



CHAIRMAN'S STATEMENT

Dear Shareholders,

As I reflect upon the extra-ordinary journey we have embarked on together, I am truly overwhelmed and humbled by the events of the past 12 months.

Towards creating value for you - Our Shareholders - we have now fully exited from all our businesses except our holding in IDFC FIRST Bank Limited ("IDFC FIRST Bank"). During the year, we successfully completed (i) merger of three wholly owned subsidiaries of IDFC Limited ("IDFC") with IDFC, (ii) sale of IDFC Asset Management Company and IDFC AMC Trustee Company to Bandhan consortium, and (iii) divestment of IDFC Foundation with underlying two joint venture entities i.e. Delhi Integrated Multi-Modal Transit System Limited ("DIMTS") and Infrastructure Development Corporation (Karnataka) Limited ("iDeCK").

Truly extraordinary achievements in the past year which made it possible to take the final step i.e., merger of IDFC and IDFC Financial Holding Company Limited ("IDFC FHCL") with IDFC FIRST Bank.

Notwithstanding macro and geopolitical challenges during the last fiscal, the IDFC Mutual Fund sale transaction was executed most efficiently at a valuation comparable to the best in the industry (valuation of Rs. 4,500 crore, gross of taxes). The sale was subject to various regulatory approvals which got completed on January 31, 2023.

Most of the sale proceeds were utilized to subscribe to a preferential offer made by IDFC FIRST Bank to provide growth capital for the Bank and to also increase our stake in the Bank from 36.49% to 39.99% investing about Rs. 2,200 crore (at price of about Rs. 58/- per share of the

Bank) and the Board declared a special dividend of Rs. 11/- per share which was paid in February 2023. Thus, IDFC paid a total Rs. 12 per share as dividend during the fiscal year 2023 amounting to Rs. 1,920 crore.

Post above steps, we moved quickly towards the last lap. The Board of Directors of all three entities i.e. IDFC, IDFC FHCL & IDFC FIRST Bank at their respective meetings held on July 3, 2023 approved the amalgamation of IDFC FHCL and IDFC with IDFC FIRST Bank and approved a Share Exchange Ratio of 155 Equity Shares of IDFC FIRST Bank for every 100 Equity Shares of IDFC. The amalgamation is subject to the receipt of all regulatory approvals including stock exchanges, SEBI, RBI, CCI & others as applicable.

Barring any unforeseen circumstances, we believe the proposed amalgamation should be completed in 9-12 months period. On completion, IDFC will cease to exist and we, the Board of IDFC, would have achieved our objective to realize the best value for you - Our Shareholders. It's a matter of great satisfaction for all of us.

Consequently, the holding company discount has come down from over 30% to about 10 - 12%. The market cap of IDFC which was at around Rs. 8,000 crore a year ago, has now increased to Rs. 18,000 crore after paying Rs. 1,920 crore as dividend. I am simply humbled by this experience.

During the fiscal year, the balance sheet size increased from Rs. 9,416 crore as on March 31, 2022 to Rs. 9,570 crore as on March 31, 2023. Profit after tax and other comprehensive income was higher at Rs. 2,029 crore for FY 23 as compared to Rs. 53 crore in FY 22. The net worth of IDFC increased from Rs. 9,391 crore as on March 31, 2022 to Rs. 9,518 crore as on March 31, 2023.

During the year, on 30th September, 2022, Mr. Sunil Kakar completed his tenure as MD & CEO and Mr. Mahendra

N Shah was appointed as the Managing Director. Mr. Mahendra led a very skeleton team and worked hard on completion of the remaining task of corporate simplification. Mr. Mahendra was ably assisted by Mr. Bipin Gemani who has been the CFO of IDFC and the Board has now recommended to elevate him as a Whole Time Director and CFO, subject to your approval at the AGM.

Our Bank continues to do well and its foundation is built on customer-first principles. It continues to invest in laying a strong, modular and contemporary technology architecture that will enable efficiency, resilience, and growth.

Our Bank recorded a PAT of Rs. 2,437 crore in FY 23, with strong Capital Adequacy of 16.82%. The quarterly net profit grew 134% YOY from Rs. 343 crore in Q4-FY22 to Rs. 803 crore in Q4-FY23 driven by strong growth in core operating income.

I take this opportunity to thank all our 6 employees for their relentless efforts during this year.

Finally, I wish to thank each one of you - Our valued Shareholders, for placing your faith and confidence in us. I look forward to your continued guidance & support.

Warmly,

Anil Singhvi
Independent Non-Executive Chairman
July 17, 2023