



**IDFC  
BANK  
LIMITED**

**CIN** U65110TN2014PLC097792

**BOARD OF DIRECTORS**

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

**AUDITORS**

Deloitte Haskins & Sells  
Chartered Accountants

**PRINCIPAL BANKER**

HDFC Bank Limited

**REGISTERED OFFICE**

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

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# Board's Report

## TO THE MEMBERS

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

## INCORPORATION & DEMERGER

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

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

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

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

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

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

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

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

## FINANCIAL HIGHLIGHTS

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

## PRINCIPAL ACTIVITIES

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

## DIVIDEND

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

## HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

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

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

# Board's Report

## PARTICULARS OF EMPLOYEES

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

## PUBLIC DEPOSITS

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

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

## RELATED PARTY TRANSACTION

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

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

## FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

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

## PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

The Company has received a declaration from the aforesaid Independent Directors, at the time of appointment and also on or before first meeting of the Board of Directors held in FY15, that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules 2014, for holding the position of Independent Director and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Companies Act, 2013.

## BOARD MEETINGS

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

## NOMINATION AND REMUNERATION COMMITTEE

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

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

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

# Board's Report

## AUDITORS

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

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

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

## AUDITOR'S REPORT

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

## INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

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

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

## MATERIAL CHANGES/ COMMITMENTS

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

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the financial statements for the period from October 21, 2014 (date of incorporation) to March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended March 31, 2015 and of the loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the financial statements on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## EXTRACT OF ANNUAL RETURN

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

## ACKNOWLEDGEMENTS

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

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

## FOR AND ON BEHALF OF THE BOARD

**ANIL BAIJAL**

Chairman

Mumbai, June 30, 2015

# Form No. MGT-9 Extract of Annual Return

ANNEXURE I

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

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

## I. REGISTRATION AND OTHER DETAILS:

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

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	Holding	100%	Section 2(46)

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

### i) Category-wise Share Holding

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