IDFC FIRST BHARAT LIMITED

CIN	U65929TN2003PLC050856
DIRECTORS	Mr. M. S. Sundara Rajan (Part time Non-Executive Chairman) Mr. A. Krishnamoorthy Dr. J. Sadakkadulla Mr. N. Seshadri Mr. Ashish Singh Mr. Arjun Muralidharan
KEY MANAGERIAL PERSONAL	Mr. Arjun Muralidharan – Managing Director and CEO Mr. Boby Xavier – Company Secretary
AUDITORS	M/s. Walker Chandiok & Co LLP Chartered Accountants
PRINCIPLE BANKER	IDFC FIRST Bank Limited
REGISTERED OFFICE	"S.A.N. Complex", No. 04 Williams Road, Cantonment, Tiruchirappalli, Tamil Nadu - 620 001. **Tel:** +91 431 4500000 Website: www.idfcbharat.com Email ID: sampark@idfcbharat.com

BOARD'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the Seventeenth Annual Report of **IDFC FIRST Bharat Limited (formerly IDFC Bharat Limited) ('IFBL' / 'Company')** together with the audited financial statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

(Amount in INR in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2020	FOR THE YEAR ENDED MARCH 31, 2019
Total Income	37,688	26,198
Less: Expenditure	33,150	19,416
Profit / (Loss) before depreciation	4,538	6,782
Less: Depreciation	1,507	764
Profit / (Loss) before tax and exceptional Items	3,031	6,018
Less : Exceptional items	0	0
Profit Before tax	3,031	6,018
Less: Taxes	1,136	2,223
Net Profit / (Loss)	**1,895**	**3,795**

CHANGE OF NAME

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

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

BUSINESS & OVERVIEW

The Company has entered into an Agreement for provision of Independent Services as Business Correspondent ('BC') with IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited) ('the Bank' / 'the Holding Company') dated September 01, 2016, by which it agreed to act as a BC to the Bank for distribution of its products. In addition, to the distribution of existing products viz., Joint Group Liability Loan, Micro Housing Loan, Micro Enterprises Loan, during the year, the Company has started distributing Two Wheeler Loan, Housing Loan & Loan against Property. The Company is in the process of introducing new products such as Gold Loan and other allied products in the next financial year.

TRANSFER TO RESERVES

Since the Company is no longer registered with RBI under Section 45IA of the Reserve Bank of India Act, 1934, the requirement of creating a Reserve Fund (Statutory Reserve) in terms of Section 45-IC(1) of the Reserve Bank of India Act, 1934 and transferring 20% of the profit to the Statutory Reserve does not arise. Consequently, no amount has been transferred to the said Reserve Fund during the year.

REVIEW OF PERFORMANCE

The total number of branches of the Company as on March 31, 2020 was 354 with operations in Tamil Nadu, Maharashtra, Puducherry, Kerala and Karnataka as compared to 346 Branches during the previous year.

For the year ended March 31, 2020, total income of the Company was INR 376.88 crore as compared to INR 261.98 crore during the Previous Year which grew by 44%, the Profit Before Tax for the year stood at INR 30.31 crore as compared to INR 60.18 crore and the Net Profit for the year was INR 18.95 crore as compared to profit of INR 37.95 crore in the previous year.

DIVIDEND

Your Directors do not recommend any dividend on equity shares for the financial year under review with a view to conserve resources to attain long term objectives of the Company.

HOLDING COMPANY / SUBSIDIARY COMPANY / JOINT VENTURES / ASSOCIATE COMPANY

The Company is a wholly owned subsidiary of IDFC FIRST Bank Limited. The Company does not have any Subsidiary Company / Joint Venture / Associate Company and therefore, disclosure under section 134(3)(q) read with Rule 8(1) of Companies (Accounts) Rules 2014 is not applicable.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Your Company has grown with a talent base of 9,358 employees as of March 31, 2020 as against 5,610 employees as of March 31, 2019. The Company has a well defined process of recruiting employees after rigorous screening of their capabilities as assessed by the organisation for the requirements of the new dynamic ecosystem of the country. Your Company has a merit oriented culture where performance appraisal is conducted on an annual basis for all employees through a rigorous process. Employees are allocated ratings based on the performance and such performance ratings are linked with employees' rewards and compensation. In general, the work environment in the organisation continued to be vibrant during the year.

Since the company is not listed in any of the stock exchanges both in India and abroad, the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company.

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

SHARE CAPITAL UPDATE

The Company did not issue any fresh equity shares, during the FY 2019-20.

The Company has so far issued a total of 5,579,996 equity shares of INR 10/- each. The Capital Structure of the Company as on March 31, 2020 was as follows:

SHARE CAPITAL	AMOUNT IN INR
AUTHORIZED	
Equity Shares	250,000,000
Preference Shares	250,000,000
TOTAL	**500,000,000**

SHARE CAPITAL	AMOUNT IN INR
ISSUED, SUBSCRIBED AND FULLY PAID-UP	
Equity Shares	55,799,960
Preference Shares	-
TOTAL	**55,799,960**

PUBLIC DEPOSITS

Except the 'security deposits' remaining unpaid, collected from the employees, whose name appear in the Company's muster roll, the Company has neither invited nor accepted, any 'Public Deposits' during FY 2019-20. Hence, disclosure under section 134(3)(q) read with Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 is not required.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not provided any loans / guarantees or made investments during FY 2019-20. Hence, the particulars of loans, guarantees and investments under section 134(3)(g) is not required to be disclosed.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has in place a Whistle Blower Policy, so-as-to establish a Vigil Mechanism to enable Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. During the year, there were 21 complaints under this policy and necessary actions were taken as per the policy of the Company. The Whistle Blower Policy is available on the website of the Company www.idfcbharat.com.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Your Company has neither incurred any Foreign Exchange expenditure nor earned any foreign exchange income during the financial year ended March 31, 2020.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134 (3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 are not applicable.

The Company's activities do not require any technology to be absorbed on the lines of what is mentioned in the aforesaid Rules. However, the Company makes all efforts towards conservation of energy, environment and ensuring safety.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

All the appointments of Directors are made in accordance with the relevant provisions of the Companies Act, 2013 and the Rules framed thereunder and effective for the time being in force.

Mr. M. S. Sundara Rajan (DIN: 00169775), Independent Director("ID") of the Company was re-designated as the Part time Non Executive Chairman of the Company with effect from April 01, 2020, consequent to the cessation of tenure of Dr. S. Devaraj (DIN: 01936417) the, then Executive Chairman of the Company on March 31, 2019.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee (NRC) has approved the appointment of Mr. Narasimhan Seshadri (DIN: 03486485) as the additional director in the category of Independent Director of the Company with effect from May

03, 2019 for a period of 5 years. The aforesaid appointment was confirmed by the members of the Company at the Annual General Meeting held on July 24, 2019.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee (NRC), subject to the approval of the members by special resolution, has approved the appointment of Mr. A. Krishnamoorthy (DIN: 00386122) as the Independent Director of the Company for a period of 5 years with effect from October 17, 2019 upto October 16, 2024 and Dr. J. Sadakkadulla (DIN: 07544406) as the Independent Director of the Company for a period of 5 years with effect from February 01, 2020 upto January 31, 2025. Both the aforesaid appointments were confirmed by the members of the Company by passing Special resolution at the Extraordinary General Meeting held on February 03, 2020.

None of the Directors of the Company are disqualified to be appointed as Directors in accordance with Section 164 of the Companies Act, 2013 (the Act). In the opinion of the Board, the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Company.

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

Further it is reported by the Companies Secretarial Auditor that during the financial year under review, the Board of Directors of the Company is duly constituted with proper composition of Executive, Non-Executive and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

In accordance with the provisions of Section 152 of the Act, Mr. Arjun Muralidharan (DIN: 02726409) Managing Director and CEO of the Company would retire by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

During the year under review, there was no change in the Key Managerial Personnel ('KMP') of the Company and as on the date of this report, the following officials of the Company are the KMP pursuant to the provisions of Section 203 of the Act:

i. Mr. Arjun Muralidharan - Managing Director and Chief Executive Officer

ii. Mr. Boby Xavier - Company Secretary

DECLARATION OF INDEPENDENCE

The Company had received declaration from all the Independent Directors ("ID"), at the time of appointment and also at the first meeting of the Board of Directors held in FY 2019-20, that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, for holding the position of ID and that they shall abide by the 'Code for Independent Directors' as per Schedule IV of the Act.

BOARD MEETINGS

The Board met five (5) times during FY 2019-20 viz., on May 03, 2019; July 19, 2019; October 18, 2019; January 23, 2020 & March 19, 2020. The maximum interval between any two meetings did not exceed 120 days.

The attendance details of the Board Meetings held during the year is table below:

Name of Director	DIN	Position	Number of Meeting	
			Held	Attended
Mr. M. S. Sundara Rajan	00169775	Part time Non-Executive Chairman	5	5

Name of Director	DIN	Position	Number of Meeting	
			Held	Attended
Mr. A. Krishnamoorthy	00386122	Independent Director	5	5
Dr. J. Sadakkadulla	07544406	Independent Director	5	5
Mr. N. Seshadri	03486485	Independent Director	5	5
Mr. Ashish Singh	01768711	Non-Executive Director	5	5
Mr. Arjun Muralidharan	02726409	Managing Director & Chief Executive Officer	5	5

COMMITTEES OF THE BOARD

During the year under review, in accordance with the requirements of Companies Act, 2013 read with Rules, the Company has following Committees in place:

a. Audit Committee
b. Nomination and Remuneration Committee
c. Corporate Social Responsibility Committee
d. Risk Management Committee

a. AUDIT COMMITTEE

During the year under review, the Audit Committee was re-constituted once on May 03, 2019. The composition of the Audit Committee is in compliance with the provisions of the Act. During the year, the Audit Committee met Four (04) times viz., on May 03, 2019; July 19, 2019; October 18, 2019 and January 23, 2020. All the recommendation made by the Audit Committee during the year were accepted by the Board.

The Audit Committee of the Company comprises of the following Members:

i. Mr. A. Krishnamoorthy, Chairman
ii. Dr. J. Sadakkadulla
iii. Mr. M. S. Sundara Rajan
iv. Mr. N. Seshadri
v. Mr. Ashish Singh

Attendance details of the Audit Committee Meetings held during year is tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Mr. A. Krishnamoorthy	00386122	Chairman	Independent Director	4	4
Dr. J. Sadakkadulla	07544406	Member	Independent Director	4	4
Mr. M. S. Sundara Rajan	00169775	Member	Independent Director	4	4
Mr. N. Seshadri[1]	03486485	Member	Independent Director	3	3
Mr. Ashish Singh	01768711	Member	Nominee Director	4	4

[1] Member of the Committee with effect from July 19, 2019

b. NOMINATION AND REMUNERATION COMMITTEE

During the year under review, there were no change in the composition of the Nomination and Remuneration Committee (NRC). The composition of the NRC is in compliance with the Act. During the year, the NRC met three (3) times on May 03, 2019; July 19, 2019 and October 18, 2019. All the recommendations of the Committee during the year were accepted by the Board.

The NRC of the Company comprises of the following members:

i. Mr. Ashish Singh, Chairman
ii. Mr. A. Krishnamoorthy
iii. Dr. J. Sadakkadulla
iv. Mr. M. S. Sundara Rajan

Attendance details of the NRC Meetings held during year is tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Mr. Ashish Singh	01768711	Chairman	Nominee Director	3	3
Mr. A. Krishnamoorthy	00386122	Member	Independent Director	3	3
Dr. J. Sadakkadulla	07544406	Member	Independent Director	3	3
Mr. M. S. Sundara Rajan	00169775	Member	Independent Director	3	3

c. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has duly constituted a Corporate Social Responsibility (CSR) Committee as per the provisions of Section 135 of the Act and has devised a policy for the implementation of the CSR framework, broadly defining the areas of spending for promotion / development, at least two per cent of its average net profits made during the three immediately preceding Financial Years on the activities mentioned under Schedule VII of the Act.

During the year under review, the CSR Committee was re-constituted once on May 03, 2019. During the year, the CSR Committee met two (2) time on May 03, 2019 and October 18, 2019. All the recommendations of the Committee during the year were accepted by the Board.

The CSR Committee comprises of the following members:

i. Dr. J. Sadakkadulla, Chairman
ii. Mr. M. S. Sundara Rajan
iii. Mr. N. Seshadri
iv. Mr. Ashish Singh

Attendance details of the CSR Committee Meetings held during year is tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Dr. J. Sadakkadulla	07544406	Chairman	Independent Director	2	2
Mr. M. S. Sundara Rajan	00169775	Member	Independent Director	2	2
Mr. N. Seshadri[1]	03486485	Member	Independent Director	1	1
Mr. Ashish Singh	01768711	Member	Nominee Director	2	2

[1] Member of the Committee with effect from October 18, 2019

The disclosure of contents of CSR Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as **Annexure I.**

d. RISK MANAGEMENT COMMITTEE

The Board of the Company has the ultimate responsibility for the Company's risk management framework. To ensure that the Company has a sound system of risk management and internal controls in place, the Board has established the Risk Management Committee ('RMC'), which endeavors to review the risk register at regular intervals. The members of the RMC ensure the measurement and control of risk factors and advice on the same to the Management of the Company. The Company has in place a well-defined Risk Management Policy.

During the year under review, the Risk Management Committee of the Company was re-constituted reconstituted twice on May 03, 2019 and July 19, 2019. During the year, the RMC met Four (04) times viz., on May 03, 2019; July 19, 2019; October 18, 2019 and January 23, 2020.

All the recommendations of the Committee during the year were accepted by the Board.

The RMC of the Company comprises of the following members:

i. Mr. N. Seshadri, Chairman
ii. Mr. A. Krishnamoorthy
iii. Mr. M. S. Sundara Rajan
iv. Mr. Ashish Singh
v. Mr. Arjun Muralidharan

Attendance details of the RMC Meetings held during year is tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Mr. N. Seshadri [1]	03486485	Chairman [2]	Independent Director	3	3
Mr. A. Krishnamoorthy	00386122	Member	Independent Director	4	4
Mr. M. S. Sundara Rajan	00169775	Member	Independent Director	4	4
Mr. Ashish Singh	01768711	Member[3]	Nominee Director	4	4
Mr. Arjun Muralidharan	02726409	Member	Managing Director & Chief Executive Officer	4	4

[1] Member of the Committee with effect from July 19, 2019
[2] Chairman of the Committee with effect from October 18, 2019
[3] Chairman of the Committee upto July 19, 2019

e. Meeting of Independent Directors

During year under review, the IDs of the Company met one (01) time on May 03, 2019, without the presence of the Non-Independent Directors and Senior Management team of the Company. The ID's attended the said meeting and discussed matters as required under the relevant provisions of the Companies Act, 2013.

AUDITORS

The Shareholders of the Company at their meeting held on July 30, 2016 had approved the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (Registration No: 001076N / N500013) as the Statutory Auditors of the Company for a period of five (5) years to hold office from the conclusion of the Thirteenth Annual General Meeting up to the conclusion of the Eighteenth Annual General Meeting of the Company. Accordingly, the Statutory Auditors had issued an Un-Qualified Audit Report for the financial year ended March 31, 2020. Hence the disclosure under Section 134(3)(f)(i) of the Companies Act 2013 is not applicable.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act read with Rule 9 of Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bhandari and Associates, Company Secretaries in Practice, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report forms part of this Board's Report as **Annexure II.** The Company has provided all assistance and facilities to the Secretarial Auditors for conducting their audit. There were no qualifications or observations, or other remarks made by the Secretarial Auditors for the financial year ended March 31, 2020. Hence the disclosure under Section 134(3)(f)(ii) of the Act is not applicable.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has generally complied with the applicable secretarial standards issued by the Institute of Company Secretaries of India.

RELATED PARTY TRANSACTION

All the Related Party Transactions (RPT) that were entered into during the financial year were on arm's length basis and in the ordinary course of business of the Bank. The Company have always been committed to good corporate governance practices, including matters relating to related party transactions. All the related party transactions are placed before the Audit Committee and Board of Directors for their approval. The require disclosures are made to the Audit Committee on a quarterly basis in terms of the omnibus approval of the Committee.

Pursuant to the provisions of Companies Act, 2013 and Rules made thereunder, and in the back-drop of the Company's philosophy on such matters, the Company has in place a Board approved policy on Related Party Transactions.

The said policy is also uploaded on the website of the Company www.idfcbharat.com. Since all RPTs entered into by the Company during the period under review were in the ordinary course of business and were on arm's length basis, Form AOC-2 as prescribed under Section 134(3)(h) of the Companies Act, 2013 is not applicable to the Company. Refer Point No. 27 of Notes forming part of the Financial Statement.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Internal Auditors of the Company check and verify the internal controls and monitor them in accordance with policies adopted by the Company. The Internal Financial Controls with reference to the financial statements were adequate and operating effectively.

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

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act. However, the Risk Control and Review department of the Company has identified 49 instances of Fraud with respect to manipulation of Know Your Customer (KYC) Documents, Misappropriation of Cash, etc., aggregating to Rs. 66,86,326/-. Necessary actions including Disciplinary Actions have been taken in compliance with the Policies of the Company. Further, the Management has recovered Rs. 30,88,680/- by March 31, 2020.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company i.e. March 31, 2020 and the date of the Board Meeting in which the Directors' Report was approved i.e. May 02, 2020.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company. Hence, disclosure under section 134(3)(q) read with Rule 8(5)(vii) of Companies (Accounts) Rules 2014 is not required.

ANTI-SEXUAL HARASSMENT POLICY

Your Company has an Internal Committee to investigate and inquire into sexual harassment complaints in line with The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Your Company has in place a policy on Anti-Sexual Harassment, which reflects the Company's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. Your Company has set up an Internal Committee ('IC') to receive and redress complaints of sexual harassment. Your Company undertakes ongoing trainings to create awareness on this policy. The complete framework adopted by the Company to report the instances of sexual harassment etc., is hosted on the Company's website www.idfcbharat.com

During the year under review, 03 (Three) sexual harassment cases were filed, all of which were resolved as on March 31, 2020. During the year, employees were given online training and classroom training was imparted to all IC members in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as of March 31, 2020 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 and forming part of this report is placed on the Company's website: www.idfcbharat.com under the 'Investor Relations' section as per provisions of Section 134(3)(a) and is also set out in **Annexure III** to this Annual Report.

IMPLEMENTATION OF RISK MANAGEMENT POLICY.

Risk Management Committee of the Board is entrusted with the responsibilities to identity the risk associated with the industry also to formulate plans/ways to mitigate the said risks. Further, the Board has approved Fraud Risk Management Policy, Vigilance Policy, Operations Management Policy, Whistle Blower Policy, Business Continuity Management Policy and Information Security Management System Policy, which will guide the management to identity and mitigate the risk associated with the Company on a day-to-day basis. The Committee meets frequently and reviewed the potential risks faced by the Company and the ways to mitigate the same.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Act, it is hereby confirmed that:

a) in the preparation of 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 Company at the end of the Financial year and of the profit and 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 annual accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company 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.

REMUNERATION POLICY

The Board has a Remuneration Policy in place for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees, which is formulated in line with the requirements of the Companies Act, 2013. The said Remuneration Policy is available on the website of the Company www.idfcbharat.com

COST AUDIT

As per the provisions of Section 148 of the Act, read with Companies (Cost Records and Audit) Rules, 2014, as effective for the time being in force, the applicability of Cost Audit and maintenance of Cost Records as specified by the Central Government is not applicable to the Company for the financial year under review, hence the same is not reported.

ACKNOWLEDGEMENT

Your Directors would like to thank our clients, vendors and bankers for their continued support during the year. We would like to place on record our appreciation for the support received from the regulatory agencies. We would also like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Company. Your Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited, IDFC FIRST Bank Limited.

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(formerly IDFC Bharat Limited)

M. S. Sundara Rajan
Chairman
DIN: 00169775

Date: 02.05.2020
Place: Chennai

ANNEXURE I
IDFC FIRST Bharat Annual Corporate Social Responsibility Report FY 2019-20

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The CSR policy of IDFC FIRST Bharat Limited is framed with the following objectives:

   i. Strive for economic development that positively impacts the society at large with a minimal resource footprint.

   ii. Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

   CSR Activities:

   The Company has undertaken some of the activities which fall in the ambit of the activities listed in Schedule VII of the Act. The list of activities as provided in Schedule VII of the Act are included in the CSR Policy of the Company and some of the main areas are:

   i. Eradicating hunger, poverty and malnutrition, promoting health care and sanitation and making available safe drinking water

   ii. Promoting education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

   iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

2. **The Composition of the CSR Committee.**

   The Board of Directors of the Company had constituted the CSR Committee of the Board comprising of the following members as on March 31, 2020:

S. No	Name	Designation	Position in Board
01	Dr. J. Sadakkadulla	Chairman	Independent Director
02	Mr. M. S. Sundara Rajan	Member	Independent Director
03	Mr. N. Seshadri	Member	Independent Director
04	Mr. Ashish Singh	Member	Nominee Director

3. Average net profit of the Company for last three Financial Years: Rs. 37,42,37,637

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above: Rs. 74,84,753

5. Details of CSR spent during the financial year:

   (a) Total amount spent for the Financial year — Rs. 83,62,520

   (b) Amount unspent if any — Nil

   (c) Manner in which the amount spent during the financial year is detailed below — Annexure – A

6.	In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:	Not Applicable

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(formerly IDFC Bharat Limited)

J. Sadakkadulla	**Ashish Singh**
Chairman - CSR Committee	Member - CSR Committee
DIN: 07544406	DIN: 01768711
Date: 02.05.2020.	Date: 02.05.2020.
Place: Chennai	Place: Mumbai

ANNEXURE-A **Amount in INR**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr no	**CSR project or activity identified**	**Sector in which the project is covered (clause no of Schedule VII to the Companies Act, 2013, as amended)**	**Projects or programs (1) local area or other (2) specify the state & district where projects or programs was undertaken.**	**Amount outlay (budget)**	**Amount spent on the projects or programs Subheads: 1. direct expenditure on projects or programs overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: direct or through implementing agency**
1	Distribution of food	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Kerala, Karnataka and Maharashtra.	25,00,000	16,01,105	16,01,105	Direct Spending
2	Health Camps			15,00,000	13,52,236	29,53,341	
3	Relief for natural calamities			-	1,30,700	30,84,041	
4	Sanitation			5,00,000	4,01,245	34,85,286	
5	Federation Level Meeting	Cl.(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.		33,50,000	33,36,206	68,21,492	
6	Lively hood Enhancement			6,50,000	6,35,528	74,57,020	
7	Education			15,00,000	9,05,500	83,62,520	

ANNEXURE - II

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IDFC FIRST BHARAT LIMITED
(Formerly known as IDFC Bharat Limited)
CIN: U65929TN2003PLC050856

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC FIRST BHARAT LIMITED** (formerly known as IDFC Bharat Limited) (hereinafter called "the Company"). 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** complied with the statutory provisions listed hereunder and also that the Company 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 Company for the financial year ended on 31st March, 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder#;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#;

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#;

      a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;
      b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
      c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
      d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
      e. 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;
      f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
      g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

 # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

We have also examined compliance with the applicable clauses of:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review, the Company has 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 Company is duly constituted with proper balance of Executive Directors, Non- Executive 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.

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 Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **Bhandari & Associates**
Company Secretaries

Manisha Maheshwari
Partner
ACS No: 30224; C P No. : 11031
ICSI UDIN: A030224B000195334
Mumbai | May 2, 2020

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

Annexure 'A'

To,
The Members,
IDFC FIRST BHARAT LIMITED
(Formerly known as IDFC Bharat Limited)
CIN: U65929TN2003PLC050856

Our Secretarial Audit Report for the Financial Year ended on 31st March, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. 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 follow 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 Company.

4. Wherever 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 Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries

Manisha Maheshwari
Partner
ACS No: 30224; C P No. : 11031
ICSI UDIN: A030224B000195334
Mumbai | May 2, 2020

Annexure III

FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65929TN2003PLC050856
ii)	Registration Date	May 12, 2003
iii)	Name of the Company	IDFC FIRST Bharat Limited (Formerly IDFC Bharat 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	"S.A.N. Complex ", No. 04 Williams Road, Cantonment, Tiruchirappalli, Tamil Nadu - 620 001 Tel: +91 431 4500000
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited* 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 4914 2700; Fax: +91 22 4914 2503

* For electronic connectivity with Depositories.

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	Business Correspondent (**"BC"**)	66190	100

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
i)	IDFC FIRST Bank Limited	L65110TN2014PLC097792	Holding Company	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 AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% 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	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e)	Banks / FI	5,579,990	6	5,579,996	100.00	5,579,993	3	5,579,996	NIL	NIL
f)	Any Other.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A) (1)		**5,579,990**	**6**	**5,579,996**	**100.00**	**5,579,993**	**3**	**5,579,996**	**NIL**	**NIL**

CATEGORY OF SHAREHOLDERS		NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(2) Foreign										
a)	NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b)	Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c)	Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d)	Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e)	Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A) (2)		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL SHARE HOLDING OF PROMOTER (A) = (A)(1)+(A)(2)		**5,579,990**	**6**	**5,579,996**	**100.00**	**5,579,993**	**3**	**5,579,996**	NIL	NIL
B	**PUBLIC SHAREHOLDING**									
1	**Institutions**									
a)	Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b)	Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c)	Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d)	State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e)	Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f)	Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g)	FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h)	Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i)	Others (Trusts)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (B) (1)		**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2	**Non –Institutions**									
a)	Bodies Corp									
i)	Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii)	Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b)	Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i)	Individual shareholders holding nominal share capital up to ` 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii)	Individual shareholders holding nominal share capital in excess of ` 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (B) (2)		**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
TOTAL PUBLIC SHARE HOLDING = (B) (B)(1)+(B)(2)		**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
C	**SHARES HELD BY CUSTODIAN FOR GDR & ADR**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
GRAND TOTAL (A+B+C)		**5,579,990**	**6**	**5,579,996**	**100.00**	**5,579,993**	**3**	**5,579,996**	NIL	NIL

(ii) Shareholding of Promoters

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHARE HOLDING AT THE END OF THE YEAR			% CHANGE IN SHARE HOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	%OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	%OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1	IDFC FIRST Bank Limited	5,579,996	100.00	NIL	5,579,996	100.00	NIL	100.00
TOTAL		**5,579,996**	**100.00**	**NIL**	**5,579,996**	**100.00**	**NIL**	**100.00**

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

	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
No Change				

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

SI No	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	% OF HOLDING	NO. OF SHARES	% OF THE SHARES OF THE COMPANY
1	ÌDFC FIRST Bank Limited	**5579990**	99.99989247	**5579990**	**99.99989247**
2	IDFC FIRST Bank Limited with Saptarshi Bapari	**1**	0.00001792	**5579991**	**99.99991039**
3	IDFC FIRST Bank Limited with Pankaj Sanklecha	**1**	0.00001792	**5579992**	**99.99992831**
4	IDFC FIRST Bank Limited with Satish Gaikwad	**1**	0.00001792	**5579993**	**99.99994623**
5	IDFC FIRST Bank Limited with Goretti Deabreo	**1**	0.00001792	**5579994**	**99.99996415**
6	IDFC FIRST Bank Limited with Hari Kumar	**1**	0.00001792	**5579995**	**99.99998207**
7	IDFC FIRST Bank Limited with Ashish Singh	**1**	0.00001792	**5579996**	**100.0000000**

(v) Shareholding of Directors and Key Managerial Personnel:

		SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Mr. Ashish Singh*	01	0.00001792	1	0.00001792

* Mr. Ashish Singh is the joint holder (Second Holder) of one equity share along with IDFC FIRST Bank Limited and other than Mr. Ashish Singh none of the directors or Key Managerial Personnel hold shares either individually or jointly.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment IN `INR

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not Paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
TOTAL (I+II+III)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
Net Change				

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not Paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
TOTAL (I+II+III)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

IN `INR

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF MD / WTD MANAGER MR. ARJUN MURALIDHARAN	TOTAL AMOUNT
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	102,84,996	102,84,996
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit	NIL	NIL
	- others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	TOTAL (A)	102,84,996	102,84,996
	Ceiling as per the Act		3,156Laksh

** Remuneration paid to Managing Director does not include Leave Encashment payments made to them during the year

B. Remuneration to other directors:

IN INR

Sr. Particulars of Remuneration	Name of Directors				
	Mr. A. Krishnamoorthy	Dr. J. Sadakkadulla	Mr. M. S. Sundara Rajan	Mr. N. Seshadri	Total Amount
1**. Independent Directors**					
Fee for attending board committee meetings	7,15,000	6,50,000	7,80,000	5,90,000	27,35,000
Commission	NIL	NIL	NIL	NIL	NIL
Others, please specify	NIL	NIL	NIL	NIL	NIL
TOTAL (1)	7,15,000	6,50,000	7,80,000	5,90,000	27,35,000
2. Other Non-Executive Directors					
Fee for attending board committee meetings	NIL	NIL	NIL	NIL	NIL
Commission	NIL	NIL	NIL	NIL	NIL
Others, please specify	NIL	NIL	NIL	NIL	NIL
TOTAL (2)	NIL	NIL	NIL	NIL	NIL
TOTAL (B) = (1 + 2)	7,15,000	6,50,000	7,80,000	5,90,000	27,35,000
Overall Ceiling as per the Act					Refer Note
Note: In terms of the provisions of the Companies Act, 2013, the remuneration payable to Directors other than executive Directors shall not exceed 3% of the net profit of the Company. The remuneration paid to the directors is well within the limit.					

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

IN INR

SR. NO	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL MR. BOBY XAVIER (CS)	TOTAL
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	29,90,000**	29,90,000
	(b) Value of Perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of Salary under Section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
	- as % of profit	NIL	NIL
	- others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
TOTAL (A)		29,90,000	29,90,000

** Remuneration paid to Company Secretary does not include Leave Encashment payments made to him during the year.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION**	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY [RD / NCLT / COURT]	APPEAL MADE, IF ANY (GIVE DETAILS)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors of

IDFC FIRST Bharat Limited

(formerly IDFC Bharat Limited)

Arjun Muralidharan
Managing Director and Chief Executive Officer
DIN: 02726409
Date: 02.05.2020
Place: Trichy

Ashish Singh
Nominee Director
DIN: 01768711
Date: 02.05.2020
Place: Mumbai

Independent Auditor's Report

To the Members of IDFC FIRST Bharat Limited (formerly, IDFC Bharat Limited)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of IDFC FIRST Bharat Limited (formerly, IDFC Bharat Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the

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

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the financial statements dealt with by this report are in agreement with the books of account;
    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 02 May 2020 as per Annexure B expressed unmodified opinion;
    g) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
        i. the Company, as detailed in note 20 and note 36 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;
        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Praveen Warrier
Partner
Membership No.: 214767
UDIN: 20214767AAAABN7910

Place: Chennai
Date: 02 May 2020

Annexure A to the Independent Auditor's Report of even date to the members of IDFC FIRST Bharat Limited (formerly IDFC Bharat Limited) on the financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of the immovable properties (which are included under the head 'Investment Property') are held in the name of the Company, except for the following property which according to the information and explanation given to us, are under dispute pending with High Court of Madras (Madurai Bench) as to the ownership of the property, as stated in note 5 to the financial statements

Nature of property	Total Number of Cases	Whether leasehold /freehold	Gross and Net block as on 31 March 2020 in (₹ lakhs)	Remarks
Land	1	Freehold	376	The property is a subject matter of an order from Tiruchirppalli Corporation citing encroachment of land. The Company has filed a petition with the High Court of madras (Madurai Bench) for stay and quashing of the order for which an interim stay has been granted.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax, 1961	Income Tax	149	149	Assessment year 2014-15	ITAT, Chennai

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, except for 60 cases of misappropriation of cash by the employees of the Company to the extent of ₹ 67 lakhs identified by the management during the year regarding which the Company has initiated disciplinary action against the employees and recovered ₹ 31 lakhs, by 31 March 2020.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Praveen Warrier
Partner
Membership No.: 214767
UDIN: 20214767AAAABN7910

Place: Chennai
Date: 02 May 2020

Annexure B to the Independent Auditor's Report of even date to the members of IDFC FIRST Bharat Limited (Formerly, IDFC Bharat Limited) on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of IDFC FIRST Bharat Limited (Formerly, IDFC Bharat Limited) ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on internal control over Financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”).

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm’s Registration No.: 001076N/N500013

Praveen Warrier
Partner
Membership No.: 214767
UDIN: 20214767AAAABN7910

Place: Chennai
Date : 02 May 2020

IDFC FIRST Bharat Limited (Formerly, IDFC Bharat Limited)
Balance sheet as at 31 March 2020
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,679	1,591
Investment property	5	376	376
Right-of-use assets	6	389	-
Other Intangible assets	4	359	366
Financial assets			
Bank balances	7	95	533
Loans	8	21	14
Other financial assets	9	48	-
Deferred tax assets (net)	10	298	176
Income tax assets (net)	11	1,476	554
Other non-current assets	12	150	50
		5,891	**3,660**
Current assets			
Financial assets			
Trade receivables	13	10,186	2,549
Cash and cash equivalents	14	1,123	6,153
Bank balances other than cash and cash equivalents	14	2,137	6,730
Loans	8	222	284
Other financial assets	9	1,252	850
Other current assets	12	535	289
		15,455	**16,855**
Total assets		**21,346**	**20,515**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	558	558
Other equity	16	14,661	12,520
Total equity		**15,219**	**13,078**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	17	336	-
Other financial liabilities	18	-	498
		336	**498**
Current liabilities			
Financial liabilities			
Lease liability	17	74	-
Other financial liabilities	18	4,467	5,964
Other current liabilities	19	741	559
Provisions	20	509	312
Current tax liabilities (net)	21	-	104
		5,791	**6,939**
Total liabilities		**6,127**	**7,437**
Total equity and liabilities		**21,346**	**20,515**

The accompanying notes form an integral part of these financial statements

In terms of our report attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(Formerly, IDFC Bharat Limited)

Praveen Warrier
Partner
Membership No: 214767

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

M S Sundara Rajan
Chairman
DIN: 00169775

Boby Xavier
Company Secretary

Place: Chennai
Date: 02 May 2020

Place: Tiruchirappalli
Date: 02 May 2020

Place: Chennai
Date: 02 May 2020

IDFC FIRST Bharat Limited (Formerly, IDFC Bharat Limited)
Statement of profit and loss for the year ended 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	22	37,262	25,569
Other income	23	426	629
Total income		**37,688**	**26,198**
Expenses			
Employee benefits expense	24	26,883	15,532
Finance cost	25	39	-
Depreciation and amortisation expense	26	1,507	764
Other expenses	27	6,228	3,884
Total expense		**34,657**	**20,180**
Profit before tax		**3,031**	**6,018**
Tax expense	28		
- Current tax		906	2,178
- Tax for earlier periods		304	-
- Deferred tax		(74)	45
		1,136	**2,223**
Profit for the year		**1,895**	**3,795**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of post-employment benefit plans		(189)	(248)
- Income tax relating to the above item		48	86
Other comprehensive income for the year, net of tax		**(141)**	**(162)**
Total comprehensive income for the year		**1,754**	**3,633**
Earnings per equity share of face value ₹ 10 each fully paid up			
Basic and diluted (in ₹)	29	33.96	68.01

The accompanying notes form an integral part of these financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(Formerly, IDFC Bharat Limited)

Praveen Warrier
Partner
Membership No: 214767

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

M S Sundara Rajan
Chairman
DIN: 00169775

Boby Xavier
Company Secretary

Place: Chennai
Date: 02 May 2020

Place: Tiruchirappalli
Date: 02 May 2020

Place: Chennai
Date: 02 May 2020

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

Particulars	Equity share capital	Other equity					
		Capital redemption reserve	Securities Premium	Retained Earnings	Accumulated other comprehensive income	ESOS contribution from parent	Total
Balances as at 01 April 2018	**558**	**750**	**4,374**	**12,169**	**(334)**	**-**	**16,959**
Profit for the year	-	-	-	3,795	-	-	3,795
Other comprehensive income	-	-	-	-	(162)	-	(162)
Total comprehensive income for the year	**-**	**-**	**-**	**3,795**	**(162)**	**-**	**3,633**
Dividends paid	-	-	-	(6,696)	-	-	(6,696)
Dividend distribution tax paid	-	-	-	(1,376)	-	-	(1,376)
Balances as at 31 March 2019	**558**	**750**	**4,374**	**7,892**	**(496)**	**-**	**12,520**
Profit for the year	-	-	-	1,895	-		1,895
Other comprehensive income	-	-	-	-	(141)		(141)
Total comprehensive income for the year	**-**	**-**	**-**	**1,895**	**(141)**	**-**	**1,754**
ESOS contribution from parent	-	-	-	-	-	387	387
Balances as at 31 March 2020	**558**	**750**	**4,374**	**9,787**	**(637)**	**387**	**14,661**

The accompanying notes form an integral part of these financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(Formerly, IDFC Bharat Limited)

Praveen Warrier
Partner
Membership No: 214767

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

M S Sundara Rajan
Chairman
DIN: 00169775

Boby Xavier
Company Secretary

Place: Chennai
Date: 02 May 2020

Place: Tiruchirappalli
Date: 02 May 2020

Place: Chennai
Date: 02 May 2020

IDFC FIRST Bharat Limited (Formerly, IDFC Bharat Limited)
Statement of Cash flows for the year ended 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities		
Profit before income tax	3,031	6,018
Adjustments for		
Depreciation and amortisation expense	1,507	764
Advances written off	66	11
Interest expenses	39	-
Interest income from deposits	(373)	(584)
Profit on sale of property, plant and equipment	(19)	(3)
Gratuity expenses	391	239
Salaries and wages	387	-
Operating profit before working capital changes	**5,029**	**6,445**
(Decrease) in provisions	(558)	(327)
(Decrease)/Increase in other financial liabilities	(1,995)	1,861
Increase in other current liabilities	182	119
(Increase) in trade receivables	(7,637)	(418)
Decrease/(Increase) in loans	55	(121)
(Increase) in other financial assets	(516)	(397)
(Increase) in other assets	(257)	(215)
Cash flow (used in)/ from operating activities	**(5,697)**	**6,947**
Income taxes paid (net)	(2,061)	(2,394)
Net cash (used in)/ generated from operating activities	**(7,758)**	**4,553**
Cash flows from investing activities		
Purchase of property, plant and equipment including capital advances	(2,609)	(1,251)
Purchase of intangible assets	(99)	(281)
Proceeds from sale of property, plant and equipment	102	17
Proceeds from maturity of deposits,net	4,888	4,412
Interest collected from deposits	516	591
Net cash generated from investing activities	**2,798**	**3,488**
Cash flows from financing activities		
Equity dividend paid including dividend distribution tax	-	(8,072)
Payment of lease liability	(70)	-
Net cash used in financing activities	**(70)**	**(8,072)**
Net decrease in cash and cash equivalents	(5,030)	(31)
Cash and cash equivalents as at the beginning of the year	6,153	6,184
Cash and cash equivalents as at the end of the year	**1,123**	**6,153**
Notes (Also, refer note 14):		
Cash and cash equivalents comprises of		
Cash on hand	80	34
Balances with banks in current accounts	1,043	6,119
	1,123	**6,153**

The accompanying notes form an integral part of these financial statements
In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(Formerly, IDFC Bharat Limited)

Praveen Warrier
Partner
Membership No: 214767

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

M S Sundara Rajan
Chairman
DIN: 00169775

Boby Xavier
Company Secretary

Place: Chennai
Date: 02 May 2020

Place: Tiruchirappalli
Date: 02 May 2020

Place: Chennai
Date: 02 May 2020

1. Background

IDFC FIRST Bharat Limited (formerly known as IDFC Bharat Limited) (the 'Company') is a wholly owned subsidiary of IDFC FIRST Bank Limited (the 'Parent'). The Company provides business correspondent services to its parent. The Company is domiciled in India and has its registered office atS.A.N.Complex, No.4, Williams Road,Cantonment,Tiruchirappalli Tamil Nadu, India.The Company had changed its name from IDFC Bharat Limited to IDFC FIRST Bharat Limited with effect from 29 April 2019.

The financial statements were approved by the Board of Directors and authorized for issue on 02 May 2020.

2. Summary of significant accounting policies

a) Basis of preparation and presentation of financial statements
i) Accounting convention

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

All amounts included in the financial statements are reported in Indian Rupees and have been rounded off to nearest decimal of Lakhs ₹.

ii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below. These financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

b) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The signfiicant judgments used by the management in the treatment of pending litigations against the Company are disclosed in Note 36.
The following are the other significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Recoverability of advances / receivables
At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets
Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets
The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value measurements
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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b) Use of estimates and judgements (continued)

Income taxes
Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases
Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

d) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready or substantially ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment are depreciatedusing straight line method over the estimated useful lives of the assets, which are in line with the lives prescribed under Schedule II to the Companies Act, 2013 except for leasehold improvements which are depreciated over lease term.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

e) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both and include land held for a currently undetermined future use. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other costs are recognized in statement of profit or loss as incurred. Investment properties are subsequently measured at cost less accumulated depreciation and impairment losses. Investment properties are de-recognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit or loss in the period of de-recognition.

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f) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment. Advances paid towards the acquisition of intangible assets outstanding at each balance sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development. Intangible assets are amortised on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

h) Revenue recognition

Revenue comprises consideration received from rendering Business correspondence services (‘services’). Revenue is recognised upon satisfying its performance obligations which coincides with rendering of services as per the contract with customers and is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The specific recognition criteria described below must also be met before revenue is recognized.
(i) Fees for business correspondent services
Revenue is recognized on accrual basis in accordance with terms of the business correspondence agreement, measured based on the cost incurred during the year plus mark up as specified in the agreement. The services are attributable to a single performance obligation to which the transaction price is attributable.

(ii) Interest income
Interest income is reported on an accrual basis using the effective interest method and is included under the head “other income” in the statement of profit and loss.

i) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

(i) Provident fund
This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

Defined benefit plan
(i) Gratuity
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company’s defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

j) Share based payment
The Holding Companyhas formulated Employee Stock Option Schemes (‘the ESOS’) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 (‘the Guidelines’). The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the Holding Company that vest in a graded manner and that are to be exercised within a specified period.

The above share awards are treated as an equity settled share based payment transaction. The fair value of options granted under the scheme is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined with reference to the fair value of the options granted excluding the impact of any service conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on service conditions. It recognises the impact of revision to original estimates, if any, in the Statement of Profit and Loss, with a corresponding adjustment to equity.

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k) Leases

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Holding company borrowing are considered for determining the incremental Borrowing rate

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
-Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months and low value lease. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The following is the summary of practical expedients elected on initial application:

a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17

Under Ind AS 17

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

l) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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l) Income taxes(Continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

m) Provisions and contingencies

Provisions
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets
Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

n) Financial instruments

Financial assets and financial liability

i) Classification, initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets at amortised cost: Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

Equity instruments: An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities: These are measured at amortized cost using the effective interest method.

ii) Determination of fair value:
The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

iii) Derecognition of financial assets and financial liabilities:
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

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n) Financial instruments (continued)

iv) Impairment of financial assets:

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whetherthere has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

iv) Impairment of financial assets:

-All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

Trade receivables
The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets
For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

p) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments.Cash and cash equivalent in the cash flow statement and balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

3. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

4 Property, plant and equipment and Intangible assets

Particulars	Property, plant and equipment						Intangible assets
	Computers & accessories	Lease hold Improvement	Furniture and fittings	Office equipment	Vehicles	Total	Software
Gross block							
As at 31 March 2018	**868**	**-**	**274**	**191**	**171**	**1,504**	**205**
Additions	896	-	209	101	12	1,218	281
Disposals	-	-	(16)	(15)	-	(31)	-
As at 31 March 2019	**1,764**	**-**	**467**	**277**	**183**	**2,691**	**486**
Additions	701	217	1,066	536	-	2,520	99
Disposals	(11)	-	(52)	(62)	(72)	(197)	-
As at 31 March 2020	**2,454**	**217**	**1,481**	**751**	**111**	**5,014**	**585**
Accumulated depreciation/amortisation							
As at 31 March 2018	**280**	**-**	**59**	**53**	**43**	**435**	**38**
Charge for the year	456	-	102	88	36	682	82
Reversal on disposal of assets	-	-	(7)	(10)	-	(17)	-
As at 31 March 2019	**736**	**-**	**154**	**131**	**79**	**1,100**	**120**
Charge for the year	673	18	462	176	20	1,349	106
Reversal on disposal of assets	(11)	-	(33)	(40)	(30)	(114)	-
As at 31 March 2020	**1,398**	**18**	**583**	**267**	**69**	**2,335**	**226**
Net block							
As at 31 March 2019	**1,028**	**-**	**313**	**146**	**104**	**1,591**	**366**
As at 31 March 2020	**1,056**	**199**	**898**	**484**	**42**	**2,679**	**359**

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
5 Investment property		
Gross carrying amount	376	376
Accumulated depreciation	-	-
Fair value	404	404

Investment property pertains to free hold land held by the company for a currently undetermined future use

Estimation of fair value

The Company obtains independent valuation for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent price of similar properties is less than active markets, adjusted to reflect those differences
- Discounted cash flow projections based on reliable estimates of future cash flows
- Capitalised income projections based upon estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The Company has obtained independent valuation for its investment property as on 31 March 2020 and 31 March 2019. The fair value of investment properties have been determined by independent land valuer. The main inputs used are comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

The Company has received an order during financial year 2012-13 from the Tiruchirappalli Corporation citing encroachment of land. In response to this the Company has filed a petition with the High Court of Madras (Madurai Bench) for stay and quashing of the order for which an interim stay has been granted.

6 Right-of-use assets

	As at 31 March 2020
Balance as at 01 April 2019	-
Additions	441
Amortisation for the year	(52)
Balance as at 31 March 2020	**389**

	As at 31 March 2020	As at 31 March 2019
7 Bank balances		
Non-current bank balances (Also, refer note 14)	95	533
	95	**533**

	As at 31 March 2020		As at 31 March 2019	
8 Loans	**Non-current**	**Current**	**Non-current**	**Current**
Unsecured, considered good				
Loans to employees	21	222	14	284
	21	**222**	**14**	**284**

	As at 31 March 2020		As at 31 March 2019	
9 Other financial assets	**Non-current**	**Current**	**Non-current**	**Current**
Rental deposits	48	955	-	622
Security deposits	-	12	-	16
Unbilled revenue	-	153	-	-
Other advances	-	132	-	212
	48	**1,252**	**-**	**850**

	As at 31 March 2020	As at 31 March 2019
10 Deferred tax assets (net)		
The balance comprises temporary differences attributable to:-		
- Depreciation/ amortisation as per books and depreciation as per tax	212	86
- Adjustments on account of provision for employee benefits	86	90
	298	**176**

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

10 Deferred tax assets (net) (continued)

Movement in deferred tax (liabilities) / assets	Depreciation and amortisation	Defined benefits obligation	Total
As at 31 March 2018	89	46	135
(Charged)/ Credited			
-to statement of profit or loss	(3)	(42)	(45)
-to other comprehensive income	-	86	86
As at 31 March 2019	**86**	**90**	**176**
(Charged)/ Credited			
-to statement of profit or loss	126	(52)	74
-to other comprehensive income	-	48	48
As at 31 March 2020	**212**	**86**	**298**

11 Income tax assets (net)	**As at 31 March 2020**	**As at 31 March 2019**
Advance income tax (net of provision)	1,476	554
	1,476	**554**

12 Other assets	**As at 31 March 2020**		**As at 31 March 2019**	
	Non-current	**Current**	**Non-current**	**Current**
Capital advances	139	-	50	-
Prepaid expenses	11	535	-	289
	150	**535**	**50**	**289**

13 Trade receivables	**As at 31 March 2020**	**As at 31 March 2019**
Unsecured, considered good		
Receivable from related party (Also, refer note 34(c))	10,186	2,549
	10,186	**2,549**

The carrying amount of the current trade receivable is considered as a reasonable approximation of fair value as it is expected to be collected within six months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

The Company provides services to a single customer viz. its holding Company. Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Based on the management assessment there were no indicators for impairment identified.

14 Cash and bank balances		**As at 31 March 2020**	**As at 31 March 2019**
Cash and cash equivalents*			
Cash on hand		80	34
Balances with banks			
- in current accounts		1,043	6,119
	(A)	**1,123**	**6,153**
Other bank balances*			
Deposits with maturity up to 12 months		2,137	6,730
Balances with banks in restricted accounts @		95	533
		2,232	7,263
Less : Amounts disclosed as 'Non-current bank balances' (Also, refer note 7)		(95)	(533)
	(B)	**2,137**	**6,730**
* Also, refer note 34(c))	**(A) + (B)**	**3,260**	**12,883**

@ The amount collected as a security deposit from employee pending to be refunded and amount received from LIC towards gartuity settlement of employee are considered as balances with banks in restricted accounts.

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	As at 31 March 2020		As at 31 March 2019	
	Number*	**Amount**	**Number***	**Amount**
15 Equity share capital				
Authorised				
Equity shares of ₹ 10 each	25,000,000	2,500	25,000,000	2,500
Preference shares of ₹ 10 each	25,000,000	2,500	25,000,000	2,500
	50,000,000	**5,000**	**50,000,000**	**5,000**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	5,579,996	558	5,579,996	558
	5,579,996	**558**	**5,579,996**	**558**

*Number of shares are in absolute number

a) Reconciliation of total number of shares

There has been no movement in equity share capital during the current and previous years.

b) Shares held by the holding company

Equity shares of ₹ 10 each	**Number***	**Amount**	**Number***	**Amount**
IDFC FIRST Bank Limited together with its nominees	5,579,996	558	5,579,996	558

c) Shareholders holding more than 5% of the shares

Equity shares of ₹ 10 each	**Number***	**%**	**Number***	**%**
IDFC FIRST Bank Limited together with its nominees	5,579,996	100%	5,579,996	100%

d) Bonus issue, buy back and issue of shares without payment being received in cash

There were no shares issued pursuant to contract without payment being received in cash allotted as fully paid up by way of bonus issues or bought back during the last 5 years immediately preceding 31 March 2020.

e) Rights, preferences and restrictions attached to equity share capital

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year, other than interim dividend, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

f) Capital Management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

There are no borrowings in the Company as at 31 March 2020 and 31 March 2019.

g) Dividends

	Year ended 31 March 2020		Year ended 31 March 2019	
	₹/ Share	**Amount**	**₹/ Share**	**Amount**
Interim dividend for the current year	-	-	120	6,696
Dividend distribution tax on Interim dividend	-	-	-	1,376
	-	-	-	8,072

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

16 Other equity	As at 31 March 2020	As at 31 March 2019
Capital redemption reserve	**750**	**750**
Securities premium	**4,374**	**4,374**
Retained earnings		
Balance at the beginning of the year	7,892	12,169
Add : Transferred from Statement of profit and loss	1,895	3,795
Less : Dividend paid on equity shares	-	(6,696)
Less : Dividend Distribution Tax on equity shares	-	(1,376)
Balance at the end of the year	**9,787**	**7,892**
Accumulated other comprehensive income		
Balance at the beginning of the year	(496)	(334)
Add : Transfer from other comprehensive income	(141)	(162)
Balance at the end of the year	**(637)**	**(496)**
ESOS contribution from parent		
Balance at the beginning of the year	-	-
Add : Employee stock option expenses	387	-
Balance at the end of the year	**387**	-
Total other equity	**14,661**	**12,520**

Notes to other equity:

a) Capital redemption reserve

The Companies Act, 2013 (the "Companies Act") requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. The Company established this reserve pursuant to the redemption of preference shares in earlier years.

b) Securities premium reserve

Securities premium reserve comprises of the amount of share issue price received over and above the face value of ₹ 10 each.

c) Accumulated other comprehensive income

Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

d) ESOS contribution from parent

The account is used to recognise the grant date fair value of options issued to the employees of the Company by IDFC First Bank Limited (Formerly IDFC Bank Limited) under the group share based payment arrangement.

Employee share based payment
Group share based payment scheme (equity settled)

i) IDFC FIRST Bank Limited (holding company) has introduced IDFC Employee Stock Option Scheme(ESOS), IDFC BANK ESOS 2015 to enable the employees of the group companies to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the IDFC FIRST Bank Limited, that will vest in a graded manner and that are to be exercised within a specified period.

Options granted under the plan to the employees of the Company are without any consideration and carry no dividend or voting rights at the Holding Company. When exercisable, each option is convertible into one equity share of IDFC FIRST Bank Limited. Since the Company does not have an obligation to settle the award granted to its employees, the award is treated as an equity-settled share-based payment in the Company's accounts.

Group share based payment scheme (equity settled) (continued)

ii) A summary of the status of the options granted under 2015 plan as at 31 March 2020 presented below:

Particulars	Number of options	Weighted average remaining contractual life (in years)	Weighted average exercise price
Granted during the year	-	-	-
Exercised during the year	-	-	-
Outstanding as at 31 March 2020	1,141,500	2.66	69.46
Exercisable as at 31 March 2020	1,014,900	2.47	70.84

iii) Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefit expense amounting to ₹ 387 lakhs

iv) The fair value of the options granted is determined on the date of the grant using the Black-Scholes option pricing model

	As at 31 March 2020	
	Non-current	Current
17 Lease liability		
Lease lliability (Also, refer note(a) below)	336	74
	336	**74**

	As at 31 March 2020
(a) Movement in lease liability	
Balance as at 01 April 2019	-
Additions	441
Finance cost accrued during the year	39
Payment of lease liabilities	(70)
Balance as at 31 March 2020	410

(b) Summary of contractual maturities of lease liabilities

Particulars	
Less than one year	88
One year to five years	427
More than five years	90
Total undiscounted lease liabilities at 31 March 2020	605

	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
18 Other financial liabilities				
Security deposits from employees	-	69	498	15
Payable towards business correspondent services (Also, refer note 34(c)	-	3,231	-	4,892
Employee related payables	-	813	-	817
Other payables	-	354	-	240
	-	**4,467**	**498**	**5,964**

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

		As at 31 March 2020	As at 31 March 2019
19	**Other current liabilities**		
	Statutory dues payable	741	559
		741	**559**
20	**Short term provisions**		
	Provision for gratuity (Also, refer note(a) below)	334	312
	Provision for pending litigations (Also, refer note(b) below)	175	-
		509	**312**

(a) Employee benefits

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by LIC.

The following tables summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity.

		As at 31 March 2020	As at 31 March 2019
i)	**Change in projected benefit obligation**		
	Projected benefit obligation at the beginning of the year	1,609	1,126
	Current service cost	389	240
	Interest cost	102	83
	Benefits paid	(175)	(101)
	Actuarial (gain)/ loss	186	261
	Projected benefit obligation at the end of the year	**2,111**	**1,609**
	Thereof		
	Funded	1,777	1,297
	un-funded	334	312
ii)	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	1,297	974
	Expected return on plan assets	100	84
	Employer contributions	558	327
	Benefits paid	(175)	(101)
	Actuarial (loss)/gain	(3)	13
	Fair value of plan assets at the end of the year	**1,777**	**1,297**
iii)	**Reconciliation of present value of obligation on the fair value of plan assets to the liability recognised**		
	Present value of projected benefit obligation at the end of the year	2,111	1,609
	Fair value of plan assets at the end of the year	(1,777)	(1,297)
	Liability recognized in the balance sheet	**334**	**312**
iv)	**Gratuity cost for the year**		
	Current service cost	389	240
	Interest cost	102	83
	Expected returns on plan assets	(100)	(84)
	Total amount recognised in profit or loss	**391**	**239**
	Actuarial loss/(gain)	189	248
	Total amount recognised in other comprehensive income	**189**	**248**
	Net gratuity cost	**580**	**487**
v)	**Principal actuarial assumptions used:**		
	Discount rate	6.63%	7.75%
	Long-term rate of compensation increase	8% to 10%	8% to 10%
	Attrition rate	15.00%	15.00%
	Expected rate of return on plan assets	6.63%	7.75%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

20 Provisions for employee benefits (continued)

vi) The table below outlines the effect on the defined benefit obligation in the event of a decrease/increase of 1% in the rate of assumptions:

	Future salary increases		Discount rate		Attrition rate	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
31 March 2020	206	(180)	(206)	245	(37)	42
31 March 2019	141	(124)	(143)	168	(12)	13

vii) The weighted average duration of the defined benefit obligation as at March 31, 2020 is 12.64 years (March 31, 2019: 12.66 years).

viii) The Company expects to contribute ₹ 600 Lakhs to the gratuity fund in the financial year ending 31 March 2021.

ix) Risk exposure

The defined benefit plan exposes the Company to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Indian rupees. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The company maintains plan assets in the form of fund with Life Insurance Corporation of India. The fair value of the plan assets is exposed to the market risks (in India).

Longevity risk

The Company is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members, will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Company's liability.

x) Maturity analysis

The expected maturity analysis of undiscounted gratuity benefit obligation after balance sheet date is as follow:

Year	**As at 31 March 2020**	**As at 31 March 2019**
1	153	140
2	148	134
3	145	124
4	127	121
5	105	105
6 to 10	489	413
More than 10	4,018	3277

(b) Provision for pending litigations is made based on the likelihood of the cases pending with the relevant authorities for the financial years 2013-14 and 2014-15. The timing of the outflow would depend on the settlements of the cases.

	As at 31 March 2020	**As at 31 March 2019**
21 Current tax liabilities (net)		
Provision for tax	-	104
	-	**104**

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	Year ended 31 March 2020	Year ended 31 March 2019
22 Revenue from operations		
Servicer fees from business correspondent services (Also, refer note 34(b))	37,262	25,569
	37,262	**25,569**
23 Other income		
Interest income on fixed deposits with banks (Also, refer note 34(b))	373	584
Interest income on staff loans	28	37
Other non-operating income	25	8
	426	**629**
24 Employee benefits expense		
Salaries and wages*	22,354	13,385
Gratuity expense (Also, refer note 20(a))	391	239
Contribution to provident and other funds	2,098	1,036
Staff welfare expenses	2,040	872
	26,883	**15,532**

* During the year an amount of ₹500 lakhs has been paid to S Devaraj (Chairman upto 31 March 2019) which has been approved by the Board of Directors vide board meeting dated 19 July 2019

	Year ended 31 March 2020	Year ended 31 March 2019
25 Finance cost		
Interest expenses (Also, refer note 17(a))	39	-
	39	**-**
26 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Also, refer note 4)	1,349	682
Amortisation of intangible assets (Also, refer note 4)	106	82
Amortisation of right-of-use assets (Also, refer note 6)	52	-
	1,507	**764**
27 Other expenses		
Repairs and maintenance - Others	1,214	548
Communication expenses	162	151
Power and fuel	154	119
Rent and amenities (Also, refer note 31 and 34(b))	1,067	671
Rates and taxes	53	39
Legal and professional charges	151	95
Travelling, conveyance and lodging expenses	1,655	944
Insurance	9	14
Printing and stationery	585	449
Business promotion expenses	352	297
Postage and courier	194	121
Cash management charges	276	248
Advances written off	66	11
Contribution towards corporate social responsibility (Also, refer note 30)	84	140
Office maintenance	131	-
Payments to auditors*		
Statutory audit	26	24
Other services	20	1
Reimbursement of expenses	2	-
Director sitting fees	27	12
	6,228	**3,884**

* includes previous year fees billed in the current year ₹ 14 Lakhs

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

28 Income tax

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 25.626%% (2018-19: 34.608%) and the reported tax expense in the statement of profit and loss are as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before taxes	3,031	6,018
Enacted tax rates	25.626%	34.608%
Tax on profit at enacted tax rate	777	2,083
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure	22	48
Others	23	9
Remeasurement of deferred tax assets at substantively enacted tax rates	10	83
Actual tax expense	**832**	**2,223**
Current tax	906	2,178
Deferred tax	(74)	45
Tax expense reported in the statement of profit and loss	**832**	**2,223**

	Year ended 31 March 2020	Year ended 31 March 2019
29 Earnings per Share (EPS)		
Basic and Diluted EPS		
Nominal value of equity shares (in ₹)	10	10
Profit for the year (A)	1,895	3,795
Weighted average number of equity shares outstanding during the year (B)	5,579,996	5,579,996
Basic and diluted earnings per equity share (A/B) (in ₹)	33.96	68.01
30 Corporate social responsibility expenditure		
Amount required to be spent as per section 135 of the Act	78	78

	In cash	Yet to be paid	Total
For the Year ended 31 March 2020			
On Construction/acquisition of any asset	-	-	-
On purposes other than as specified above	84	-	**84**
For the Year ended 31 March 2019			
On Construction/acquisition of any asset	-	-	-
On purposes other than as specified above	140	-	140

31 Leases

The Company has lease contracts for office premises and these lease contracts are cancellable/ renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116 .

	Year ended 31 March 2020	Year ended 31 March 2019
Lease expense during the year, representing the minimum lease payments	1,067	671

32 Payables to micro and small enterprises

Based on the information available with the Company, as at 31 March 2020 and 31 March 2019, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

33 Segment reporting

The Company operates in a single operating segment, viz. “Business correspondent services" which is the only reportable business segment as per Indian "Accounting Standard 108" Operating Segments. Since the Company's entire business is providing Business correspondent services solely to its Holding Company and is operating in India, the Chief operating decision maker review the financial statement as one segment (business and geographic) for making operating and financial decision accordingly, there are no other primary segment. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of depreciation and amortization during the year are all as reflected in the financial statement as at and for the year ended 31 March 2020.

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

34 Related parties

As per the Ind AS 24 "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arm's length basis.

a) Names of related parties and nature of relationship

Name of related party	Nature of relationship
Holding Company	IDFC FIRST Bank Limited
Key management personnel (KMP)	S Devaraj (up to 31 March 2019) Arjun Muralidharan Krishnamoorthy Arunachalam J Sadakkadulla Ashish Singh M.S.Sundararajan
Entities in which directors of the Company are able to exercise control or have significant influence	Grama Vidiyal Trust (up to 31 March 2019) Grama Vidiyal Enterprises Private Limited (up to 31 March 2019) Activist for Social Alternatives (up to 31 March 2019) Activist for Social Alternatives (up to 31 March 2019)
Relatives of KMP	D Shirley - Daughter of S Devaraj (up to 31 March 2019) D Satish - Son of S Devaraj and Brother of D Shirley (up to 31 March 2019)

b) Transactions with related parties

Transaction	Related party	Year ended 31 March 2020	Year ended 31 March 2019
Fees for business correspondent services	IDFC FIRST Bank Limited	37,262	25,569
Proceeds from fixed deposits,net	IDFC FIRST Bank Limited	4,593	4,550
Interest income on fixed deposits	IDFC FIRST Bank Limited	373	584
Dividend paid	IDFC FIRST Bank Limited	-	6,696
Remuneration*	Key management personnel and their relatives	132	597
Director sitting fees	Key management personnel and their relatives	27	12
Rent and amenities	Grama Vidiyal Trust	-	61
Rent and amenities	Activist for Social Alternatives	-	30

c) Balances with related parties

Particulars	Related party	As at 31 March 2020	As at 31 March 2019
Trade receivable	IDFC FIRST Bank Limited	10,186	2,549
Unbilled revenue	IDFC FIRST Bank Limited	153	-
Fixed deposits including accrued interest	IDFC FIRST Bank Limited	2,137	6,730
Payable towards business correspondent services	IDFC FIRST Bank Limited	3,231	4,892
Bank balances	IDFC FIRST Bank Limited	782	5,855
Incentive payable	Key management personnel	26	-
Rental deposit	Grama Vidiyal Trust	-	40

*Remuneration pertain to short term employee benefits. As the present value of obligation towards gratuity is determined for all the employees in aggregate, the post-employment benefits and other long-term benefits relating to key management personnel cannot be ascertained individually.

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35 Financial instruments

a) Categories of financial assets and financial liabilities
All financial assets and financial liabilities are measured at amortised cost as at the reporting date. The Company considers the carrying value of the financial assets and financial liabilities as an approximate estimate of the fair value.

b) Financial instruments risk
The Company's principal financial liabilities comprise of amount payable towards business correspondence service and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Treasury team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives.

i) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and deposits.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate on deposits with banks are fixed and hence do not carry a risk due to change in market rates.

Foreign currency risk
The Company does not contain balances denominated in foreign currency and hence not subject to foreign currency risk .

ii) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits and loans. The Company's maximum exposure to credit risk is limited to the carrying amount reported in the balance sheet.

In respect of trade receivables, the Company is exposed to insignificant credit risk exposure since the amount is recoverable in entirety from its Holding company. Based on historical information about customer default rates management consider the credit quality of trade receivables to be good.

The credit risk for cash and cash equivalents and fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of rental deposits and loans given to employees which are given to landlords or employees and are assessed by the Company for credit risk on a continuous basis.

iii) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available funds in order to determine headroom or any shortfalls. This analysis shows that available assets are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and fixed deposits to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. The Company's non-derivative financial liabilities having maturities upto 12 months and more than 12 months are as reported in balance sheet.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements evaluated on the basis of non-derivative financial liabilities having maturities upto 12 months and more than 12 months as reported in the balance sheet.

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36 Contingent liabilities and commitments

i) Contingent liabilities

	As at 31 March 2020	As at 31 March 2019
Claims against the company not acknowledged as debt in respect of:		
- Service tax where the company has gone on appeal	-	323
- Income tax for financial year 2013-14 and 2015-16 where the company has appealed	-	278
	-	**601**

ii) Commitment towards capital expenditure as at 31 March 2020 is ₹ 284 lakhs (31 March 2019: ₹ 71 lakhs).

37 Events after the reporting period
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of the financial statements.

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Praveen Warrier
Partner
Membership No: 214767

Place: Chennai
Date: 02 May 2020

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
(Formerly, IDFC Bharat Limited)

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

M S Sundara Rajan
Chairman
DIN: 00169775

Boby Xavier
Company Secretary

Place: Tiruchirappalli
Date: 02 May 2020

Place: Chennai
Date: 02 May 2020