office for a period of Three (3) consecutive years from the said date up to November 30, 2018 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Rajan Anandan be paid such fees, profit related commission and remuneration as

NOTICE (continued)

the Board and Members may approve from time to time and within the limits as prescribed under the Companies Act, 2013, the Banking Regulation Act, 1949 and within the directions issued by the RBI, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Bank and Mr. Mahendra N. Shah, Company Secretary & Chief Compliance Officer, be and are hereby severally authorized to file the requisite forms with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

6. Offer and Issue of Debt Securities on Private Placement basis

To consider and if thought fit, to pass, the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 42 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934, Foreign Exchange Management Act, 1999 (including any statutory amendment(s) or modification(s) or re-enactments thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and all other relevant provisions of applicable law(s) and pursuant to the Articles of Association of the Bank and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies), the consent of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof) for borrowing / raising 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 (including bonds forming part of Tier I / Tier II capital in accordance with and subject to the terms and conditions specified in the Basel III Capital Regulations prescribed by RBI, long-term infrastructure bonds or such other securities as may be permitted by RBI from time to time), on private placement basis, upto an amount not exceeding ₹ 15,000 crore (Rupees Fifteen Thousand Crores only), outstanding at any point of time, in one or more tranches and / or series, in domestic and / or overseas market, as per the agreed structure and within the limits permitted by RBI and other regulatory authorities, to eligible investors, during a period of One (1) year from the date of passing of this resolution, within the overall borrowing limits of ₹ 1,50,000 crore (Rupees One Lakh Fifty Thousand Crores only) as approved by the Members of

of the Bank at the 1st Annual General Meeting held on September 29, 2015 and on such terms and conditions as may be approved by the Board, from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to sign all such forms and returns and other documents and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

7. Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme')

To consider and if thought fit, to pass, the following as a **Special Resolution**:

"RESOLVED THAT in supersession of the resolution passed by the Members of the Bank at its 1st Annual General Meeting ('AGM') held on September 29, 2015 and pursuant to the provisions of Section 62(1)(b) and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Bank and in accordance with the provisions of any other applicable laws or regulations including rules, circulars and guidelines issued by the Reserve Bank of India and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority(ies) while granting such approval(s), permission(s) and sanction(s), the consent of the Members of the Bank be and is hereby accorded to ratify IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015') and grants made to Eligible Employees and Directors under IDFC Bank ESOS - 2015 from the inception of the Scheme till the date of the 2nd AGM of the Bank.

RESOLVED FURTHER THAT the consent of the Members of the Bank be and is hereby granted to reduce the existing pool of Employee Stock Options ('ESOPs') that can be granted to the Eligible Employees / Directors of the Bank and / or its subsidiary companies under IDFC Bank ESOS - 2015 from current 7% to 6% of the issued and paid up share capital of the Bank, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Bank (hereinafter referred to as 'the Board', which term shall be deemed to include any Director / official in single capacity and / or any Committee of Directors as may be authorized by the Board in this regard) be and is hereby authorised to create, issue, offer and allot, directly or indirectly, to the Eligible Employees and Directors of the Bank, in India / outside India, excluding the Independent

NOTICE (continued)

Directors, at any time, equity shares arising out of exercise of ESOPs granted, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to the issue thereof, which upon exercise could give rise to the issue of a number of equity shares not exceeding in aggregate 6% of the issued & paid up share capital of the Bank, from time to time, under IDFC Bank ESOS - 2015, or any modifications thereof.

RESOLVED FURTHER THAT the equity shares allotted pursuant to the aforesaid resolution shall rank *pari-passu* with the then existing equity shares of the Bank for all purposes.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, regarding creation, offer, issue, allotment and listing of such shares, the Board be and is hereby authorized to make any modifications, changes, variation, alteration or revisions in IDFC Bank ESOS - 2015 or to suspend, withdraw or revive the same from time to time in accordance with applicable laws and / or as may be specified by any appropriate authority and to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary, desirable, usual or proper in relation thereto with the liberty to the Board on behalf of the Bank to settle any question, difficulties or doubts whatsoever may arise with regard to such creation, offer, issue, allotment and listing of shares without requiring the Board to secure any further consent or approval of the Members of the Bank.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all necessary steps for listing of the shares allotted under IDFC Bank ESOS - 2015 on the Stock Exchanges as per the provisions of Listing Regulations, SEBI Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any Director(s) or any Officer(s) of the Bank.”

8. **Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations') and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ('Listing Regulations') (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Bank and in accordance with the provisions of any other applicable laws or regulations including rules, circulars and guidelines issued by the Reserve Bank of India and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority(ies) while granting such approval(s), permission(s) and sanction(s), the consent of the Members of the Bank be and is hereby accorded to ratify IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015') and the Board of Directors of the Bank (hereinafter referred to as 'the Board', which term shall be deemed to include any Director / official in single capacity and / or any Committee of Directors as may be authorized by the Board in this regard) be and are hereby authorised to create, offer, issue and allot, directly or indirectly, equity shares under IDFC Bank ESOS - 2015, from time to time, to the Eligible Employees of the Subsidiary(ies) Companies (Present & Future), whether working in India or out of India, and to Directors of the Subsidiaries (Present & Future), excluding the Independent Directors and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time (all such persons are hereinafter referred to as 'Eligible Employees') on the terms and conditions as detailed in the Explanatory Statement annexed hereto or on such other terms and conditions and at such price and in such number of tranches as may be decided by the Board in its absolute discretion.

RESOLVED FURTHER THAT the maximum number of stock options granted to Eligible Employees of both, the Employees of the Bank and its Subsidiaries under IDFC Bank ESOS - 2015 shall not cumulatively exceed 6% of the issued & paid up share capital of the Bank from time to time.

RESOLVED FURTHER THAT the equity shares to be issued as stated aforesaid shall rank *pari passu* with all the existing equity shares of the Bank for all purposes.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, regarding creation, offer, issue, allotment and listing of such shares, the Board be and is hereby authorized to make any modifications, changes, variation, alteration or revisions in IDFC Bank ESOS - 2015 or to suspend, withdraw or revive the same from time to time in accordance with applicable laws and / or as may be specified by any appropriate authority and to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary, desirable, usual or proper in relation there to with the liberty to the Board on behalf of the Bank to settle any question, difficulties or

NOTICE (continued)

doubts whatsoever may arise with regard to such creation, offer, issue, allotment and listing of shares without requiring the Board to secure any further consent or approval of the Members of the Bank.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under IDFC Bank ESOS - 2015 on the Stock Exchanges as per the provisions of Listing Regulations, SEBI Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or any Director(s) or any Officer(s) of the Bank.”

9. **Payment of Commission to Non-Executive Directors**

To consider and if thought fit, to pass, the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any, applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Guidelines on Compensation of Non-Executive Directors of Private Sector Banks dated June 01, 2015 issued by the Reserve Bank of India (the ‘RBI’), applicable rules, circulars and other guidelines issued by the RBI, from time to time, the consent of the Members of the Bank be and is hereby accorded to the payment of remuneration by way of commission to the Non-Executive Directors 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 Lakhs to each of such Directors, whichever is lower; in such manner and in such respects as may be decided by the Board of Directors from time to time and such payments shall be made with respect to the profits of the Bank for each year commencing from April 01, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Bank (hereinafter referred to as the ‘Board’, which term shall include the Nomination & Remuneration Committee (‘NRC’) and / or any other Committee constituted by the Board for this purpose), be and are hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all approvals as may be required to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any Officer(s) of the Bank.”

10. **Approval of remuneration payable to Dr. Rajiv B. Lall, Founder Managing Director & CEO of the Bank**

To consider and if thought fit, to pass, the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any, Schedule V of the Companies Act, 2013, provisions of Section 35B and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), Articles of Association of the Bank, the rules, guidelines and circulars issued by the Reserve Bank of India (‘RBI’), in this regard, from time to time and pursuant to the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and subject to the approval of the RBI and such other approvals as may be required, the approval of the Members of the Bank be and is hereby accorded to the revision in the remuneration payable to Dr. Rajiv B. Lall (DIN - 00131782), as the Founder Managing Director & CEO of the Bank, with effect from April 01, 2016, detailed as under:

- i. Term: From October 01, 2015 upto September 30, 2018 as the Founder Managing Director & CEO of the Bank.
- ii. Basic Salary: In the range of ₹ 8,00,000 p.m. to ₹ 10,00,000 p.m.
- iii. Perquisites and Allowances: House rent allowance or rent free furnished accommodation in lieu thereof, house maintenance allowance, conveyance allowance, use of Company car for official purposes, leave travel allowance, medical reimbursement, club membership, telephone at residence, insurance, contribution to provident fund, superannuation fund, payment of gratuity, variable pay / performance linked incentives, employees stock options, special allowance and such other perquisites, allowances and benefits in accordance with the rules of the Bank or as may be agreed by the Board of Directors of the Bank with Dr. Lall, from time to time.
- iv. Loans: Loan facilities to be provided as per the Bank’s policy, at the rate of interest applicable to other employees.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable.

NOTICE (continued)

RESOLVED FURTHER THAT the Board of the Bank be and is hereby authorized to fix the actual amount of remuneration and perquisites, payable or to be provided to Dr. Lall and alter, modify, vary or increase the same from time to time, within the limits approved by the Members, to the extent the Board may consider appropriate and as may be permitted or authorised by the RBI on an application made by the Bank.

RESOLVED FURTHER THAT where in any financial year, the Bank has no profits or inadequate profits, the remuneration as decided by the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee which the Board of Directors of the Bank may have constituted or may thereafter constitute and delegate with the powers necessary for the purpose), shall be paid to Dr. Lall as minimum remuneration with the approval of the Central Government, if required read with the applicable provisions of Schedule V of the Companies Act, 2013 and rules made there under.

RESOLVED FURTHER THAT for purpose of giving effect to the foregoing resolution, the Board and / or Mr. Mahendra Shah, Company Secretary & Chief Compliance Officer, be and are hereby authorized jointly and / or severally, to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to execute any agreements, documents or instructions as may be required and to settle any question, difficulty or doubt that may arise in the said regard."

By order of the Board of Directors

Mahendra N. Shah
Company Secretary & Chief Compliance Officer

Mumbai | June 25, 2016

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business to be transacted at the Annual General Meeting ('AGM' or 'Meeting') is annexed hereto.
2. **PROXIES**
 - a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE BANK. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE BANK'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. ONLY DULY FILLED, SIGNED AND STAMPED PROXY FORM WILL BE CONSIDERED VALID.**
 - b) A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total share capital of the Bank. A Member who is holding more than ten percent (10%) of the total share capital of the Bank may appoint a single person as proxy and such person shall not act as proxy for any other person or Shareholder. The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, it shall be under its seal and be signed by an officer or an attorney duly authorised by it.
 - c) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged, during the business hours from 9.00 a.m. to 6.00 p.m. at the Registered Office, provided that not less than three days of notice in writing is given to the Bank.
3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the AGM. The documents are required to be sent to the Company Secretary at the Registered Office of the Bank or alternatively the Shareholder may send an e-mail on mahendra.shah@idfcbank.com.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Bank and at the AGM.
6. The Register of Contracts or Arrangements, in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Bank and at the AGM.
7. The Certificate from the Statutory Auditors of the Bank certifying that the Bank's Employees Stock Option Scheme is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolutions passed by the Members of the Bank, will be available for inspection by the Members at the AGM.
8. Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI'), information in respect of the directors seeking appointment / re-appointment / revision in remuneration at the AGM, is given in the Exhibit to the Notice.

NOTICE (continued)

9. Members desirous of getting any information about the accounts and / or operations of the Bank are requested to write to Mr. Mahendra N. Shah, Company Secretary and Chief Compliance Officer at least seven days before the date of the AGM to enable the Bank to keep information ready at the AGM.
10. **DIVIDEND**
- a) The Register of Members and Share Transfer Books will remain closed from **Thursday, July 21, 2016 to Wednesday, July 27, 2016** (both days inclusive) for determining the names of Members eligible to receive dividend on equity shares.
- b) Dividend as recommended by the Board of Directors for the financial year ended March 31, 2016, at the rate of 2.5% i.e. ₹ 0.25 per equity share of ₹ 10 each, if approved by the Members at the AGM, will be payable on or after **Thursday, July 28, 2016**, to those Members who hold shares -
- In dematerialised mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on **Wednesday, July 20, 2016**.
 - In physical mode, if their names appear in the Register of Members at the close of business hours on **Wednesday, July 20, 2016**. The instruments of transfer in respect of shares held in physical form of the Bank should be lodged with Karvy Computershare Private Limited [Unit: IDFC Bank Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, India ('Karvy'), so as to reach them on or before **Wednesday, July 20, 2016**.
- c) Members are encouraged to utilize the Electronic Clearing System ('ECS') for receiving dividends.
11. Members are requested to address all correspondence, including change in address, bank account details and dividend matters, to Karvy. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository Participants ('DP').
12. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to the Registrar and Transfer Agent of the Bank i.e. Karvy. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
13. The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Bank / Karvy.
14. All the documents referred to in the Notice and Statement pursuant to Section 102 of the Companies Act, 2013, are open for inspection between 9.00 a.m. to 6.00 p.m. on all working days upto the date of the AGM at the Corporate Office i.e. Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 and at the Registered Office i.e. KRM Tower, 8th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031 and will also be available at the venue of the AGM.
15. **GREEN INITIATIVE**
- a) In support of the Green Initiative, copies of the Annual Report for FY16 are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Bank / Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report FY16 are being sent by the permitted mode. Members may also note that Notice and Explanatory Statement are also available for download on the website of the Bank i.e. www.idfcbank.com. Members who require communication from the Bank in physical form may write to the Company Secretary on mahendra.shah@idfcbank.com.
- b) The Bank requests the Members who have not updated their e-mail addresses to update the same with their respective Depository Participant(s) or communicate their e-mail addresses to the Registrar and Share Transfer Agents i.e. Karvy or the Bank, so that the Bank can send future communications to these Members in electronic mode. Members are requested to send a signed letter, communicating their Name, Folio No. / DP ID / Client ID and e-mail address either by e-mail (scanned copy) to einward.ris@karvy.com or send a hard copy thereof to Karvy. Alternatively the Members can also update their e-mail addresses with Bank by sending an e-mail to bank.info@idfcbank.com.
16. **E-VOTING**
- a) In terms of Sections 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank is providing e-voting facility to its Members holding

NOTICE (continued)

shares in physical or dematerialized form, as on the cut-off date i.e. **Wednesday, July 20, 2016**, to exercise their right to vote through electronic means from a place other than a venue of the meeting on any or all of the businesses specified in the accompanying Notice (the 'Remote e-voting'). The Bank has engaged the services of Karvy Computershare Private Limited as the agency to provide e-voting facility. The Remote e-voting commences on **Friday, July 22, 2016 at 9:00 a.m.** and ends on **Tuesday, July 26, 2016 at 5:00 p.m.** A person who is not a Member as on the cut-off date should treat this notice for information purpose only.

- b) In terms of the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Bank is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the AGM shall note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through physical ballot for all the businesses specified in this Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not be eligible to vote at the AGM and their vote, if cast at the Meeting shall be treated as invalid. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Bank as on the cut-off date i.e. **Wednesday, July 20, 2016**, subject to the provisions of the Banking Regulation Act, 1949, as amended from time to time.
 - c) The Board of Directors has appointed Mr. B. Narasimhan, Company Secretary of M/s BN & Associates, Company Secretaries, as the Scrutinizer to scrutinize the Remote e-voting process and voting process at the AGM in a fair and transparent manner.
 - d) An Attendance Slip containing the e-voting USER ID & PASSWORD along with the detailed instructions for Remote e-voting is enclosed with this Notice.
17. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Bank (www.idfcbank.com) and on the Service Provider's website (<https://evoting.karvy.com>) and communication of the same will be sent to BSE Limited and the National Stock Exchange of India Limited and shall also be displayed on the Notice Board of the registered and corporate office of the Bank within 48 hours from the conclusion of the AGM.
18. The route map of the venue of the Meeting is given at the end of the Notice.

19. ATTENDANCE REGISTRATION:

- a) Members / Proxies / Authorized Representatives are requested to bring their copy of Annual Report along with duly filled Attendance Slip enclosed herewith to attend the AGM.
- b) Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
- c) Alternatively, to facilitate smooth registration / entry, the Bank has also provided a 'web check-in' facility, which would help the shareholder enter the AGM hall directly without going through the registration formalities at the registration counters.
- d) The online registration facility will be available from **Friday, July 22, 2016 at 9:00 a.m. to Tuesday, July 26, 2016 until 5:00 p.m.** (i.e. during the e-voting period).

The Procedure of web check-in is as follows:

- a) Log in to <https://karisma.karvy.com> and click on the online registration link.
- b) Select the company name.
- c) Pass through the security credentials viz., DP ID, Client ID / Folio entry, PAN no., and 'CAPTCHA' as directed by the system and click on the submit button.
- d) The system will validate the credentials. Click on the 'Generate my attendance slip' button that appears on the screen.
- e) The attendance slip in PDF format will appear on the screen. Select the 'PRINT' option for direct printing or download and save for printing.

A Member / Proxy / Authorised Representative needs to furnish a duly signed 'Attendance Slip' along with a valid Identity proof such as PAN card, Passport, Aadhar card or Driving License to enter the AGM hall.

NOTICE (continued)

ANNEXURE TO NOTICE

Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out all material facts:

Item No. 5

Appointment of Mr. Rajan Anandan as an Independent Director

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of IDFC Bank Limited had appointed Mr. Rajan Anandan as an Additional Director, in the category of Independent Director ('ID'), on December 01, 2015. He holds the office of Director up to the date of this AGM pursuant to Section 161 of the Companies Act, 2013 and Article 99 of the Articles of Association of the Bank.

The Bank has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member along with a deposit of ₹ 1,00,000 proposing the candidature of Mr. Rajan Anandan for appointment as an ID of the Bank.

As per the recommendations of Dr. Ganguly Group Report, due diligence of Mr. Anandan was done in regard to his suitability for the post of Independent Director of the Bank. Mr. Anandan had given consent and various declarations as per the provisions of the Reserve Bank of India ('RBI') and Companies Act, 2013. A deed of covenant has been executed by Mr. Anandan binding him to discharge his responsibilities to the best of his abilities, individually and collectively, as per the RBI Circular No. DBOD. No.BC.105/08.139.001/2003-04 dated June 25, 2004.

He has given a declaration of Independence pursuant to Sections 149(6) and 149(7) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 alongwith his affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013. Mr. Anandan fulfils the conditions specified in the Companies Act, 2013, the Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is Independent of the Management.

Mr. Rajan Anandan's appointment is in compliance with the provisions of Section 10-A of the Banking Regulation Act, 1949, in particular, on account of he having the requisite experience / expertise required under Section 10-A(2) of the Banking Regulation Act, 1949.

In the opinion of the Board, Mr. Anandan is a person of integrity and has the necessary knowledge, experience and expertise for being appointed as an ID. A detailed profile of Mr. Anandan along with Directorships and Committee positions held by him in other Companies has been given in the Exhibit to this Notice and is also included in the Corporate Governance report forming part of this Annual Report.

Mr. Rajan Anandan is proposed to be appointed as an ID for a period of Three (3) consecutive years from December 01, 2015 to November 30, 2018 and he shall not be liable to retire by

rotation. He will be paid such fees, profit related commission and remuneration as the Board and Members may approve from time to time and within the limits as prescribed under the Companies Act, 2013, the Banking Regulation Act, 1949 and within the directions issued by RBI, from time to time.

Mr. Rajan Anandan is not related with any other Director or Key Managerial Personnel ('KMP') of the Bank.

The Board of Directors recommend passing of Ordinary Resolution as set out in Item No. 5 of this Notice.

Except Mr. Rajan Anandan, none of the Directors or KMP and / or his relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

Item No. 6

Offer and Issue of Debt Securities on Private Placement basis

Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, lays down the provisions subject to which a company is allowed to issue securities on Private Placement ('PP') basis. Every proposed offer of Securities or invitation to subscribe to Securities on PP basis requires prior approval of Members of the company by way of Special Resolution. However, in case of offer / issuance of Non-Convertible Debentures ('NCDs'), passing of a Special Resolution by the Members for all such offers / invitation for such debentures, once in a year is sufficient.

Accordingly, the Bank had obtained the approval of Members at the last Annual General Meeting ('AGM') held on September 29, 2015 for borrowing / raising funds by issue of debt securities pursuant to the relevant provisions of the applicable circulars or guidelines issued by Reserve Bank of India, upto ₹ 150,000 crores (Rupees One Lakh Fifty Thousand Crores only), in one or more tranches. Pursuant to the said approval, the Bank has raised an amount of ₹ 480 crores (Rupees Four Hundred and Eighty Crore only) by way of issue of Bonds till the date of this notice of AGM.

In order to facilitate the raising of funds by way of issue of debt securities, it would be necessary to have the fresh approval of Members in place. Accordingly, the Board of Directors, after assessing its fund requirements, has proposed to obtain the consent of the Members of the Bank for borrowing / raising funds from time to time, in Indian currency / Foreign currency, by issue of debt securities, on private placement basis, upto an amount not exceeding ₹ 15,000 crore (Rupees Fifteen Thousand Crores only), outstanding at any point of time.

The said limit of ₹ 15,000 crores (Rupees Fifteen Thousand Crores only) shall be within the overall borrowing limit of ₹ 1,50,000 crores (Rupees One Lakh Fifty Thousand Crores only) approved under Section 180(1)(c) of the Companies Act, 2013 by the Members at the 1st AGM held on September 29, 2015.

The proposed resolution under Section 42 of Companies Act, 2013 shall be valid for a period of one year from the date of passing of this resolution.

NOTICE (continued)

The pricing of the Bonds and NCDs will depend primarily upon the then prevailing market conditions and the regulatory scenario. The pricing for each of the issuance would be approved by the Board of Directors or any of its Committee duly authorized in this regard.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 6 of this Notice.

None of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

Item No. 7 and 8

Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme

Employee Stock Options ('ESOPs' or 'Options') act as a good tool in fostering employee morale and attracting and retaining talented employees, since employees who participate in ESOPs are likely to have a greater sense of ownership.

The Shareholders of IDFC Bank Limited ('IDFC Bank' or 'the Bank') at their Extraordinary General Meeting held on December 09, 2014 had adopted an Employee Stock Option Scheme namely IDFC Bank Limited ESOS - 2015 ('IDFC Bank ESOS - 2015') and had resolved to issue to the Eligible Employees and Directors of IDFC Bank, its Holding Company or Subsidiary Company(ies), in India / outside India, excluding the Independent Directors, under IDFC Bank ESOS - 2015, ESOPs not more than 2.5% of the paid-up equity share capital of the Bank at any point of time, in one or more tranches.

Pursuant to the Scheme of Arrangement among IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 ('Demerger Scheme'), on the Effective Date, the Employees that were transferred with the Financing Undertaking to IDFC Bank Limited, as well as all remaining Employees of IDFC Limited or their respective Subsidiary Companies, who had been granted Options under IDFC Limited Employee Stock Option Scheme 2007, which were not exercised (vested or unvested), as of the Record Date, were granted One (1) Option by IDFC Bank Limited under IDFC Bank ESOS - 2015 for every One (1) Option held in IDFC Limited by such Employee.

Therefore, it was necessary to increase the limit of ESOPs that can be granted under IDFC Bank ESOS - 2015 from 2.5% to 7% so as to accommodate grants to IDFC Group Employees (pursuant to the Demerger Scheme) and grants to new Employees of IDFC Bank. Accordingly, the shareholders at the 1st Annual General Meeting ('AGM') of the Bank held on September 29, 2015, approved and increased the pool of ESOPs from 2.5% to 7% of the paid-up equity share capital of the Bank at any point of time, in one or more tranches.

Prior to listing of IDFC Bank shares on November 06, 2015, ESOPs were granted to the Employees of IDFC and its Subsidiary Companies and Employees of IDFC Bank. Till the date of this Notice, IDFC Bank has cumulatively granted 95,422,878 ESOPs.

Since, IDFC Bank ESOS - 2015 was formed and grants were made thereunder before listing of the Bank's equity shares, the approval of the Members is sought at the ensuing AGM for ratifying IDFC Bank ESOS - 2015 and grants made thereunder.

With large capital base, the Management is now of the view that the reduced ESOP pool of 6% would be sufficient to adequately compensate the Employees of IDFC Bank and its Subsidiary Companies in next 2-3 years. Going forward, the Bank would issue ESOPs only to the Eligible Employees of the Bank and / or its Subsidiary Companies, if any and not to the Employees of the Holding Company.

The Resolution contained in Item No. 7 seeks Members approval for reduction of ESOP pool from 7% to 6% of the paid up equity share capital of the Bank and to ratify IDFC Bank ESOS - 2015 Scheme & Options granted to the Eligible Employees / Directors of IDFC Bank under the said Scheme.

The Resolution contained in Item No. 8 seeks Members approval to ratify IDFC Bank ESOS - 2015 Scheme and grant Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the said Scheme.

Presently, the Bank has no subsidiary companies.

A copy of the IDFC Bank ESOS - 2015 will also be available for inspection at the Registered Office and Corporate Office of the Bank between 9:00 a.m. to 6:00 p.m. on all working days up to the date of the AGM.

As per Regulation 6 and Regulation 14 of the SEBI Regulations, the key details of the aforesaid Scheme are set out below:

a. Brief description of the Scheme

The objective of IDFC Bank ESOS - 2015 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Bank. The Bank also intends to use this Scheme to attract and reward talent and performance in the organization. The Bank views Employee Stock Options as instruments that would enable the Employees to share the value they would create and contribute for the Bank in the years to come.

b. Total number of options to be granted

Each Option would entitle an Employee to acquire one equity share of the Bank. The Nomination & Remuneration Committee ('NRC') shall determine the Options to be granted to the Employees of the Bank and subsidiary company(ies), as applicable, under IDFC Bank ESOS - 2015. However, allotment of such number of equity shares pursuant to exercise of the Options by Employees, shall not exceed in aggregate 6% of the issued and paid up share capital of the Bank from time to time.

c. Identification of classes of employees entitled to participate and be beneficiaries in the Scheme

All the Employees and Directors, as defined under SEBI Regulations, of the Bank & Subsidiary Companies (Present & future), as applicable, whether working in India or outside India, will be entitled to participate in IDFC Bank ESOS - 2015, subject to fulfillment of such eligibility criteria(s) as may be specified in the SEBI Regulations 2014 and / or as may be determined by Nomination and Remuneration Committee ('NRC') from time to time.

d. Requirements of vesting and period of vesting

The vesting of an Option would also be subject to the terms and conditions as may be stipulated by the NRC from time to time including but not limited to satisfactory performance of the Employees, their continued employment with the Bank and Subsidiary Companies, as applicable. The vesting period shall commence any time after the expiry of one year from the date of the grant of the Options to the Employee and shall end over a maximum period of 5 years from the date of the grant of the Options. The Options could vest in tranches. The number of ESOPs and terms of the same made available to Employees (including the vesting period) could vary at the discretion of the NRC.

e. Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options shall be vested

Five years from the date of the grant.

f. Exercise price or pricing formula

Exercise Price shall be as decided by the NRC, subject to a minimum of the face value per share.

g. Exercise period and process of exercise

Exercise period - Upto 5 Years from the date of Vesting of Options

Process of Exercise - The Option Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of Vesting, Exercise the Options by submitting Exercise Application to the Bank accompanied by payment of an amount equivalent to the Exercise Price and applicable tax amount, in respect of such Shares. The Exercise Application shall be in such form as may be prescribed in this regard and the NRC may determine the procedure for Exercise from time to time.

h. The appraisal process for determining the eligibility of employees for the Scheme

The specific Employees to whom the Options would be granted and their eligibility criteria (including but not limited to performance, merit, grade, conduct and length of service of the Employee) would be determined by the NRC, at its absolute discretion. This power of NRC can be delegated by NRC to any official of the Bank.

i. Maximum number of options to be issued per employee and in aggregate

In aggregate, ESOPs can be granted not exceeding 6% of the issued & paid up capital of the Bank from time to time.

j. Maximum quantum of benefits to be provided per employee under a Scheme

As per applicable SEBI Regulations.

k. Whether the Scheme is to be implemented and administered directly by the Company or through a trust

Scheme is to be implemented and administered directly by the Bank.

l. Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both

Scheme involves new issue of shares by the Bank.

m. The amount of loan to be provided for implementation of the Scheme by the company to the trust, its tenure, utilization, repayment terms, etc.

NIL

n. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the Scheme

Not Applicable

o. A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15

The Bank shall comply with the accounting policies specified in the requirements on the guidance note on accounting for employees share based payments ('Guidance Note') or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India ('ICAI') from time to time, including disclosure requirements prescribed therein.

p. The method which the Company shall use to value its options

The Bank shall follow the intrinsic value method for computing the compensation cost for the Options granted. The difference between the compensation cost so calculated and the compensation cost that would have been recognised if the Bank had used fair value method and its impact on the profits and earnings per share shall be disclosed as per Applicable Laws, wherever required.

q. The following statement, if applicable; 'In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share of the company shall also be disclosed in the Directors' report.'

Will be disclosed in the Boards' Report, whenever applicable.

r. Listing of shares

Subject to the approval of the Stock Exchanges, the relevant equity shares on exercise of the Options shall be listed on the Stock Exchanges on which the securities of the Bank are listed.

Pursuant to the SEBI Regulations, a separate resolution is required to be passed, if the grant of Option is made to the Employees / Directors of Subsidiary Company(ies).

The Board of Directors accordingly recommend passing of the Special Resolution as set out in Item No. 7 and 8 of this Notice.

The Directors, Key Managerial Personnel or their relatives may be deemed to be concerned or interested in these resolutions to the extent of the ESOPs granted to them under the Scheme and to the extent of their shareholding as Members.

Item No. 9

Payment of Commission to Non-Executive Directors

The Board of Directors of IDFC Bank Limited ('the Bank') bring with them, a wide range of significant professional expertise and rich experience across a wide spectrum of functional areas such as Management and Administration, Economics, Banking, Commercial Banking, Investment Banking, Micro-Finance, Finance, Audit and Accounting, Agriculture etc.

In the current competitive business environment, Directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the company's business. In addition, with the more stringent Accounting Standards and Corporate Governance norms, the Directors not only have to ensure compliance with various statutory requirements but also enhance the level and quality of Corporate Governance.

Therefore, it is proposed to compensate the Directors adequately for the efforts that will be put in by them for the growth of the Bank.

As per the provisions of Section 197 of the Companies Act, 2013 ('Act'), the Directors (excluding Managing Director and Whole-time Director) may be paid remuneration by way of Commission, either by way of a monthly payment or at a specified percentage of the Net Profits of the Bank or partly by one way and partly by the other, not exceeding 1% of the Net Profits of the Bank computed in the manner referred to in Section 198 of the Act.

Also, as per the Reserve Bank of India's "Guidelines on Compensation of Non-Executive Directors of Private Sector Banks" dated June 01, 2015, the Board may, at its discretion, provide for in the compensation policy, payment of compensation in the form of profit related commission to the Non-Executive Directors (other than the part-time chairman), subject to the bank making profits. Such compensation, however, shall not exceed ₹ 10 Lakhs per annum for each such Director.

Considering the above, the Board of Directors of the Bank have, subject to the approval of Members of the Bank, proposed to remunerate the Non-Executive Directors (i.e. Directors other than Managing Director and Whole-time Directors) by way of profit related commission, the lowest of the limits as under, with effect from April 01, 2015:

- (i) Maximum of ₹ 10 Lakhs per annum for each of such Non-Executive Directors, in such manner and in all respects as may be decided by the Board of Directors; or
- (ii) Profit related commission not exceeding in aggregate one per cent (1%) of the net profits of the Bank for each financial year in terms of the provisions of Section 197 of the Act and as computed in the manner laid down in Section 198 of the Act.

In addition to the above, Non-Executive Directors will be paid sitting fees for attending Board and Committee meetings, travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred by the Directors and allowed to be reimbursed as per the provisions of the Act, the Banking Regulation Act, 1949 and Reserve Bank of India Circulars / Guidelines / Notifications / Directions issued from time to time.

No Commission shall be paid to the Executive Directors of the Bank.

The Remuneration Policy for Directors, Key Managerial Personnel, Senior Managerial Personnel and other Employees of IDFC Bank *inter alia*, provides for remuneration to Non-Executive Directors by way of commission to the extent approved by the Members.

The payment of Commission to the Non-Executive Directors of the Bank will require the approval of the Shareholders by way of an Ordinary Resolution.

The Board of Directors recommend passing of Ordinary Resolution as set out in Item No. 9 of this Notice.

Except all the Non-Executive Directors of the Bank, none of the other Directors, Key Managerial Personnel and / or their relatives are, in any way, financial or otherwise, interested or concerned in this resolution.

Item No. 10

Approval of remuneration payable to Dr. Rajiv B. Lall, Founder Managing Director & CEO of the Bank

IDFC Limited ('IDFC') was granted an In-principle approval by the Reserve Bank of India ('RBI') on April 09, 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 Bank') was incorporated on October 21, 2014. 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') required IDFC to transfer its lending and financing business

('Financing Undertaking') to IDFC Bank. Accordingly, the Financing Undertaking was demerged into IDFC Bank pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 ('Demerger Scheme'). The Effective Date of the Demerger Scheme was October 01, 2015.

Dr. Rajiv B. Lall was the Executive Chairman of IDFC until September 30, 2015. The Board of Directors of IDFC, the promoter company of IDFC Bank had considered and nominated Dr. Rajiv B. Lall as the Executive Vice-Chairman and Managing Director of IDFC Bank.

Further, the Shareholders of IDFC Bank at its 1st Annual General Meeting held on September 29, 2015, had appointed Dr. Rajiv B. Lall as Executive Vice-Chairman and Managing Director of the Bank for a period of 5 years w.e.f October 01, 2015 on the same Fixed Remuneration of ₹ 3.29 crore what he was getting from IDFC, subject to the approval of the RBI.

Subsequently, the RBI granted its approval to the appointment of Dr. Rajiv B. Lall as the Managing Director and CEO of the Bank for a period of 3 years w.e.f. October 01, 2015. Also, RBI granted its approval for remuneration of ₹ 3.29 crore p.a. to Dr. Lall.

The Board of Directors of the Bank at its meeting held on January 27, 2016 designated Dr. Rajiv B. Lall as the Founder Managing Director & CEO of IDFC Bank.

Considering the market benchmark, the responsibilities handled by the Founder Managing Director & CEO and the performance of the Bank in its first six months of operations under his leadership, the Nomination & Remuneration Committee and the Board of the Directors, subject to approval of the RBI, recommend an annual increment of 5% on Fixed Pay to Dr. Rajiv B. Lall for FY17.

The remuneration proposed to be paid to Dr. Rajiv B. Lall for FY17 is as under:

IN ₹

Basic Salary	9,600,000 p.a.
Performance Bonus	As may be decided by the Board of Directors, subject to approval of RBI.
Special Allowance	23,778,000 p.a.
Perquisites	
1. Free furnished house	Company Leased Accommodation
2. Free use of Company's car for official purposes	Company maintained car with driver
3. Provident Fund	1,152,000 p.a.
4. Medical benefits	15,000 p.a.
Total	34,545,000 p.a.
5. Other benefits, if any	
(i) Gratuity	As per Scheme of the Bank
(ii) Club Membership	As per Scheme of the Bank
(iii) Other Benefits	As per Scheme of the Bank

Brief profile and other details of Dr. Lall are provided in the Exhibit to Notice.

The Board of Directors recommend passing of Ordinary Resolution as set out in Item No. 10 of this Notice.

Dr. Rajiv B. Lall may be deemed to be concerned or interested in the Resolution relating to his remuneration. He is not related with any other Director, Key Managerial Personnel ('KMP') or their relatives.

Except Dr. Rajiv B. Lall, none of the other Directors, KMP and / or their relatives are, in any way, financial or otherwise, interested or concerned in this resolution.

NOTICE (continued)

EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 by ICSI.

Name of the Director	Mr. Vinod Rai	Mr. Rajan Anandan	Dr. Rajiv B. Lall
Date of Birth	May 23, 1948	October 13, 1968	August 02, 1957
Age	68 years	47 years	58 years
Date of first appointment on the Board	July 27, 2015	December 01, 2015	October 21, 2014
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	<p>Mr. Vinod Rai is the Non-Executive Chairman (Independent Director) of IDFC Limited. He was the former Comptroller and Auditor General of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. His previous position was as Secretary in the Ministry of Finance - Gol, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank, Life Insurance Corporation of India etc. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company. Mr. Rai has also been the Principal Secretary(Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, Government of India. Mr. Vinod Rai has a Master's Degree in Economics from Delhi School of Economics, University of Delhi. He has a Master's Degree in Public Administration from Harvard University, USA. He has been recently honoured with the Padma Bhushan award by the Government of India.</p>	<p>Mr. Rajan Anandan, was appointed as Additional (Non-Executive) Director of IDFC Bank on December 1, 2015. Mr. Anandan is the Vice President and Managing Director of Google South East Asia and India and is responsible for Sales and Operations in the region. Mr. Anandan is focused on expanding the Internet ecosystem in the region, increasing adoption among consumers and businesses and accelerating innovation. South East Asia and India, with over two billion consumers and 500 million Internet users, is the fastest growing Internet user base in the world. Mr. Anandan joined Google in early 2011 to lead Google's business in India. His career includes leadership roles at Microsoft, Dell and McKinsey & Company. Prior to Google, Mr. Anandan was the Managing Director of Microsoft India and built India's largest software business. Before joining Microsoft, he was a Vice President with Dell where he held several global leadership roles including that of the Executive Assistant to Chairman Michael Dell. Before Dell, Mr. Anandan was a Partner with McKinsey & Company in Chicago. He holds a MSc from Stanford University and a BSc from MIT.</p>	<p>Dr. Rajiv B. Lall, was the Executive Chairman of IDFC Limited until September 2015. He has about three decades of experience with leading global investment banks, multilateral agencies and in academia. His areas of expertise include project finance, private equity / venture capital, international capital markets, trade, infrastructure and macroeconomic policy issues with a focus on emerging markets including India and China in particular. Dr. Lall straddles the policy making and finance worlds. He currently chairs the National Committee on Infrastructure Financing of CII (Confederation of Indian Industry) a leading business chamber in the country. He is a member of the Managing Committee of ASSOCHAM; the CII National Council on Financial Sector Development and the CII National Committee on Banking. Internationally, he is a member of the Advisory Board of Columbia Global Centers, South Asia, set up by the Columbia University, New York. He is also on the International Advisory Board of the Centre for the Advanced Study of India (CASI) at the University of Pennsylvania; and a member of the City of London's Advisory Council on India. He was the President of Bombay Chamber of Commerce and Industry and has chaired the Global Agenda Council on Infrastructure of the World Economic Forum. Dr. Lall was India's representative to the G20 Workgroup on Infrastructure and was also a member of the Planning Commission's Steering Committee on Urban Development Management; the Prime Minister's Committees on Infrastructure Finance and Transport Sector Development; Expert Group on Modernisation of Indian Railways of Ministry of Railways Government of India; and the RBI's Committee on NBFCs. Dr. Lall has served on several other Government Committees including those focused on Urban Infrastructure, Bond Market Development and Financial Sector Reform. Prior to joining IDFC, Dr. Lall was variously, a Partner with Warburg Pincus in New York; Head of Asian Economic Research with Morgan Stanley in Hong Kong; a senior staff member of the World Bank in Washington, D.C. and of the Asian Development Bank in Manila and faculty member of the Florida Atlantic University Department of Economics. Dr. Lall has a number of publications and articles to his credit. He has been a regular columnist with the Business Standard, a leading financial daily in India. He has a BA in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.</p>

NOTICE (continued)

EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 by ICSI.

Name of the Director	Mr. Vinod Rai	Mr. Rajan Anandan	Dr. Rajiv B. Lall
No. of Board Meetings attended during FY16	5	2	8
Directorships held in other companies	Public Companies 1. IDFC Limited 2. IDFC Financial Holding Company Limited 3. Apollo Tyres Limited	Public Companies NIL	Public Companies NIL
	Private / Section 8 / Foreign Companies 1. Grassroot Trading Network for Women 2. Shubham Housing Development Finance Company Private Limited	Private / Section 8 / Foreign Companies 1. Reach Process Outsourcing Private Limited 2. Webklipper Technologies Private Limited 3. Kardo Design Private Limited 4. Sensibol Audio Technologies Private Limited	Private / Section 8 / Foreign Companies 1. IDFC Foundation 2. Lok Social Services
Memberships / Chairmanships of Committees of other Boards	Audit Committee - IDFC Limited (Member) - IDFC Financial Holding Company Limited (Member) Stakeholders' Relationship Committee - IDFC Limited (Chairman) Nomination & Remuneration Committee - IDFC Limited (Member) - IDFC Financial Holding Company Limited (Member) Risk Management Committee - IDFC Limited (Member) - IDFC Financial Holding Company Limited (Member) Investment Committee - IDFC Limited (Chairman)	NIL	NIL
Remuneration last drawn	Refer Table 04 of Corporate Governance Report which forms part of 2 nd Annual Report of IDFC Bank.		
Details of Remuneration sought to be paid	Sitting fees as approved by the Board of Directors of the Bank within the limits of the applicable laws.	Sitting fees and Commission as approved by the Board of Directors / Members of the Bank within the limits of the applicable laws.	Remuneration as approved by the Reserve Bank of India, Board of Directors and Members of the Bank, within the limits of the applicable laws.
Shareholding of Director in IDFC Bank	NIL	NIL	2,444,984 equity shares
Relationship with other Directors and Key Managerial Personnel of the Bank	NIL	NIL	NIL



IDFC BANK

IDFC BANK LIMITED**Corporate Identity Number:** U65110TN2014PLC097792**Email:** bank.info@idfcbank.com **Website:** www.idfcbank.com**Regd. Office:** KRM Tower, 8th Floor, No. 1 Harrington Road, Chetpet, Chennai – 600 031 **Tel:** +91 44 4564 4000 **Fax:** +91 44 4564 4022**Corp. Office:** Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 **Tel:** +91 22 4222 2000 **Fax:** +91 22 2654 0354**Form No. MGT-11****PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

2ND ANNUAL GENERAL MEETING ('AGM') - JULY 27, 2016

Name of the Member(s) :			
Registered address :			
Folio No. / DP ID No. Client ID No.:		E-mail Id:	

I / We, being the holder(s) of _____ equity shares of IDFC Bank Limited, hereby appoint :

- Name : _____ E-mail Id : _____
Address: _____
Signature: _____ or failing him / her
- Name : _____ E-mail Id : _____
Address: _____
Signature: _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 2nd AGM of the Bank, to be held on Wednesday, July 27, 2016 at 10:00 a.m. at 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 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Particulars	Vote (Optional#) (Please put a (✓) mark or please mention no. of shares)		
		For	Against	Abstain
ORDINARY BUSINESS				
1.	To consider and adopt the audited financial statements of the Bank for the financial year ended March 31, 2016, together with the reports of the Board of Directors and Auditors thereon.			
2.	To declare dividend on equity shares of the Bank.			
3.	To appoint a director in place of Mr. Vinod Rai (DIN - 01119922), who retires by rotation and being eligible, offers himself for re-appointment.			
4.	To appoint Auditors of the Bank and to fix their remuneration.			
SPECIAL BUSINESS				
5.	Appointment of Mr. Rajan Anandan as an Independent Director.			
6.	Offer and Issue of Debt Securities on Private Placement basis.			
7.	Reduction in ESOP pool from 7% to 6% of the paid up share capital of the Bank and Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC BANK ESOS - 2015' or the 'Scheme').			
8.	Ratification of IDFC Bank Limited Employee Stock Option Scheme 2015 ('IDFC Bank ESOS - 2015' or the 'Scheme') and grant of Options to the Eligible Employees / Directors of the Subsidiary Company(ies) of the Bank under the Scheme.			
9.	Payment of Commission to Non-Executive Directors.			
10.	Approval of remuneration payable to Dr. Rajiv B. Lall, Founder Managing Director & CEO of the Bank.			

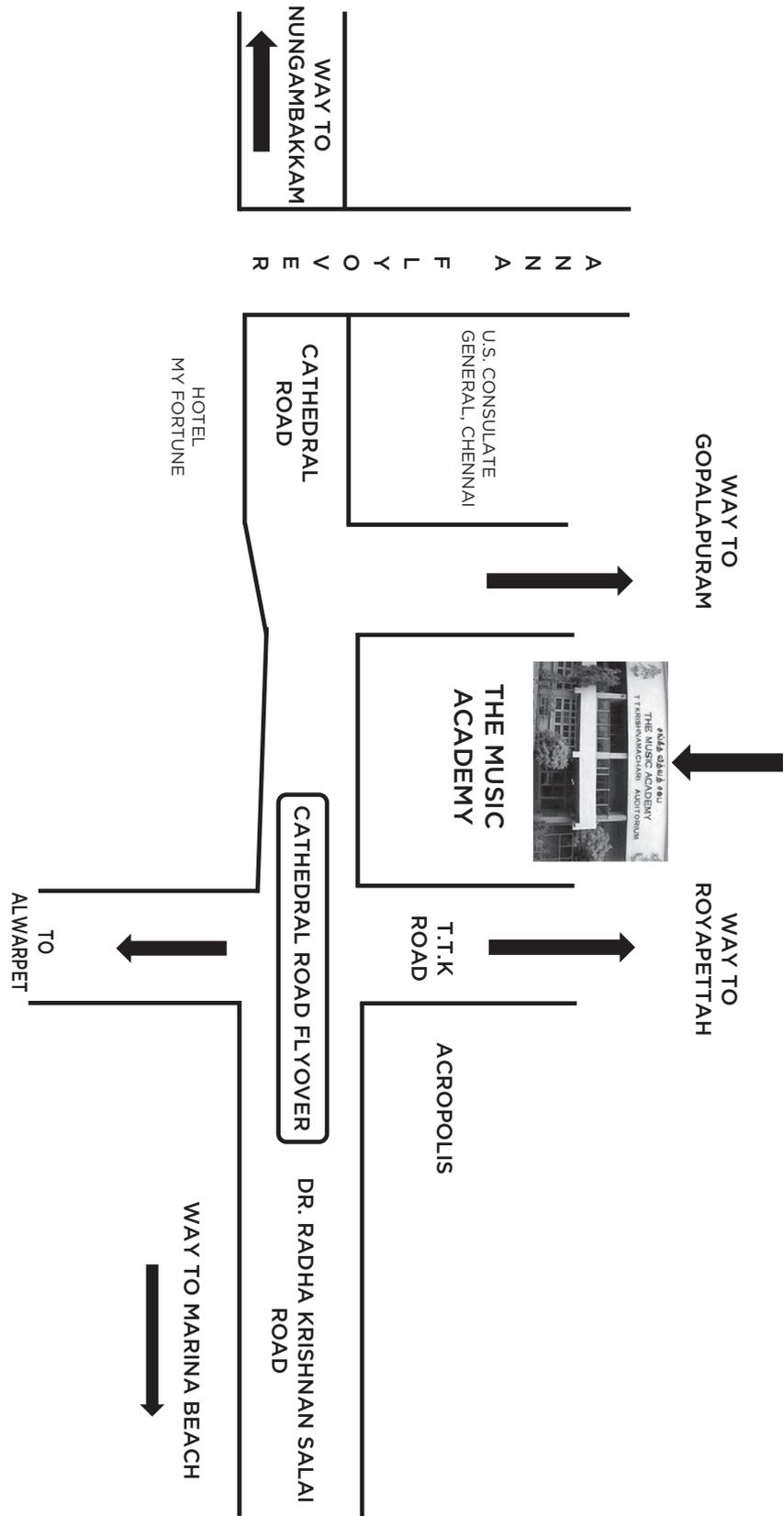
Signed this _____ day of _____ 2016

AFFIX Revenue Stamp of ₹ 1

Signature of Shareholder _____ Signature of Proxy holder(s) _____

- Note:**
- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of the Meeting.**
 - It is optional to indicate your preference. If you leave the "For", "Against" or "Abstain" column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.**

2nd AGM of IDFC BANK LIMITED
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



ROUTE MAP FOR IDFC BANK AGM VENUE

NOTES

A series of 25 horizontal dotted lines for writing notes.

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Bandra-Kurla Complex, Bandra East,
Mumbai - 400 051, Maharashtra, India.



IDFC BANK

IDFC BANK LIMITED

Corporate Identity Number: U65110TN2014PLC097792

Email: bank.info@idfcbank.com **Website:** www.idfcbank.com

Regd. Office: KRM Tower, 8th Floor, No. 1 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu, India.

Tel: + 91 44 4564 4000 **Fax:** +91 44 4564 4022

Corp. Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India.

Tel: + 91 22 4222 2000 **Fax:** +91 22 2654 0354

ATTENDANCE SLIP

Regd. Folio No. / DP ID & Client ID	
Name and Address of the Member	
Name(s) of the Joint Holder(s), if any	
No. of shares held	
Full name of Proxy / Authorised Representative	
Member's / Proxy's / Authorised Representative's Signature	

I hereby record my presence at the **2ND ANNUAL GENERAL MEETING** of **IDFC Bank Limited** held on **Wednesday, July 27, 2016** at **10.00 a.m.** at 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.

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	User ID	Password

Notes:

- A Member / Proxy / Authorised Representative needs to furnish a duly signed 'Attendance Slip' along with a valid Identity proof such as PAN card, Passport, Aadhar card or Driving License to enter the AGM hall.**
- Members / Proxy / Authorised Representatives holders are requested to bring their copy of Annual Report for reference at the AGM.
- E-voting letter is being sent to those Members of the Bank who are holding shares as on **Friday, June 24, 2016**. In case a person becomes the Member of the Bank, post June 24, 2016 and continues to hold shares till the **cut-off date i.e. Wednesday, July 20, 2016**, he / she may write to mahendra.shah@idfcbank.com requesting for User ID and Password. After receipt of the above credentials, please follow all the steps mentioned overleaf on 'Instructions on Remote e-voting' to cast the vote.
- The Remote e-voting period will commence on **Friday, July 22, 2016 at 9:00 a.m.** and ends on **Tuesday, July 26, 2016 at 5:00 p.m.** The e-voting module shall be disabled for voting thereafter. During the Remote e-voting, the Members of the Bank holding shares in physical form or in dematerialized form, as on the **cut-off date i.e. Wednesday, July 20, 2016**, may cast their vote by electronic means in the manner and process set out overleaf. Once the vote on a resolution is cast by the Member, he/ she shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote by way of Physical Ballot at the AGM and their vote, if cast at the Meeting shall be treated as invalid. **A person who is not a Member as on the cut-off date should treat this notice for information purpose only.**
- The Company has also provided "**web check-in**" facility which will be available from **Friday, July 22, 2016 at 9:00 a.m.** to **Tuesday, July 26, 2016 at 5:00 p.m.** This will help the Shareholders to enter the AGM hall directly without going through the registration formalities at the registration counters. Please log in to <https://karisma.karvy.com>. Click on tab '**Web Checkin for General meetings (AGM / EGM / CCM)**' and follow the procedure mentioned therein.

INSTRUCTIONS ON REMOTE E-VOTING

The instructions and other information relating to Remote e-voting are as under:

1.A. In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Bank / Depository Participant(s)]:

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>
- ii. Enter the login credentials (i.e. **User ID** and **Password** provided in the email). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail id, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN". Please select EVEN of IDFC Bank Limited.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios / demat accounts shall choose the voting process separately for each folios / demat accounts.
- ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as Abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify or change the votes cast. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
- xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc. together with attested specimen signature(s) of the duly

authorized representative(s), to the Scrutinizer at e-mail id: idfcbank.evoting2016@karvy.com with a copy marked to mahendra.shah@idfcbank.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVEN". The documents should reach the Scrutinizer on or before **Tuesday, July 26, 2016 at 5.00 p.m.** at Karvy Computershare Private Limited [Unit: IDFC Bank Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032.

B. In case of Members receiving physical copy of the AGM Notice by Courier [for Members whose e-mail ids are not registered with the Bank / Depository Participant(s)]:

- i. **EVEN, User ID** and **initial Password** are provided overleaf.
 - ii. Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
2. In case of any query / grievance pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website) or contact Mr. MRV Subrahmanyam at Karvy Computershare Private Limited [Unit: IDFC Bank Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Contact No.: +91 40 67161500, +91 40 33211000 and Toll Free No.: 1800 345 4001.
 3. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Bank, as on the cut-off date i.e. **Wednesday, July 20, 2016**.
 4. The Board of Directors has appointed Mr. B. Narasimhan, Company Secretary of M/s BN & Associates, Company Secretaries as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 5. The Members who are entitled to vote but have not exercised their right to vote through Remote e-voting may vote at the AGM through Physical Ballot for all businesses specified in the accompanying Notice.
 6. The Scrutinizer, immediately after the conclusion of voting at the AGM, will first count the votes cast at the AGM, thereafter unblock the votes cast through Remote e-voting in the presence of at least two witnesses not in the employment of the Bank and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The Chairperson or a person authorised by him in writing will declare the results of voting forthwith.
 7. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Bank and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
 8. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Bank (www.idfcbank.com) and on Karvy's (Service Provider's) website (<https://evoting.karvy.com>) and communication of the same will be sent to the BSE Limited and the National Stock Exchange of India Limited and shall also be displayed on the Notice Board of the registered and corporate office of the Bank within 48 hours from the conclusion of the AGM.