IDFC LIMITED

22nd Annual Report
2018-19

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

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

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AWARDS & RECOGNITION

IDFC ASSET MANAGEMENT COMPANY LIMITED / IDFC MUTUAL FUND

- **THE ASSET**
  Ranked #1 Investment House in India – for Asian Local Currency Bonds 2019

- **CNBC TV18 MUTUAL FUND AWARDS 2018**
  IDFC Dynamic Bond Fund, IDFC ELSS Fund, IDFC Focused Fund & IDFC Medium Duration Fund – Winners in respective Fund Categories

- **BUSINESS STANDARD AT FUND CAFÉ AWARDS 2019**
  Anurag Mittal – Fund Manager of the Year – Short to medium term debt category

- **THE ASSET ASTUTE INVESTOR LIST 2019**
  Suyash Choudhary & Anurag Mittal - amongst the top 10 Fund Managers in India

- **OUTLOOK BUSINESS**
  Anoop Bhaskar – amongst top 10 Fund Managers in India 2018-19
  Sumit Agarwal – amongst top 20 Fund Managers in India 2018-19

- **MONEY TODAY AWARDS 2019**
  Suyash Choudhary - won the Best Fund Manager – Debt at the Business Today

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Indian economy did well notwithstanding global headwinds related to geo-political uncertainties in some parts of the world, Brexit hiccups, rising trade tensions and protectionism, slow-down in China and volatile crude prices. India's full year annual GDP growth for FY19 at about 7% is impressive in this backdrop. India is also emerging as an important player in the world economy as reflected in World Bank's ease of doing business 2019 report, which improves India's ranking by 23 positions to 77th rank in 2018.

All NBFCs having a net-worth of ₹500 crore or more were mandatorily required to adopt Indian Accounting Standard (Ind-AS). Accordingly, IDFC Limited ("IDFC") adopted Ind-AS from April 1, 2018 with a transition date of April 1, 2017 and all entities of the group except IDFC FIRST Bank Limited ("IDFC FIRST Bank" or "the Bank") have prepared financials under Ind-AS. Although IDFC FIRST Bank continues to be under Indian GAAP, IDFC FIRST Bank submitted 'Fit for consolidation Ind-AS' financials for preparing consolidated financials of IDFC. The consolidated balance sheet of IDFC as on March 31, 2019, was ₹ 10,558 crore, and the consolidated net worth was ₹ 10,385 crore.

FY19 was a critical year for us. We undertook a strategic review exercise during the year and decided to focus on and grow our retail oriented businesses i.e. IDFC FIRST Bank and IDFC Mutual Fund and exit our non-retail businesses i.e. private asset management, infrastructure debt fund and institutional broking, research & investment banking to unlock value for our shareholders. This twin-pronged strategy vis-à-vis retail and non-retail businesses was shared amongst all our stakeholders.

The fiscal saw the consummation of the merger of erstwhile IDFC Bank Limited and erstwhile Capital First Limited giving rise to IDFC FIRST Bank. The merger also helped facilitate compliance with the RBI requirement of reducing our holding in IDFC FIRST Bank from 53% to 40% by Oct '18. The licensing condition for IDFC FIRST Bank stipulated that by Oct '18, the holding of IDFC in IDFC FIRST Bank has to be brought down to 40% from 53% as on Oct '15. The swap ratio of allotting 139 shares of IDFC Bank Limited for every 10 shares of Capital First Limited would have resulted in IDFC's holding in IDFC Bank falling below 40%. To maintain 40%, IDFC bought about 12 crore additional shares of IDFC Bank from the open market before consummating this merger.

The Bank is well on its course towards becoming a mass retail bank focused on both retail assets and retail liabilities. Retail assets now contribute more than third to the bank's funded credit. As on March 31, 2019, of the ₹ 1,10,400 crore funded credit, retail was ₹ 40,812 crore constituting 37% of total. The retail assets were distributed across rural, SME and consumer segments. The bank plans to grow retail assets to over ₹ 1,00,000 crore in the next 5-6 years and reduce exposure to the infrastructure segment as they mature. In the non-infrastructure corporate segment, the focus is on pursuing growth based on market opportunities. In 5-6 years, the Bank intends to increase the retail loan book composition to over 70% from the existing 37%, which will significantly reduce the existing concentration risk in the portfolio.

Retail liabilities is a longer journey and the Bank is committed to making the requisite investments to aggressively expand its branch network in larger cities and offering attractive price incentives for Savings Accounts ("SA") and term deposits to retail customers. Of the ₹ 1,40,462 crore borrowings and deposits, as on March 31, 2019, the contribution of retail CASA and deposits was ₹ 13,214 crore. With a 7% p.a. rate on SA, the focus is now on aggressively ramping up SA. In the next 5-6 years, the Bank is focused on increasing the proportion of retail CASA and deposits to over 50% of total borrowings and is targeting a CASA ratio of about 30%.

The urgency for branches particularly to raise liabilities from retail customers in larger cities is now visible with branch presence in such cities gaining greater momentum. With a modest presence in metros when the Bank was launched in Oct '15, the Bank now has 242 branches across the length and breadth of the country. Over the next 5-6 years, the Bank is planning to add another 600-700 branches to substantially increase the proportion of retail CASA and term deposits.

The changing composition of assets and liabilities of the Bank will translate into increasing Net Interest Margins (NIMs). the Bank is targeting to enhance its NIMs from the existing about 2.4% to about 5% in the coming 5-6 years.

The Bank has been consistently acquiring around 1.5 lac customers a month and now has more than 7 million live customers, of which about 3.5 million are semi-urban and rural customers.

As the Bank is in its investment phase of expanding its distribution network, its cost to income is about 80%. In the coming 5-6 years, the Bank would have established itself as a mass retail bank with sound profitability metrics i.e. RoA of about 1.5% and RoE of about 15% and its cost to income ratio would have come down to about 55%.

The Mutual Fund industry witnessed a turbulent year in which major events such as regulatory changes impacting future profitability and credit quality led liquidity contagion threatening debt funds and flows, took place. IDFC Mutual Fund withstood these challenges well and its strategy of investing in a distribution architecture to grow its retail investor base and launching new products to bridge product-gaps is playing out well. The coming fiscal will give us a better sense on how the regulatory changes will impact our profitability but we are confident that with the right investments in retail distribution and new products, IDFC Mutual Fund is well poised to harvest its fair share in an industry that is growing and is expected to do well.

During the year, our average assets under management (AAUM) grew about 7% to ₹ 71,933 crore. Equity AAUM grew about 15% supported by a growing distribution network, which helped steadily build our systematic investment plan (SIP) base and offset mark-to-market loss with positive net flows. Fixed income AAUM grew 3% overall. We recovered our non-cash AUM market share while retaining our focus on high quality portfolios. While the industry saw higher yield (lower credit quality) oriented strategies benefiting from higher inflows during the first half of FY19, flows turned sharply towards high quality, cash-equivalent and short term strategies during the second half. This aligned well with our stated investment strategy, leading to a sharp increase in inflows.

Building on our existing product suite, we launched our overnight fund, ultra-short term fund and a series of fixed maturity plans (FMPs). We also launched the India equity hedge tactical alternative investment fund (AIF), further building on our liquid alternatives investment platform. We repositioned our banking and PSU fund, the arbitrage plus fund (as equity savings fund) and we reopened premier equity fund (now, IDFC multi-cap fund) for lump-sum investments.

More importantly on customers, we steadily grew the number of unique investors we serve by 22% during the year.

We are committed to investing in and strategically growing our asset management business. Our endeavor in this business is to increase AUMs and profits very significantly over the next 3-4 years and on the business achieving a certain scale and size, discover its value through options such as an offer-for-sale listing process. We are on track to scaling up this business and our AUM now is closer to about ₹ 90,000 crore.

Definitive agreement for sale of IDFC Infrastructure Finance Limited to National Investment and Infrastructure Fund (NIIF) has been signed. This deal is structured in two tranches. The first tranche on signing of definitive agreement was completed this fiscal leading to our holding in the entity coming down from 81.5% to 30%. The second tranche post fulfillment of conditions precedent is expected to be completed somewhere in the middle of coming fiscal.

The India business of IDFC Alternatives witnessed the sale of infrastructure vertical to Global Infrastructure Partners (GIP) and sale of private equity and real estate verticals to Investcorp.

To sum up, FY19 has been a landmark year for us. We will continue to grow our retail businesses. I am proud of our employees who, despite the challenges faced, have worked hard to create a strong, robust and growing retail platform. I take this opportunity to thank each one of them for their sincere efforts.

I also thank you - our valued shareholders, for placing your confidence in us. I look forward to your continued support.

Vinod Rai
Independent Non-Executive Chairman

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. VINOD RAI
Independent Non-Executive Chairman

MR. S. S. KOHLI
Independent Director

MS. MARIANNE ØKLAND
Independent Director

MS. RITU ANAND
Independent Director
(w.e.f. August 16, 2019)

MR. ANSHUMAN SHARMA
Nominee-Government of India
(w.e.f. August 08, 2018)

MR. SOUMYAJIT GHOSH
Nominee-Government of India

MR. CHINTAMANI BHAGAT
Nominee-Domestic & Foreign
Institutional Shareholders

MR. SUNIL KAKAR
Managing Director & CEO

MR. MANISH KUMAR
Nominee-Government of India
(till June 11, 2018)

MR. GAUTAM KAJI
Independent Director
(till July 31, 2018)

MR. DONALD PECK
Independent Director
(till July 31, 2018)

OFFICES

REGISTERED OFFICE
CHENNAI
KRM Towers, 7th Floor,
No. 1, Harrington Road, Chetpet,
Chennai 600 031, Tamil Nadu, India.
TEL : +91 44 4564 4201/4202/4223
FAX : +91 44 4564 4222

CORPORATE OFFICE
MUMBAI
Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051, Maharashtra, India.
TEL : +91 22 4222 2000
FAX : +91 22 2421 5052

CORPORATE INFORMATION

CIN: L65191TN1997PLC037415
www.idfc.com
info@idfc.com

STATUTORY AUDITORS
Price Waterhouse & Co.
Chartered Accountants LLP

PRINCIPAL BANKER
IDFC FIRST Bank Limited

COMPANY SECRETARY
Mr. Mahendra N. Shah

REGISTRAR AND SHARE TRANSFER AGENT
Karvy Fintech Private Limited
(formerly known as Karvy Computershare Private Limited)
(Unit: IDFC Limited)
Karvy Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District,
Nanakramguda, Serilingampally
Hyderabad 500 032, Telangana, India.
Tel: +91 40 6716 1500
Fax: +91 40 2342 0814
E-mail: einward.ris@karvy.com

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Second Annual Report on the business and operations of the Company together with the audited financial statements, prepared under Ind-AS, for the financial year ended March 31, 2019.

APPLICABILITY OF IND-AS

The Ministry of Corporate Affairs (MCA) notified roadmap for adoption of the Indian Accounting Standards (Ind-AS) – India's accounting standards converged with the IFRS. The financial statements of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 prescribed under section 133 of the Companies Act, 2013 ("the Act"). The Company has adopted Ind-AS from April 01, 2018 with a transition date of April 01, 2017. Accordingly, the comparative figures for the year ended March 31, 2018 and April 01, 2017 (w.r.t. Balance Sheet) have been restated by the Management as per Ind-AS.

OPERATIONS REVIEW

Effective October 1, 2015 post demerger of Financing Undertaking into IDFC FIRST Bank Limited ("IDFC FIRST Bank") (formerly known as IDFC Bank Limited), IDFC Limited ("IDFC" or "the Company") is operating as an NBFC – Investment Company mainly holding investment in IDFC Financial Holding Company Limited ("IDFC FHCL") which is a non-operative financial holding company. IDFC FHCL in turn holds investments in IDFC FIRST Bank Limited, IDFC Asset Management Company Limited, IDFC Alternatives Limited, IDFC Securities Limited and NIIF Infrastructure Finance Limited ("NIIF IFL") (formerly known as IDFC Infrastructure Finance Limited).

During the year, Balance Sheet size decreased from ₹ 9,823 crore as on March 31, 2018 to ₹ 9,821 crore as on March 31, 2019. Profit after tax and other comprehensive income was lower at ₹ 127.66 crore for FY 2018-19 as compared to ₹ 184.14 crore in FY 2017-18. Net worth of the Company increased from ₹ 9,761 crore as on March 31, 2018 to ₹ 9,779 crore as on March 31, 2019.

During the year, the Company transferred ₹ 26 crore to Special Reserve u/s 45-IC of Reserve Bank of India ("RBI") Act, 1934.

Details of business overview and outlook of the Company and its subsidiaries are appearing in the chapter Management Discussion and Analysis which forms part of this report.

DIVIDEND

The Board of Directors has not recommended any dividend for FY19.

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), IDFC had formulated a Dividend Distribution Policy. The policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its Shareholders and / or retaining profits earned by the Company. The said policy is hosted on the website of the Company and can be viewed at http://www.idfc.com/investor_relations/corporate_governance_policies.htm.

SUBSIDIARY COMPANIES

The Company has eight domestic direct and indirect subsidiaries, four foreign indirect subsidiaries, five Associate Companies and two Joint Ventures as on March 31, 2019 which are given in **Table 1.**

IDFC FIRST BANK LIMITED

The Board of Directors of IDFC Bank Limited and Capital First Limited ("Capital First") at their respective meetings held on January 13, 2018 had approved a composite scheme of amalgamation ("Scheme") of Capital First, Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Amalgamation"). The share exchange ratio for the Amalgamation was approved as 139 (One Hundred and Thirty Nine) fully paid-up equity shares of IDFC Bank for every 10 (Ten) fully paid-up equity shares held in Capital First.

All necessary regulatory approvals and approvals of respective shareholders & creditors were obtained and the Amalgamation was effective from December 18, 2018. Consequent to the Amalgamation, the shareholding of IDFC FHCL in IDFC FIRST Bank (Amalgamated entity) was reduced from about 56% to 40% and IDFC FIRST Bank ceased to be subsidiary company of IDFC FHCL.

NIIF INFRASTRUCTURE FINANCE LIMITED

During the year, IDFC & IDFC FHCL had entered into definitive agreement with NIIF FUND II to sale its entire equity stake (81.48%) held in NIIF Infrastructure Finance Limited ("NIIF IFL"). The Parties executed the necessary agreements on March 1, 2019. After obtaining the necessary regulatory approval, 51.48% of equity stake was transferred to NIIF Fund II on March 2019 at a consideration of Rs. 404.32 crore. Accordingly, NIIF IFL ceased to be subsidiary company of IDFC FHCL. Balance 30% stake will be transferred after the completion of condition precedents which are expected to be completed during FY20.

IDFC ALTERNATIVES LIMITED

IDFC Alternatives Limited (subsidiary company of IDFC Limited through IDFC FHCL) had sold its Infrastructure business undertaking to Global Infrastructure Partners or its affiliates ("GIP") at a lump sum consideration of Rs. 219.80 crore (including value for carry units) . The Parties executed the necessary agreements on April 27, 2018 and the transfer business was effective from July 1, 2018. GIP is a leading global, independent infrastructure investor. GIP combines specialist industry experience and industrial best practice operational management to achieve superior risk-adjusted returns.

Further, IDFC Alternatives Limited sold its Private Equity and Real Estate business undertakings to Investcorp Bank B.S.C. or its affiliate ("Investcorp") at a lump sum consideration of Rs. 5 crore. The Parties executed the necessary agreements on July 26, 2018 and the transfer business was effective from January 31, 2019. Investcorp is global provider and manager of alternative investment products, serving high-net-worth private and institutional clients.

IDFC SECURITIES LIMITED

Further, IDFC & IDFC FHCL had entered into an understanding with Mr. Dharmesh

01 **SUBSIDIARY COMPANIES**

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
Domestic Subsidiaries			
i.	IDFC Financial Holding Company Limited ("IDFC FHCL")	Direct	100%
ii.	IDFC Foundation (a Company within the meaning of section 8 of the Act)	Direct	100%
iii.	IDFC Projects Limited	Direct	100%
iv.	IDFC Asset Management Company Limited ("IDFC AMC")	Indirect through IDFC FHCL	100%
v.	IDFC Securities Limited	Indirect through IDFC FHCL	100%
vi.	IDFC AMC Trustee Company Limited	Indirect through IDFC FHCL	100%
vii.	IDFC Trustee Company Limited	Indirect through IDFC FHCL	100%
viii.	IDFC Alternatives Limited	Indirect through IDFC FHCL	100%
Foreign Subsidiaries			
i.	IDFC Capital (Singapore) Pte. Limited	Indirect through IDFC Alternatives	100%
ii.	IDFC Securities Singapore Pte. Limited	Indirect through IDFC Securities	100%
iii.	IDFC Capital (USA) Inc.	Indirect through IDFC Securities	100%
iv.	IDFC Investment Managers (Mauritius) Ltd.	Indirect through IDFC AMC	100%
Associate			
i.	IDFC FIRST Bank Limited	Indirect through IDFC FHCL	40%
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	40%
iii.	NIIF Infrastructure Finance Limited	Indirect through IDFC FHCL	30%
iv.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Projects Limited	26%
v.	Novopay Solutions Private Limited	Direct	23.83%
Joint Ventures			
i.	Delhi Intigrated Multi - Modal Transit System Limited	Indirect through IDFC Foundation	50%
ii.	Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	Indirect through IDFC Foundation	49.49%

Mehta along with other investors ("Acquirer") to sale 100% equity stake held in IDFC Securities Limited. The sale is subject to approval of regulatory approval and is expected to be completed during FY20. The consideration for sale is agreed up on Adjusted Net-worth of IDFC Securities Limited as on September 30, 2019 plus premium of Rs. 20 crore. Mr. Dharmesh Mehta is former MD & CEO of Axis Capital and other investors are RBL, Multiples Alternate Asset Management, Easyaccess and others.

GIP, Investcorp, NIIF Fund II and Acquirers do not belong to the promoter / promoter group / group companies. Further, any of the abovementioned transactions does not fall within related party transactions

CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors reviews the affairs of its subsidiary companies regularly. In accordance with the provisions of Section 129(3) of the Act, the Company has prepared Consolidated Financial Statements under Ind-AS including requisite details of all the subsidiaries. Further, a statement containing the salient features of performance and financial positions of all the subsidiary companies/ associates / joint ventures in the format AOC-I is appended as **Annexure 1.**

In accordance with Section 136 of the Act, the audited Financial Statements together with the Consolidated Financial Statements and related information of the Company and audited accounts of each subsidiary company are available on the website of the Company: www.idfc.com. Detailed analysis of the performance of IDFC and its subsidiaries, including initiatives in the areas of Risk Management, Human Resources and IDFC Foundation activities, have been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 9 employees as on March 31, 2019 and 404 employees at the group level. In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company. The said information is available for inspection at the Registered Office and Corporate Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Disclosure pertaining to remuneration & other details as required under section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, are appended as **Annexure 2.**

SHARE CAPITAL UPDATE

During the year, the Company issued and allotted 3,750 equity shares to eligible employees of IDFC and its subsidiaries on exercise of options granted under Employee Stock Option Scheme 2016 ("IDFC ESOS - 2016"). As on March 31, 2019, the total paid up capital of IDFC was 1,596,358,316 equity shares of ₹ 10 each.

MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

As per Regulation 34(2)(f) of SEBI LODR Regulations and Notifications issued from time to time, a separate report called Business Responsibility Report ("BRR") describing the initiatives taken by IDFC from an environmental, social and governance perspective is hosted on the Company's website: www.idfc.com which forms part of this Annual Report.

Any Member interested in obtaining a physical copy of the same may write to the Company by sending an e-mail on shivangi.mistry@idfc.com.

PUBLIC DEPOSITS

During FY19, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Post demerger of financing undertaking into IDFC FIRST Bank w.e.f. October 1, 2015, IDFC is registered with RBI as NBFC – Investment Company. Being an investment company, the provisions of Section 186 of the Act are not applicable to IDFC. Hence, the requisite details of loans, guarantees and investments are not given.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

IDFC has put in place a Whistle Blower Policy, which includes reporting to the Management instances of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Audit Committee directly oversees the Vigil Mechanism. The provisions of the policy are also in line with the provisions of Section 177 (9) & (10) of the Act. The details of Whistle Blower Policy /Vigil Mechanism are posted on the website of the Company: www.idfc.com.

FOREIGN EXCHANGE

There were no foreign exchange earnings and expenditures during the year.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Shareholders of the Company vide a special resolution passed at its 21st AGM held on July 31, 2018 approved the Reappointment of Mr. Vinod Rai (DIN: 00041867), as an Independent Director ("ID") of the Company for a period of 3 (three) consecutive years, from July 31, 2018 to July 30, 2021. At the said AGM, Mr. Donald Peck (DIN: 00140734) and Mr. Gautam Kaji (DIN: 02333127)) retired as an Independent Director of the Company. The Board places on records its sincere appreciation for their contribution to the Company.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Act, Mr. Chintamani Bhagat (DIN: 07282200) would retire by rotation at the ensuing AGM.

The Shareholders of the Company vide a special resolution passed at its 20th AGM held on July 28, 2017, re-appointed Mr. S. S. Kohli (DIN: 00169907) and Ms. Marianne Økland (DIN: 03581266) as Independent Directors of the Company for their respective 2nd term, for a period of two (2) years, to hold office from the conclusion of that AGM till the conclusion of the 22nd AGM of the Company to be held for FY19 i.e ensuing AGM. Pursuant to the provisions of the Act read with the Rules made thereunder and SEBI LODR Regulations, Mr. S. S. Kohli and Ms. Marianne Økland would retire as Independent Directors of the Company at the ensuing AGM. The Board places on record its sincere appreciation for their long association and valuable contribution to IDFC.

During the year, Mr. Manish Kumar (DIN: 07379535) resigned as a Nominee Director w.e.f. June 11, 2018. The Ministry of Finance nominated Mr. Anshuman Sharma (DIN: 07555065) as Nominee of the Government of India on the Board of IDFC. Based on recommendation of Nomination and Remuneration Committee ("NRC") and subject to the approval of the Members at the AGM, the Board appointed Mr. Anshuman Sharma (DIN: 07555065) as an Additional Director in the category of Nominee Director w.e.f. August 08, 2018. He will hold office as Additional Director up to the conclusion of the ensuing AGM. Accordingly, the approval of Shareholders is sought for appointment of Mr. Anshuman Sharma (DIN: 07555065) as Nominee Director at the ensuing AGM.

Based on the recommendation of the NRC of the Company and subject to the approval of the Members at the AGM, the Board of Directors of the Company had appointed Ms. Ritu Anand (DIN: 05154174) as an Additional Director in the category of Independent Director of the Company to hold office for a period of three (3) consecutive years w.e.f. August 16, 2019. The Company has received a declaration from Ms. Ritu Anand, at the time of her appointment that she meets the criteria of independence specified under sub-section (6) of Section 149 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules 2014, for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Companies Act, 2013. It is proposed to appoint Ms. Ritu Anand as an Independent Director of the Company to hold office for a period of three (3) consecutive years w.e.f. August 16, 2019.

During the year, based on the recommendation of NRC, The Board appointed Ms. Rinkoo Somani as Interim Chief Financial Officer w.e.f. July 10, 2018. Ms. Rinkoo Somani resigned as Interim Chief Financial Officer of the Company w.e.f. December 17, 2018. Further, Mr Amol Ranade resigned as Company Secretary and Compliance Officer of the Company w.e.f. December 17, 2018.

Further, based on the recommendation of NRC, the Board of Directors of the Company appointed Mr. Bipin Gemani as Chief Financial Officer w.e.f. December 19, 2018 and Mr. Nirav Shah as Company Secretary and Compliance Officer w.e.f. December 18, 2018 as designated Key Managerial Personnel.

Further, Mr. Nirav Shah resigned as a Company Secretary and Compliance Officer w.e.f. May 23, 2019 and based on recommendation of NRC, the Board of Directors of the Company appointed Mr. Mahendra N. Shah as Company Secretary and Compliance Officer of the Company w.e.f. May 24, 2019 as designated Key Managerial Personnel.

FRAMEWORK FOR APPOINTMENT OF DIRECTORS

The Company has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Company.

DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under sub-section of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act.

SPECIAL BUSINESS

The Board of Directors recommends the following items under special business for approval of the Shareholders at the ensuing AGM:

i. Appointment of Mr. Anshuman Sharma as a Nominee Director
ii. Appointment of Ms. Ritu Anand as an Independent Director
iii. Offer and Issue of Non-Convertible Securities through Private Placement basis

SHAREHOLDERS' UPDATE

OFFER AND ISSUE OF NON-CONVERTIBLE SECURITIES THROUGH PRIVATE PLACEMENT BASIS

IDFC has been borrowing through issue of Secured Redeemable Non-Convertible Debentures ("NCDs") and Commercial Papers ("CPs") on Private Placement ("PP") basis, from time to time. Section 42 of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, lays down the provisions subject to which a company is allowed to issue securities on PP basis. In view of the same, it is proposed to seek approval of the Shareholders for borrowing, from time to time, by issuance of Non-Convertible Securities, on PP basis, including but not limited to NCDs and CPs up to an amount not exceeding ₹ 500 crore (Rupees Five Hunderd crore only), which shall be within the overall borrowing limit of ₹ 10,000 crore (Rupees Ten Thousand crore only) as approved by the Shareholders at its 19th AGM under Section 180(1)(c) of the Act, under one or more shelf disclosure documents, for a period of one year from the conclusion of 22nd (Twenty-Second) AGM on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be. The Board of Directors recommends the same to the Shareholders of the Company.

The resolution seeking approval of the Shareholders regarding the same forms part of the Notice of ensuing AGM.

SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY WITHIN CHENNAI

The Board of Directors, at its meeting held on August 14, 2019, had approved shifting of the registered office of the Company within Chennai with effect from October 1, 2019. Accordingly, the Registered Office of the Company will be shifted from KRM Towers, 7th Floor, No. 1, Harrington

Road, Chetpet, Chennai 600 031, Tamil Nadu, India. to 4th floor, Capitale Tower, 555, Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai – 600 018.

BOARD AND ITS COMMITTEES

During the year, 7 (seven) Board Meetings and 4 (four) Audit Committee Meetings were held. Audit Committee comprises of Ms. Marianne Økland (DIN: 03581266) - Chairperson, Mr. Vinod Rai (DIN: 00041867) and Mr. Chintamani Bhagat (DIN: 07282200). All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION

Pursuant to SEBI LODR Regulations and the Act, the process indicating the manner in which formal annual evaluation of the Chairman, Directors, Board as a whole and Board level committees is given in the Corporate Governance Report, which forms part of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE / REMUNERATION POLICY

The Company has a policy in place for identification of independence, qualifications and positive attributes of Directors. IDFC has put in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees.

The remuneration of the Executive Director and KMPs is recommended by NRC to the Board for its approval.

AUDITORS

STATUTORY AUDITORS

At the AGM of the Company held on July 28, 2017, the Shareholders had approved the appointment of Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E / E300009) (“PWC”) as Statutory Auditors for a period of 5 years to hold office from the conclusion of the 20th AGM till the conclusion of the 25th AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

There are no qualifications or observations or adverse remarks made by the Statutory Auditors in the Standalone Auditors’ Report. The qualification made by the Statutory Auditors in the Consolidated Auditors’ Report are mentioned on page no. 105.

PWC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY20.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY19. The Secretarial Audit Report is appended as **Annexure 3.**

There are no qualifications or observations or adverse remarks made by the Secretarial Auditors in their respective report.

Pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), M/s BNP & Associates has issued a certificate that None of the Directors of IDFC Limited who are on the Board of the Company as on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by Securities Exchange Board of India or The Ministry of Corporate Affairs or any such other statutory authority. The said certificate is appended as **Annexure 3A**.

INTERNAL AUDITORS

The Company appointed M/s Grant Thorton India LLP (having registration number AAA-7677) as Internal Auditors of the Company for FY20.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the Secretarial Standard-I issued by the Institute of Company Secretaries of India pertaining to Board of Directors, the Company confirms that all applicable Secretarial Standards have been duly complied with during the period under review.

INTERNAL CONTROL SYSTEMS

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. Internal Audit of the Company is regularly carried out. The Audit Reports of Internal Auditors, along with their recommendations and implementation contained therein, are regularly reviewed by the Audit Committee.

Internal Auditors verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. Subsequently, it was placed before the Audit Committee of the Company.

RISK MANAGEMENT POLICY

IDFC as a group, has a robust risk management practice that enables it to book, manage and mitigate risks in all its businesses. The Company has a comprehensive Enterprise Risk Management framework which has been adopted across all entities in the group and covers all three types of risks—credit, market and operational risks. The Board through its Risk Management Committee monitors and reviews risk management of the group on a regular basis. Your Company has Board approved Group Operational Risk Management Policy which endeavors to lay down broad principles for operational risk management. The details of Risk Management Framework are provided in Management Discussion and Analysis.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of IDFC which has occurred between the end of FY19 and the date of this Board’s report.

INSTANCES OF FRAUD REPORTED BY THE AUDITORS

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

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

During the year under review, there were no significant and material orders passed by the Regulators / Courts / Tribunals.

ANTI SEXUAL HARASSMENT POLICY

The Company has in place the policy on Anti Sexual Harassment. The Company undertakes ongoing trainings to create awareness on this policy. There were no instances of Sexual Harassment that were reported during the period under review. The Company has constituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

- In that in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- In that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- In that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- In that the annual financial statements have been prepared on a going concern basis;
- In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- In that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

GREEN INITIATIVE

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

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

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return for FY19 in the prescribed Form No. MGT-9 is appended as **Annexure 4.** The Annual Return of the Company is available on the website: www.idfc.com.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee, as constituted under section 135 of the Act, comprises of:

i. Mr. Sunil Kakar (DIN: 03055561) - Chairman,
ii. Mr. S. S. Kohli (DIN: 00169907); and
iii. Mr. Anshuman Sharma (DIN: 07555065)

The disclosure of contents of the Corporate Social Responsibility Policy of the Company as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 forms part of the Board's Report and appended as **Annexure 5.**

RELATED PARTY TRANSACTIONS

The Company has in place the policy on Related Party Transactions and the same has been uploaded on the website of the Company i.e. www.idfc.com. In all related party transactions that were entered into during the financial year, an endeavour was made consistently that they were on an arm's length basis and were in the ordinary course of business. IDFC has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during the year by your Company.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS 2016") to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

All Options vest in graded manner and are required to be exercised within a specific period. The fair value determined at the grant date of the equity settled share based payment is expensed on a straight-line basis over the vesting period.

Disclosures as required under the SEBI (Share Based Employee Benefits) Regulations, 2014, are hosted on the Company's website: www.idfc.com which forms part of this Annual Report.

ACKNOWLEDGEMENTS

We are grateful to the Government of India, State Governments, RBI, SEBI, Stock Exchanges, various Ministries and other domestic and overseas regulatory bodies for their continuous collaboration and support. We would like to thank all our Shareholders, Banks for their co-operation and assistance during the year under review.

We would like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Group.

FOR AND ON BEHALF OF THE BOARD

Vinod Rai
Independent Non-Executive Chairman
Mumbai | August 14, 2019

ANNEXURE 1

AOC - I STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

PART A SUBSIDIARIES

SR NO.	NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Alternatives Limited	0.22	396.88	401.67	4.57
	(Previous Year)	0.22	320.59	393.18	72.37
2	IDFC AMC Trustee Company Limited	0.05	0.20	0.28	0.02
	(Previous Year)	0.05	0.15	0.23	0.03
3	IDFC Asset Management Company Limited	2.68	290.55	368.11	74.88
	(Previous Year)	2.68	281.74	385.05	100.63
4	IDFC Capital (Singapore) Pte. Ltd.*	246.22	(19.60)	227.47	0.85
	(Previous Year)	246.22	(47.02)	199.73	0.53
5	IDFC Capital (USA) Inc.*	4.62	2.14	6.78	0.02
	(Previous Year)	4.62	1.66	6.36	0.08
6	IDFC Foundation	13.00	50.18	67.64	4.45
	(Previous Year)	13.00	45.72	80.24	21.52
7	IDFC Investment Managers (Mauritius) Limited*	2.51	(1.44)	1.13	0.07
	(Previous Year)	2.51	(1.21)	1.37	0.07
8	IDFC Projects Limited	85.55	(178.60)	0.84	93.89
	(Previous Year)	34.05	(151.33)	0.71	117.99
9	IDFC Securities Limited	14.14	123.95	154.51	16.42
	(Previous Year)	14.14	160.02	197.95	23.80
10	IDFC Securites Singapore Pte. Ltd*	17.63	(16.79)	1.19	0.35
	(Previous Year)	14.91	(12.17)	3.16	0.42
11	IDFC Trustee Company Limited	0.05	7.46	7.53	0.02
	(Previous Year)	0.05	6.48	6.63	0.10
12	IDFC Financial Holding Company Limited	9,029.24	(22.37)	9,020.03	13.16
	(Previous Year)	9,029.24	91.18	9,121.68	1.26
13	IDFC IEH Tactical Fund	25.80	0.02	25.90	0.08
	(Previous Year)	-	-	-	-
14	IDFC IEH Conservative Fund	57.25	1.24	60.64	2.15
	(Previous Year)	57.25	(0.54)	56.80	0.10

1. Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC FIRST Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind-AS 28. Requisite details of IDFC FIRST Bank Limited and it's subsidiary are provided in Part B.
2. IDFC Limited (through IDFC FHCL) was holding, 81.48% equity stake in NIIF Infrastructure Finance Limited. During the year, IDFC Limited sold 51.48% of equity stake to NIIF Fund II. Consequently, NIIF Infrastructure Finance Limited ceased to be a subsidiary of IDFC Limited and is now only an Associate Company. Requisite details of NIIF Infrastructure Finance Limited are provided in Part B.

* Exchange rate:

Closing Rate : 1 USD = ₹ 69.2645

Average Rate : 1 USD = ₹ 69.9490

Figures of ₹ 50,000 or less have been denoted by ß.

₹ **IN CRORE**

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING	
						PREFERENCE	EQUITY
325.68	40.84	103.76	27.56	76.20	-	-	100%
290.30	104.47	(18.80)	(8.09)	(10.71)	-	-	100%
-	0.24	0.08	0.02	0.06	-	-	100%
-	0.18	0.07	0.02	0.05	-	-	100%
190.58	264.65	69.50	23.99	43.65	1250%	-	100%
257.75	364.80	138.70	34.51	104.05	1200%	-	100%
103.41	6.38	(1.79)	-	(1.79)	-	-	100%
116.58	8.93	1.32	-	1.32	-	-	100%
-	1.41	0.11	0.02	0.09	-	-	100%
-	3.46	0.23	0.12	0.10	-	-	100%
41.14	1.03	4.83	0.37	4.46	-	-	100%
46.87	0.42	(15.10)	(0.06)	(15.04)	-	-	100%
-	-	(0.51)	-	(0.32)	-	-	100%
-	-	(0.21)	-	(0.21)	-	-	100%
0.41	-	(27.23)	0.04	(27.27)	-	-	100%
0.20	-	(10.15)	(0.09)	(10.06)	-	-	100%
55.85	48.68	(4.33)	5.02	(11.48)	-	-	100%
31.12	92.08	35.75	13.53	21.33	-	-	100%
-	0.43	(4.63)	-	(4.80)	-	-	100%
-	3.33	(0.67)	-	(0.67)	-	-	100%
7.39	0.81	1.34	0.36	0.98	-	-	100%
6.19	0.91	1.26	0.29	0.97	-	-	100%
8,587.65	188.17	37.96	30.52	7.44	-	-	100%
8,985.03	195.76	202.30	1.90	200.40	-	-	100%
10.46	0.11	0.05	0.03	0.02	-	-	78%
-	-	-	-	-	-	-	-
30.31	3.70	2.43	0.61	1.83	-	-	61%
29.85	(0.43)	(0.51)	0.04	(0.54)	-	-	61%

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai: May 29, 2019

ANNEXURE 1

AOC - I STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

Part B ASSOCIATES AND JOINT VENTURES

SL. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED	NIIF INFRASTRUCTURE FINANCE LIMITED
1	Latest audited Balance Sheet Date	March 31, 2019	March 31, 2019	March 31, 2019
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016	March 12, 2019
3	Shares/Units of Associate/Joint Ventures held by the company on the year end			
	Numbers of shares/units	1,912,670,691	2,231,998	162,000,000
	Amount of Investment in Associates/ Joint Venture	7,030.07	232.40	162.00
	Extend of Holding %	40.00%	40.00%	30.00%
4	Description of how there is significant influence	Associate (see note 1)	Associate (see note 1)	Associate (see note 1)
5	Reason why the associate/joint venture is not consolidated	NA	NA	see note 5
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	7,511.05	52.31	248.68
7	Profit / (Loss) for the year			
	i. Considered in Consolidation	(891.65)	14.53	-
	i. Not Considered in Consolidation	-	-	3.11

(i) Names of associates or joint ventures which are yet to commence operations. NA

(ii) Names of associates or joint ventures which have been liquidated or sold during the year.
- Uttarakhand Infrastructure Development Company Limited (Under Liquidation) - joint venture of IDFC Foundation is under liquidation.
- Rail Infrastructure Development Company (Karnataka) Limited (which was Joint Venture of Infrastructure Development Corporation (Karnataka) Limited) ceased to be associate Company with effect from March 28, 2019.

Note 1: IDFC FIRST Bank Limited, IDFC FIRST Bharat Limited and NIIF Infrastructure Finance Limited are Associates of IDFC Financial Holding Company Limited. Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC FIRST Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind-AS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

Note 2: Delhi Integrated Multi Modal Transit System Limited and Infrastructure Development Corporation (Karnataka) Limited are Joint Ventures of IDFC Foundation.

Note 3: Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Projects Limited.

Note 4: Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated.

Note 5: Remaining stake in NIIF Infrastructure Finance Limited which is held for sale has been fair valued in consolidated Financials, hence the same has been not consolidated as an associate.

₹ IN CRORE

JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED	NOVOPAY SOLUTIONS PRIVATE LIMITED	DELHI INTEGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED ("IDECK")
March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
January 11, 2011	March 6, 2017	March 23, 2011	March 23, 2011
42,637,400	227,145	73,045	4,948,505
131.38	35.62	14.73	15.48
26.00%	23.83%	50.00%	49.49%
Associate (see note 3)	Associate	Associate (see note 2)	Associate (see note 2)
See note 4	NA	NA	NA
9.29	2.73	57.96	50.03
-	2.73	6.38	2.47
(2.34)	-	-	-

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai: May 29, 2019

ANNEXURE 2

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended from time to time

i. The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.
The ratio of the remuneration of MD & CEO to the median remuneration of the employees of IDFC Limited for FY19 was 12x.

ii. The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year
MD & CEO – 9%
CFO – 9%
CS – 8%

iii. The percentage increase in the median remuneration of employees in the financial year
The median pay increase for eligible employees was 9%.

iv. The number of permanent employees on the rolls of the Company.
There were 9 employees of the Company as on March 31, 2019

v. v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
Average percentile increase for Managerial Personnel for the last financial year was 8%. Average percentile increase for employees other than the Managerial Personnel for the last financial year was 8%. The average percentile increase in the remuneration of employees compared to increase in remuneration of Key Managerial Personnel as per the Act is in line with the compensation benchmark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company.
We confirm.

Note: The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the Shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

ANNEXURE 3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IDFC Limited,
KRM Towers, 7th Floor,
No. 1 Harrington Road, Chetpet,
Chennai 600 031,
Tamil Nadu.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IDFC Limited (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2019 ('the audit period'). 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 authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period 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 2019 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. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- **a)** The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- **b)** The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- **c)** The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- **d)** 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;
- **e)** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

v. Other laws as applicable specifically to the Company:
Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and other relevant guidelines and circulars issued by the Reserve Bank of India from time to time and to the extent of capital adequacy norms and periodic reporting to be done by the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

During the audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the audit period under review, provisions of the following Act / Regulations were not applicable to the Company:

- **a)** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- **b)** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- **c)** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- **d)** The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998;
- **e)** 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;

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, 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.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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 Obtained approval from its Members at 21st Annual General Meeting of the Company held on 31st July 2018, to alter Article 60A of the Articles of Association of the Company

For BNP & Associates
Company Secretaries
(FRN P2014MH037400)

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440

Mumbai I May 24, 2019

Note: 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 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

To,
The Members,
IDFC Limited,

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to IDFC Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
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 BNP & Associates
Company Secretaries
(FRN P2014MH037400)

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440

Mumbai I May 24, 2019

ANNEXURE 3A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

To
The Members
IDFC Limited
KRM Towers, 7th Floor,
No.1 Harrington Road,
Chetpet Chennai,
Tamil Nadu 600031.

We have examined the relevant books, papers, minutes books, forms and returns filed, Notices received from the Directors during the financial Year 2018-19, and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives of IDFC Limited CIN No. L65191TN1997PLC037415 (hereinafter called the ‘Company’) having its Registered office at KRM Tower, 7th Floor, No.1 Harrington Road, Chetpet Chennai, Tamil Nadu for the purpose of issue of a Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no [SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our knowledge and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that None of the Directors stated below who are on the Board of the Company as on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by Securities Exchange Board of India or The Ministry of Corporate Affairs or any such other statutory authority.

SR. NO.	NAME OF THE DIRECTOR	DIN	DATE OF APPOINTMENT IN THE COMPANY
1	Mr. Vinod Rai	00041867	30/06/2015
2	Mr. Surinder Singh Kohli	00169907	27/04/2005
3	Mr. Sunil Kakar	03055561	16/07/2017
4	Ms. Marianne Økland	03581266	01/10/2011
5	Mr. Chintamani Bhagat	07282200	31/10/2015
6	Mr. Anshuman Sharma	07555065	08/08/2018
7	Mr. Soumyajit Ghosh	07698741	11/01/2017

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
(FRN P2014MH037400)

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440

Mumbai I August 14, 2019

ANNEXURE 3B

SECRETARIAL COMPLIANCE REPORT

For the Financial Year Ended 31St March 2019

In terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by the Securities & Exchange Board of India

We, BNP & Associates, have examined:

(a) all the documents and records made available to us and explanation provided by **IDFC Limited ("the listed entity"),**

(b) the filings / submissions made by the listed entity to the Stock Exchanges,

(c) website of the Company,

(d) any other documents / filings , as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2019 **("Review Period")** compliance with respect to provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(d) 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;

(e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

and circulars/ guidelines issued thereunder;

and based on the above examination, We hereby report that, during the Review Period:

(a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

SR. NO	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	DEVIATIONS	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY
	-NIL-		

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) The following are the details of actions taken against the company/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

SR. NO.	ACTION TAKEN BY	DETAILS OF VIOLATION	DETAILS OF ACTION TAKEN E.G. FINES, WARNING LETTER, DEBARMENT, ETC.	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY, IF ANY.
		NIL		

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

SR. NO	OBSERVATIONS OF THE PRACTICING COMPANY SECRETARY IN THE PREVIOUS REPORTS	OBSERVATIONS MADE IN THE SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED.	ACTIONS TAKEN BY THE LISTED ENTITY, IF ANY	COMMENTS OF THE PRACTICING COMPANY SECRETARY ON THE ACTIONS TAKEN BY THE LISTED ENTITY
		NIL		

For BNP & Associates
Company Secretaries
(FRN P2014MH037400)

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440

Mumbai I May 23, 2019

ANNEXURE 4

FORM NO. MGT. 9 EXTRACT OF ANNUAL RETURN

For the financial year ended March 31, 2019

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

01 REGISTRATION AND OTHER DETAILS

1	CIN	L65191TN1997PLC037415
2	Registration Date	January 30, 1997
3	Name of the Company	IDFC Limited
4	Category / Sub-Category of the Company	Non Banking Financial Company - Investment Company
5	Address of the Registered office and contact details	KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India. Tel.: +91 44 4564 4201/4202/4223 Fax No.: +91 44 4564 4222
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited, (Unit: IDFC Limited), Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032. Tel.: +91 40 6716 1500 Fax No.: +91 40 2342 0814

02 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
1	NBFC (IFC) registered with RBI upto September 30, 2015 and NBFC (IC) registered with RBI w.e.f. October 1, 2015	IDFC Limited holds a certificate of registration bearing no. B-07.00718 issued by the Reserve Bank of India (**"RBI"**) to carry on the activities of a Non-Banking Financial Company (**"NBFC"**) under Section 45 IA of RBI Act, 1934 in the category of Investment Company (**"IC"**)	100

03 PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	Subsidiary	100	2(87)
2	IDFC Alternatives Limited	U67190MH2002PLC137798	Subsidiary	100	2(87)
3	IDFC Capital (Singapore) Pte. Limited	Foreign Company	Subsidiary	100	2(87)
4	IDFC Trustee Company Limited	U65990MH2002PLC137533	Subsidiary	100	2(87)
5	IDFC Securities Limited	U99999MH1993PLC071865	Subsidiary	100	2(87)
6	IDFC Securities Singapore Pte. Limited	Foreign Company	Subsidiary	100	2(87)
7	IDFC Capital (USA) Inc.	Foreign Company	Subsidiary	100	2(87)
8	IDFC Asset Management Company Limited	U65993MH1999PLC123191	Subsidiary	100	2(87)
9	IDFC Investment Managers (Mauritius) Limited	Foreign Company	Subsidiary	100	2(87)
10	IDFC AMC Trustee Company Limited	U69990MH1999PLC123190	Subsidiary	100	2(87)
11	IDFC Projects Limited	U45203MH2007PLC176640	Subsidiary	100	2(87)
12	IDFC Foundation	U93000DL2011NPL215231	Subsidiary	100	2(87)
13	NIIF Infrastructure Finance Limited	U67190MH2014PLC253944	Associate[1]	30.00	2(6)
14	IDFC FIRST Bank Limited	U65110TN2014PLC097792	Associate[1]	40.00	2(6)
15	Jetpur Somnath Tollways Private Limited	U74120HR2011PTC058062	Associate[2]	26.00	2(6)
16	Delhi Integrated Multi-Modal Transit System Limited	U60232DL2006PLC148406	Joint Venture[3]	50.00	2(6)
17	Infrastructure Development Corporation (Karnataka) Limited	U45203KA2000PLC027382	Joint Venture[3]	49.50	2(6)
18	Novopay Solutions Private Limited		Associate[4]	23.83	2(6)
19	IDFC FIRST Bharat Limited	U65929TN2003PLC050856	Associate[5]	40.00	2(6)

[1] Associate of IDFC Financial Holding Company Limited.
[2] Associate of IDFC Projects Limited.
[3] Joint Venture of IDFC Foundation (a Company within the meaning of Section 8 of the Act)
[4] Associate of IDFC Limited
[5] Subsidiary of IDFC FIRST Bank

04	**SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity)

I CATEGORY-WISE SHARE HOLDING

CATE GORY CODE	CATEGORY OF SHAREHOLDER	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	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
	Total A	0	0	0	0.00	0	0	0	0.00	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds/ UTI	258,079,430	-	258,079,430	16.17	187,002,065	-	187,002,065	11.71	(4.45)
(b)	Financial Institutions/ Bank	12,784,574	-	12,784,574	0.80	23,828,535	-	23,828,535	1.49	0.69
(c)	Central Government/ State Government(s)	261,400,000	-	261,400,000	16.37	261,400,000	-	261,400,000	16.37	(0.00)
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	47,133,555	-	47,133,555	2.95	46,833,555	-	46,833,555	2.93	(0.02)
(f)	Foreign Institutional/ Portfolio Investors	512,116,653	-	512,116,653	32.09	561,682,950	-	561,682,950	35.20	3.10
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total(1) :	1,091,514,212	-	1,091,514,212	68.38	,080,747,105	-	1,080,747,105	67.70	(0.67)
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	82,331,824	-	82,331,824	5.16	96,202,861	-	96,202,861	6.03	0.87
(b)	Individuals									
	(i) Individuals Holding nominal share capital upto ₹ 1 lakh	167,818,085	27,250.00	167,845,335	10.52	159,884,197	10,888.00	159,895,085	10.02	(0.50)
	(ii) Individual holding nominal share capital in excess of ₹ 1 Lakh	217,177,312	-	217,177,312	13.60	221,235,760	-	221,235,760	13.85	0.25
(c)	Others									
	Clearing Members	8,664,960	-	8,664,960	0.54	3,300,646	-	3,300,646	0.21	(0.34)
	Non Resident Indians	9,059,895	-	9,059,895	0.57	9,612,940	-	9,612,940	0.60	0.03
	NRI Non-Repatriation	7,532,014	-	7,532,014	0.47	7,329,315	-	7,329,315	0.46	(0.01)
	TRUSTS	12,026,694	-	12,026,694	0.75	17,171,425	-	17,171,425	1.08	0.32
	NBFC	202,320	-	202,320	0.01	863,179	-	863,179	0.05	0.04
	Sub-Total B(2) :	504,813,104	27,250.00	04,840,354	31.62	515,600,323	10,888.00	515,611,211	32.30	0.67
	Total B=B(1)+B(2) :	1,596,327,316	27,250.00	1,596,354,566	100.00	1,596,347,428	10,888.00	1,596,358,316	100.00	0.00
	Total (A+B) :	1,596,327,316	27,250.00	1,596,354,566	100.00	1,596,347,428	10,888.00	1,596,358,316	100.00	0.00
(C)	SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED	0	0	0	0.00	0	0	0	0.00	
	GRAND TOTAL(A+B+C)	**1,596,327,316**	**27,250.00**	**1,596,354,566**	**100.00**	**1,596,347,428**	**10,888.00**	**1,596,358,316**	**100.00**	

ii **SHAREHOLDING OF PROMOTERS:** NOT APPLICABLE

iii **CHANGE IN PROMOTERS' SHAREHOLDING:** NOT APPLICABLE

IV SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters and Holders of GDRs and ADRs)

SR. NO.	NAME OF SHAREHOLDERS	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CHANGES IN THE SHAREHOLDING DURING THE YEAR		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE Co.	INCREASE	DECREASE	NO OF SHARES	% OF TOTAL SHARES OF THE Co.
1	President of India	261,400,000	16.37	-	-	261,400,000	16.37
2	Sipadan Investments (Mauritius) Limited	151,145,989	9.47	-	-	151,145,989	9.47
3	Theleme Master Fund Limited	79,475,433	4.98	-	-	79,475,433	4.98
4	Orbis Sicav Emerging Markets Equity Fund	58,961,949	3.69	15,777,422	-	74,739,371	4.68
5	Ashish Dhawan	48,773,111	3.06	7,226,889	-	56,000,000	3.51
6	East Bridge Capital Master Fund Limited	39,641,081	2.48	-	-	39,641,081	2.48
7	ICICI Prudential Equity & Debt Fund	19,361,236	1.21	10,713,705	-	30,074,941	1.88
8	Akash Bhanshali	26,050,921	1.63	7,00,000	-	26,750,921	1.68
9	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Frontline Equity Fund	26,756,791	1.68	-	160,000	26,596,791	1.67
10	Platinum Asia Fund	19,084,314	1.20	3,739,250	-	22,823,564	1.43

* Top ten Shareholders of the Company as on March 31, 2019 have been considered for the above disclosure.
The shares of the Company are traded on daily basis and hence, the date wise increase / decrease in shareholding is not indicated

V SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR. NO.	NAME OF SHAREHOLDERS	SHAREHOLDING AT THE BEGINNING OF THE YEAR/ DATE OF APPOINTMENT		CHANGES IN THE SHAREHOLDING DURING THE YEAR / PERIOD		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR / DATE OF RESIGNATION	
		NO OF SHARES	% OF TOTAL SHARES OF THE Co.	INCREASE	DECREASE	NO OF SHARES	% OF TOTAL SHARES OF THE Co.
1	Mr. Sunil Kakar, MD & CEO	-	-	-	-	-	-
2	Mr. Bipin Gemani, CFO[1]	66,442	0.004	-	-	66,442	0.004
3	Ms. Rinkoo Somani, Interim CFO[2]	5,367	0.000	-	-	5,367	0.000
4	Mr. Amol Ranade, CS[2]	1,760	0.000	-	-	1,760	0.000
5	Mr. Nirav Shah, CS[3]	-	-	-	-	-	-

Note:
[1] Appointed w.e.f December 19, 2018
[2] Resigned w.e.f December 17, 2018
[3] Appointed w.e.f December 18, 2018 and Resigned w.e.f May 23, 2019

05 INDEBTEDNESS – NIL

06 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

AMOUNT IN ₹

A REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

	PARTICULARS OF REMUNERATION	MR. SUNIL KAKAR
1	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,057,025
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
i)	as % of profit	-
ii)	Others, specify	-
5	Others - Contribution to Provident & Other Funds	4,153,560
	TOTAL (A)	**29,250,185**
Ceiling as per the Act		**Refer Note 2**

Note:
1. During FY19, Mr. Sunil Kakar was paid bonus of ₹ 2 crore for FY18. During the year, Mr. Sunil Kakar was granted 7,000,000 stock options under IDFC ESOP Scheme.
2. The remuneration paid to MD & CEO is within the limits prescribed under the Companies Act, 2013.

B	REMUNERATION TO OTHER DIRECTORS				AMOUNT IN ₹
SR. NO.	**PARTICULARS OF REMUNERATION**	**FEES**	**COMMISSION[1]**	**OTHERS**	**TOTAL AMOUNT**
1	**Independent Directors**				
	Mr. Vinod Rai	825,000	2,158,082	-	2,983,082
	Mr. S. S. Kohli	775,000	1,308,082	-	2,083,082
	Ms. Marianne Økland	750,000	1,304,795	-	2,054,795
	Mr. Gautam Kaji	275,000	419,961	-	694,961
	Mr. Donald Peck	150,000	369,824	-	519,824
	TOTAL (1)	**2,775,000**	**5,560,744**	**-**	**8,335,744**
2	**Other Non-Executive Directors**				
	Mr. Chintamani Bhagat	600,000	1,083,836	-	1,683,836
	Mr. Soumyajit Ghosh	-	-	-	-
	Mr. Manish Kumar	-	-	-	-
	Mr. Anshuman Sharma	-	-	-	-
	TOTAL (2)	**600,000**	**1,083,836**	**-**	**1,683,836**
	TOTAL (B) = (1+2)	**3,375,000**	**6,644,580**	**-**	**10,019,580**
	TOTAL MANAGERIAL REMUNERATION (A+B)				**39,269,765**
	Overall ceiling as per the Act				Refer Note 2

Note
1. Commission for FY18 was paid in FY19.
2. The remuneration paid to Directors is within the limits prescribed under the Companies Act, 2013.

C	REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD			AMOUNT IN ₹
	PARTICULARS OF REMUNERATION	**MR. BIPIN GEMANI**	**MS. RINKOO SOMANI**	**MR. AMOL RANADE**
		CFO	Interim CFO	CS
		Dec 19, 2018 to Mar 31, 2019	Jul 10, 2018 to Dec 17, 2018	Apr 01, 2018 to Dec 17, 2018
1	Gross salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,802,160	2,943,449	655,037
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	9,232	11,831	11,540
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
i)	as % of profit			
ii)	Others, specify			
5	Others - Contribution to Provident & Other Funds	541,923	170,362	72,267
	TOTAL	**4,353,315**	**3,125,642**	**738,844**

Note:
1. During FY19, Mr. Amol Ranade was paid bonus of ₹ 5 lacs for FY18.
2. During FY 19, Mr. Bipin Gemani was paid bonus of ₹ 79.63 lacs for FY 18. During the year, Mr. Bipin Gemani was granted 1,200,000 stock options under IDFC ESOP Scheme
3. Mr. Nirav Shah was deputed to IDFC Limited from one of the group company.

07 PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES: NIL

ANNEXURE 5

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[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 programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Company's business strategy for overall value creation for all stakeholders. IDFC believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India befitting its status as a conscientious corporate citizen.

Section 135 of Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules 2014 requires IDFC to mandatorily spend on CSR activities.

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

The object of the CSR activities would seek to –

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

IDFC Foundation, as implementing agency on behalf of IDFC Limited and its group companies, undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act for promoting the development of –

(a) livelihoods
(b) rural development projects
(c) promoting healthcare including preventive health care
(d) education
(e) community engagement/ development
(f) environmental sustainability
(g) disaster relief
(h) research and studies in all or any of the activities mentioned in Schedule VII and
(i) Others

2 The Composition of the CSR Committee.

Mr. Sunil Kakar - Chairman

Mr. S. S. Kohli

Mr. Anshuman Sharma

3 Average net profit of the company for last three financial years

₹ 38.86 crore

4 Prescribed CSR Expenditure (2% of the amount as in item 3. above) – ₹ 0.78 crore

5 Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year:
₹ **0.78 Cr**

b) Amount spent during the year:
₹ **0.78 Cr**

c) Amount unspent, if any;
NIL

d) 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 IDFC Limited

	Sunil Kakar	**S. S. Kohli**
Mumbai I May 24, 2019	Chairman – CSR Committee	Director

ANNEXURE A

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[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]

SR. NO	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AMENDED)
1	Promoting learning outcomes of under privileged students in night schools in Maharashtra	Cl.(ii) promoting education
	TOTAL	
2	Support for affordable and accessible healthcare services.	Cl.(i) promoting health care including preventive health care
	TOTAL	
3	Program on improving access to water and sanitation in Odisha	Cl.(i) Sanitation & Safe Drinking water
	TOTAL	
4	Shwetdhara-Cattle Care Program to improve the productivity of milch animals and increase the income of small and marginal dairy farmers	Cl.(ii) livelihood enhancement projects,
5	Improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects,
6	Providing house hold items and non-food items (NFIs) to meet the urgent needs to families affected by flood in Kerala	Cl.(ii) livelihood enhancement projects,
7	Promoting Financial Inclusion by deploying interoperable Financial Inclusion Devices and organising Financial Literacy Programs	Cl.(ii) livelihood enhancement projects; Cl. (x) rural development projects.
	TOTAL	
8	Improvement of Master Storm Water Drainage, Gurugram, HR	Cl.(iv) Environmental sustainability
9	Research & studies on various social and economic issues directly impacting welfare of people	Various clauses of Schedule VII
	TOTAL	
	Total Direct Expense of Project & Programmes (A)	
	Overhead Expense (B)	
	Total (A) + (B)	

*IDFC Foundation, a wholly owned subsidiary of the IDFC Limited, is an implementing agency of IDFC Limited and its group Companies and engaging Corporate Social Responsibility (CSR) activities as per the CSR policy adopted by IDFC & its group companies in line with the Schedule VII of the act. The Company is primarily focussing on CSR activities as well defined projects or programmes that would include promoting and development of (a) livelihoods, (b) rural development projects, (c) promoting healthcare including preventive health care, (d) education, (e) community engagement/development, (f) environmental sustainability, (g) disaster relief, (h) research and studies in all or any of the activities mentioned in Schedule VII and (i) Others, with the help of various partners.

** The excess spending against budget has been made out of the previous years CSR contribution available with the implementing agency i.e. IDFC Foundation.

₹ IN CRORE

"PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN"	AMOUNT OUTLAY (BUDGET)	"AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS**"	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT : DIRECT OR THROUGH IMPLEMENTING AGENCY
Maharashtra-Mumbai	0.02	0.20	2.45	IMPLEMENTING AGENCY - IDFC FOUNDATION*
	0.02	**0.20**	**2.45**	
All India coverage	0.01	0.17	0.54	
	0.01	**0.17**	**0.54**	
Odisha	0.01	0.10	0.50	
	0.01	**0.10**	**0.50**	
Madhya Pradesh - Hoshangabad, Dhar, Dewas and Indore Rajasthan - Jaipur and Ajmer		1.28	5.59	
All India coverage		0.11	0.37	
Kerela - Cochin	0.51	0.24	0.24	
Rural India coverage		3.88	20.66	
	0.51	**5.52**	**26.86**	
Haryana - Gurugram		0.22	0.22	
All India coverage	0.23	2.84	19.95	
	0.23	**3.06**	**20.17**	
		9.05	50.53	
		-	2.81	
	0.78	**9.05**	**53.34**	

MANAGEMENT DISCUSSION & ANALYSIS

Macro-Economic Environment
FY19 (April 1, 2018 to March 31, 2019) witnessed global headwinds in terms of rising trade tensions and protectionism, geo-political uncertainties in some parts of the world, slow-down in China, Brexit tribulations and crude volatility. Notwithstanding these, the India story looked good. India's full year annual GDP growth for FY19 at about 7% was not very different from the growth in FY18. Growth in the second half of FY19 was slower due to base effect as also slower consumption growth represented by contraction in passenger vehicles sales, slower growth in two-wheeler sales and weak rural wage growth.

Fiscal deficit for FY19 was manageable though there was a shortfall in goods and services tax (GST) revenues. Inflation was benign. Headline consumer price index (CPI) inflation averaged 3.4% in FY19 providing the Reserve Bank of India (RBI) room to cut repo rates.

India is emerging as an important player in the world economy as reflected in World Bank's ease of doing business 2019 report, which improves India's ranking by 23 positions to 77th rank in 2018.

The insolvency and bankruptcy code (IBC) provides more teeth to lenders and could positively impact credit behaviour of borrowers going forward. Although the progress to date per se has been a mixed-bag, a positive attitudinal change of borrowers towards lenders would go a long way in establishing a healthy credit culture.

The IL&FS crisis and drying up of liquidity for non-banks will impact sectors that were dependent on non-bank funding for growth i.e. housing construction, small and medium enterprises (SME) and consumer durables amongst others. As a fall-out of this crisis, the lending market could see a mean reversion as banks recoup from bonds and non-banks. The crisis would also narrow the regulatory arbitrage between banks and non-banks going forward.

Although global flows during the fiscal have been volatile, the Fed's signal of no interest rate hikes going forward, as this fiscal was drawing to a close, augurs well for inflows to emerging economies. How well we are in a position to harvest more than our fair share of these flows would be a function of the relative attractiveness of India as an investment destination, which in turn would depend on geo-politics and the reform agenda of the government.

Geo-political tensions in our part of the world escalated near the end of the fiscal but have abated since – auguring well for the economy going forward. Politics too was at the centre stage in this period, with high decibel campaigns and election rhetoric dominating the media space. A stable government would help consolidate the India growth story post major structural reforms like GST and propel it to its next phase.

Addressing concerns on jobs and agrarian stress will be key to the next phase of our growth story. So far, the debate on jobs and demographic dividend has been noisy. However, a look at the sectoral break-up of job creation indicates that there is a structural change in the right direction that is taking place in India. A significant amount of work-force has been moving out of the agriculture sector and the biggest absorber of this labour force is the construction sector. On agrarian stress, not entirely clear whether farm-loan waivers and hiking minimum support prices are the only way forward or a comprehensive review and reform of the agriculture sector is the critical need of the hour.

IDFC Limited

Status

IDFC Limited ("IDFC") is registered with the Reserve Bank of India as an NBFC. It has investments in various financial services businesses such as Banking, Asset Management (both public markets and private markets), Investment Banking, Institutional Broking & Research, and Infrastructure Debt Fund. All these businesses are carried out through independent entities. IDFC holds all these investments under IDFC Financial Holding Company Limited (NOFHC). IDFC and IDFC FIRST Bank are two listed entities of IDFC Group ("Group") and the rest of the businesses are conducted through unlisted entities.

During the year, Balance Sheet size decreased from ₹ 9,823 crore as on March 31, 2018 to ₹ 9,821 crore as on March 31, 2019. Profit after tax and other comprehensive income was lower at ₹ 127.66 crore for FY 2018-19 as compared to ₹ 184.14 crore in FY 2017-18. Net worth of the Company increased from ₹ 9,761 crore as on March 31, 2018 to ₹ 9,779 crore as on March 31, 2019.

Strategic review and unlocking value for shareholders

Focus on retail businesses and unlock value from non-retail ones

Post a strategic review exercise undertaken during the year, IDFC arrived at a strategic decision of focusing on and growing its retail oriented businesses i.e. IDFC FIRST Bank and IDFC Asset Management Company(AMC) and exiting its non-retail businesses i.e. private asset management, infrastructure debt fund and investment banking & institutional broking & research to unlock value for its shareholders. This twin-pronged strategy vis-à-vis retail and non-retail businesses was well articulated and shared amongst internal and external stakeholders.

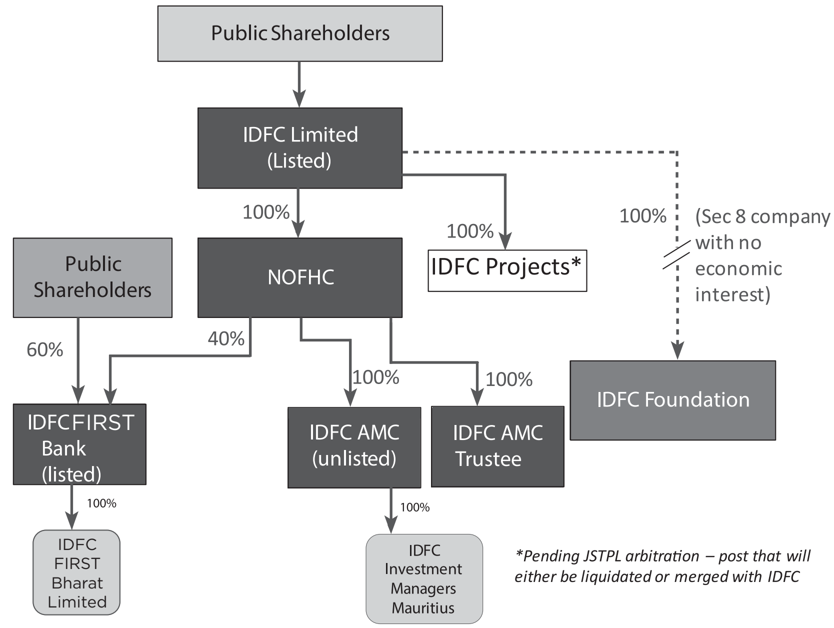
IDFC FIRST Bank (post-merger with a non-banking retail franchise i.e. Capital First) is well on its course towards becoming a mass retail bank focused on both retail assets and retail liabilities. Retail assets now contribute more than third to the bank's funded credit. Retail liabilities is a longer journey and the bank is committed to making the requisite investments to aggressively expand its branch network in larger cities and offering attractive price incentives for savings and deposits to customers.

The mutual fund industry witnessed a turbulent year in which major events such as regulatory changes impacting future profitability and credit quality led liquidity contagion threatening debt funds and flows, took place. IDFC Mutual Fund withstood these challenges well and its strategy of investing in a distribution architecture to grow its retail investor base and launching new products to bridge product-gaps is playing out well. The coming fiscal will give us a better sense on how the regulatory changes will impact our profitability but we are confident that with the right investments now in place for retail distribution and new products, IDFC AMC is well poised to harvest its fair share in an industry that is growing and is expected to do well.

Our wholesale and infrastructure legacies are responsible for our clarity on moving away from concentrated exposures, distributing risk and granularising our balance sheet. Hence, the strategic call to divest our non-retail businesses and in the process unlock value for our shareholders. Update on exiting non-retail businesses as on March 31, 2019:

- IDFC Alternatives:
  - India business – sale of infrastructure vertical to Global Infrastructure Partners (GIP) has been consummated. Sale of private equity and real estate verticals to Investcorp has been completed.
  - Singapore business – Investment in Fund of Funds sold to Aberdeen.
- Infrastructure Debt Fund – Definitive agreement for sale to National Investment and Infrastructure Fund (NIIF) signed. The deal is being structured in two tranches. The first tranche on signing of definitive

IDFC structure post sale of non-retail businesses



**Pending JSTPL arbitration – post that will either be liquidated or merged with IDFC*

agreement was completed this fiscal whereas the second tranche post fulfillment of conditions precedent is expected to be completed somewhere in the middle of coming fiscal.

- IDFC securities (includes the investment banking business)– Deal closure on this business is expected by the end of coming fiscal.

The strategic sale of non-retail businesses of IDFC and transfer of value so realized are expected to be completed by the end of coming fiscal. This should translate to value creation of ₹ 7-8 per share for IDFC shareholders on a pre-tax basis.

Overview of group companies

IDFC FIRST BANK

In Jan '18, IDFC Bank and Capital First Limited announced an understanding to merge, with shareholders of Capital First Limited to be allotted 139 shares in the bank for every 10 shares held (swap ratio). Merger was completed on December 18, 2018.

The Competition Commission of India approved the transaction in March 2018 and the Reserve Bank of India (RBI) approved the transaction in June 2018. Shareholders of both IDFC Bank and Capital First approved the merger in an overwhelming manner with 99.98% and 99.9% votes respectively. Mr. Vaidyanathan, who was the Chairman of Capital First, was appointed as the first MD & CEO of IDFC FIRST Bank.

The license conditions for the bank stipulated that by Oct '18 (end of 3rd year of operations), the holding of the promoter (IDFC) will be brought down to 40% (from 53% as on Oct '15) and will be maintained at exactly 40% till Oct '20 (end of 5th year of operations). The swap ratio for the merger would have resulted in IDFC's holding in the bank falling below 40%. To prevent this, IDFC bought about 12 crore shares from the open market before consummating the merger with Capital First Limited.

Vision and strategy

The vision of IDFC FIRST Bank is to transform itself into a profitable mass retail bank with a focus on retailisation of both assets and liabilities. Retail book contribution of about 35% to total funded assets (Dec '18) would be enhanced to over 70% in the coming 5-6 years. The focus will also be on increasing retail liabilities (CASA and retail term deposits) as a proportion of total borrowings from about 10% (Dec '18) to over 50% in the next 5-6 years. Within this, the effort is to target a CASA ratio of about 30%. Towards these objectives, IDFC FIRST Bank plans to set-up 600-700 more bank branches.

The metrics that the bank will focus on over the next 5-6 years is given below:

Merger rationale – IDFC Bank and Capital First

IDFC BANK

- Strong systems and processes
- Launched retail liability operation. Opened 200 bank branches (Dec '18), raised retail CASA of Rs. 2,800 crores (Dec '18)
- Built efficient treasury management systems
- Strong presence in corporate and infrastructure financing
- Launched contemporary payment systems, internet and mobile banking
- Launched retail lending businesses successfully

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CAPITAL FIRST

- Strong retail franchise in niche segments with strong credit skills
- Track record of continuous growth
- Expanded to more than 220 locations across India supported by 102 branches
- Consistently increasing profitability (5 year CAGR 39%) with high ROE (15%)
- High asset quality across cycles including increasing interest rate, demonetization and GST
- Customer base of over seven million and 4 million live customers

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IDFC FIRST Bank

- Strong loan assets of over 1 lac crore
- A third of loans in retail segment
- Substantial margin increase
- Diversified asset profile
- Strong platform to grow retail deposits and CASA
- A large retail customer base of more than 7 million live customers including 3 million rural customers

IDFC FIRST Bank - 5-6 years - Milestones

Retail Assets	> Rs. 1,00,000 Crores	% Retail Liabilities	> 50%
% Retail Funded Assets	> 70% of total funded assets	% CASA	~ 30%
Net Interest Margin %	~ 5.0-5.5%	Branches	~ 800-900
Cost to Income Ratio %	~ 50-55%		
RoA%	~ 1.4-1.6%		
RoE %	~ 13-15%		

Business overview

During the year, the wholesale banking business successfully navigated a challenging business environment, and leveraged expertise and corporate relationships to deliver on its strategy of reducing its exposure to infrastructure and opportunistically growing its book in the non-infra sectors. The bank successfully managed to transition itself from an infrastructure player to a preferred bank in the non-infra corporate space.

In its third full year of operations, IDFC FIRST Bank continued to expand its retail network, digital payment channels and product suite across customer segments, gaining significant momentum in terms of market coverage and customer acquisition. Within its 'click and mortar' ecosystem the bank will now more aggressively ramp-up its physical network to enable customers to conduct their banking business flexibly, interacting directly with people at physical outlets and / or digitally. IDFC FIRST Bank has also adopted a granular perspective of customer segments and geographies. This has enabled it to find growth in segments that have been hitherto under served.

Distribution network

The urgency for branches particularly to raise liabilities from retail customers in larger cities is now visible with branch presence in such cities gaining greater momentum. With a modest presence in metros when the bank was launched in Oct '15, the bank now has 242 branches across the length and breadth of the country. Going forward, further acceleration of branch roll-out in top cities will be witnessed.

Customers

IDFC FIRST Bank now has more than 7 million live customers, of which about 3 million are rural customers.

Distribution Network

Urban Bank Branches	133
Rural Bank Branches	109
ATMs	141
Asset Service Branches (Erstwhile Capital First Branches)	102
Rural BC Branches (IFBL)	354
Other BC Branches	100

Funded credit

As on March 31, 2019, of the ₹ 1,10,400 crore funded credit, retail was ₹ 40,812 crore constituting 37% of total. Retail loans cover the consumer; Micro, Small and Medium Enterprise (MSME) and rural segments and have financed 7.3 million customers. Credit assessment is based on analytics and broader sources of information about customers, making it possible to speed up credit decisions and disburse loans instantly, wherever applicable. Customers range from salaried and self-employed to first time borrowers. The bank has enabled many customers to start their first business or buy their first home.

Consumer segment offers customers loans for two wheelers, consumer durables, used cars, personal loans, home loans and such other common consumer financing needs. The retail book to this segment stood at ₹ 19,860 crore as on March 31, 2019.

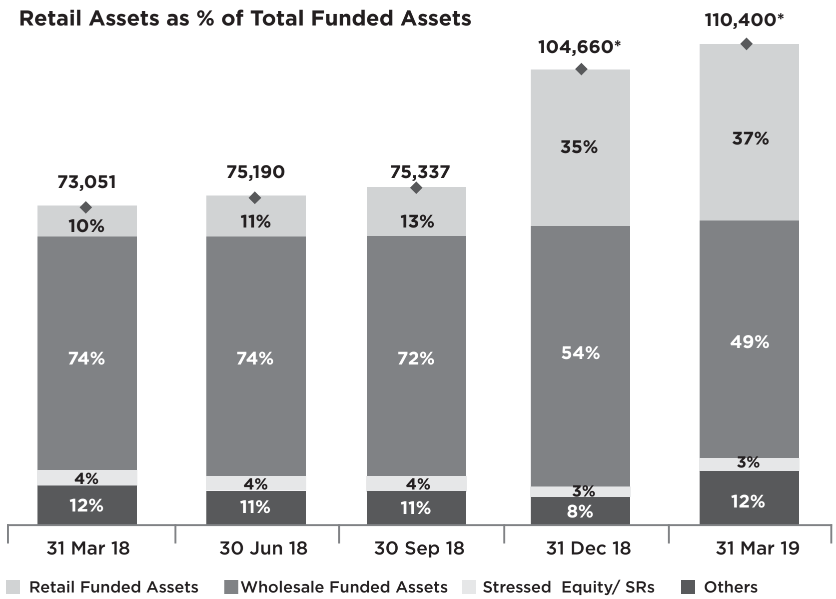
The Bank offers various fund based and non-fund facilities to its MSME customers and entrepreneurs. Under the fund-based products, the bank offers secured long term loans, usually against property as collateral after a thorough cash flow analysis, credit bureau and reference checks as well as legal and technical valuation of the security. These loans are usually EMI based long term funding to fulfill the capital investment requirements of MSME customers. The bank also caters to working capital and capex financing requirements of the fast growing trading, service and manufacturing entities through fund based facilities of cash credit/ over draft, working capital demand loans, term loans, export finance and bill discounting. Under the non-fund based facilities, the bank offers forex services, letters of credit and bank guarantees to these customers. The bank caters to retail and strategic transporters, logistic companies, captive users and school bus operators primarily for their commercial vehicle asset purchases. The retail financing loan book for the MSME segment stood at ₹ 15,767 crore as on March 31, 2019.

The Bank has been focused on ensuring financial inclusion and serving the bottom of the pyramid. With a distribution network connecting small hamlets and towns, the bank has emerged as one of the front runners in providing the entire gamut of banking products and services, across both assets and liabilities. The value proposition of the bank in the rural segment hinges on customer, community and capability building (3Cs). The bank has designed an array of products customized to the specific needs of our customers in rural locations. These include the flagship group loan product, Sakhi Shakti, which aims to financially empower rural women by providing them with credit facility for income generation. Other products include Vyapar Vriddhi or micro enterprise loan to

Breakup of Loan Assets

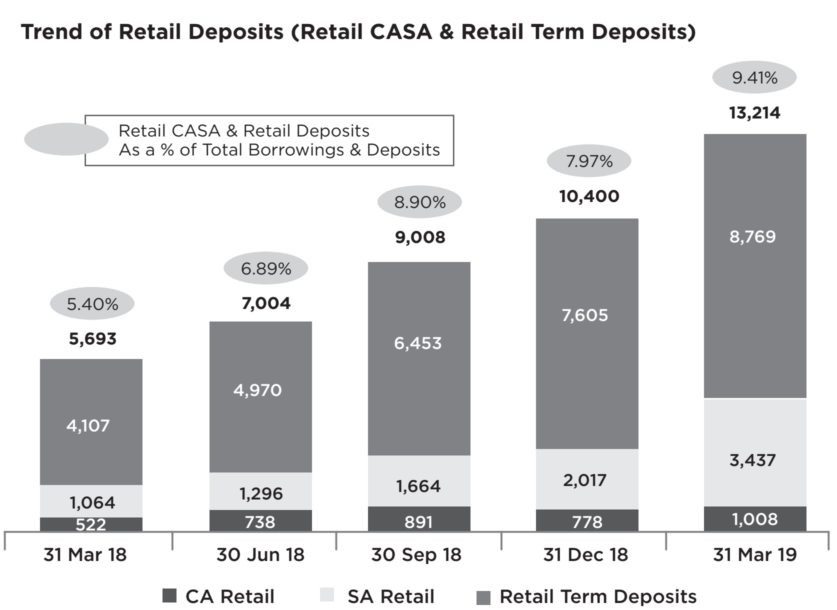
FUNDED ASSETS (IN ₹ CR)	MAR-18 (ERSTWHILE IDFC BANK)	JUN-18 (ERSTWHILE IDFC BANK)	SEP-18 (ERSTWHILE IDFC BANK)	DEC-18 (MERGED NEW ENTITY IDFC FIRST BANK)	MAR-19 (MERGED NEW ENTITY IDFC FIRST BANK)
Retail Funded Assets	7,038	8,208	9,916	36,236	40,812
Rural	3,218	3,616	4,242	4,705	5,185
SME	1,794	2,153	2,772	13,574	15,767
Consumer	2,026	2,439	2,902	17,957	19,860
Wholesale Funded Assets	53,871	55,414	54,084	56,809	53,649
Corporates	27,039	28,861	30,447	34,098	32,190
- Emerging Large Corporates	6,829	7,174	7,960	7,886	7,845
- Large Corporates	5,617	5,473	6,073	5,852	2,951
- Domestic Financial Institutional Group	4,668	6,484	6,330	10,645	12,436
- Others	9,925	9,730	10,085	9,715	8,958
Infrastructure	26,832	26,553	23,637	22,710	21,459
PSL Inorganic	**8,980**	**8,466**	**8,256**	**8,575**	**12,924**
Stressed Equity and SRs	**3,162**	**3,102**	**3,081**	**3,040**	**3,016**
Total Funded Assets	**73,051**	**75,190**	**75,337**	**1,04,660**	**1,10,400**

All figures are in ₹ crore unless specified



** Post merger with Capital First. Figures of prior quarters pertain to erstwhile IDFC Bank.*

All figures are in ₹ crore unless specified



support local businesses and enterprises; Suvidha Shakti which is uniquely crafted to offer assistance to our customers home improvement requirements; Sowbhagya Shakti or regular savings deposit to inculcate the habit of savings among our rural customers. The bank is committed to supporting the communities in locations it operates in. Corporate Social Responsibility in such locations include financial literacy initiatives, enabling the enhancement of dairy livelihoods, and offering rural-specific banking solutions. The bank has tied up with Banking Correspondents such as ASA and Saggraha to reach new geographies. It has also collaborated with international not-for-profit organizations like Water.org that work towards raising awareness about the need for improved access to water and sanitation facilities. The bank is focused on job creation and capability building in the states that it is present in and offers comprehensive solutions for the agri-corporate customers. Its retail agri-business solution is geared to meet the needs of individuals and businesses engaged in agricultural and agro-allied activities. The seasonal nature of agricultural business increases the scope of unpredictability and hence, requires a flexible financial solution. The retail agri-business extends credit to farmers for crop cultivation, purchase of inputs, maintenance of farm implements and other agri-related activities. The retail financing loan book for the rural segment stood at ₹ 5,185 crore as on March 31, 2019.

Retail CASA and deposits

Of the ₹ 1,40,462 crore borrowings and deposits, as on March 31, 2019, the contribution of retail CASA and deposits was ₹ 13,214 crore. With a 7% p.a. rate on Savings Accounts (SA), the focus is now on aggressively ramping up SA.

IDFC ASSET MANAGEMENT COMPANY

Mutual Fund Industry

The monthly Average Assets Under Management (AAUM) of the industry grew by about 8% to ₹ 24.6 lakh crore in March 2019 over March 2018. Equity AAUM grew 12% {excluding Exchange Traded Funds (ETFs)}, while equity markets saw record polarisation in performance with select mega-cap stocks gaining handsomely, while the broader market – including mid and small cap stocks – being adversely impacted. With several fund Net Asset Value's (NAV's) under performing headline Indices, equity MF flows slowed down.

Government mandated ETFs (CPSE and CMPFO) witnessed significant traction during the year, with ETF AAUM growing by 66.6% to ₹ 1.3 lakh crore in March 2019.

Retail investors continued to invest through the Systematic Investment Plan (SIP) route, which led to a growth of about 24% in live SIP count to 2.6 crore by March 2019, demonstrating their growing faith in mutual funds.

In Fixed Income, AAUM grew 2% during the year. Concerns about credit events and liquidity led to cash segment being the preferred category of investment, which witnessed a growth in AAUM of about 24%. AAUM of non-cash fixed income declined by about 11%.

During the year, SEBI announced significant changes in mutual fund regulations that aim to improve investor experience and benefit long-term industry growth. These include standardization of product categories, reduction in expense ratios, discontinuation of upfront distribution commissions, scheme expense accounting changes amongst others. A significant change being implemented as we enter next fiscal is reduction in total fund expense structure. While impact on fee margins for AMCs with AUM concentrated in large funds is expected to be significant, impact on relatively diversified equity funds like ours is anticipated to be modest.

Focused execution of operating plan
During the year, our AAUM grew about 7% to ₹ 71,933 crore. Equity AAUM grew about 15% supported by a growing distribution network, which helped steadily build our SIP base and offset mark-to-market loss with positive net flows.

Fixed income AAUM grew 3% overall. We recovered our non-cash AUM market share while retaining our focus on high quality portfolios. While the industry saw higher yield (lower credit quality) oriented strategies benefiting from higher inflows during the first half of FY19, flows turned sharply towards high quality, cash-equivalent and short term strategies during the second half. This aligned well with our stated investment strategy, leading to a sharp increase in inflows. During last quarter of the fiscal, our non-cash fixed income AAUM grew about 21%.

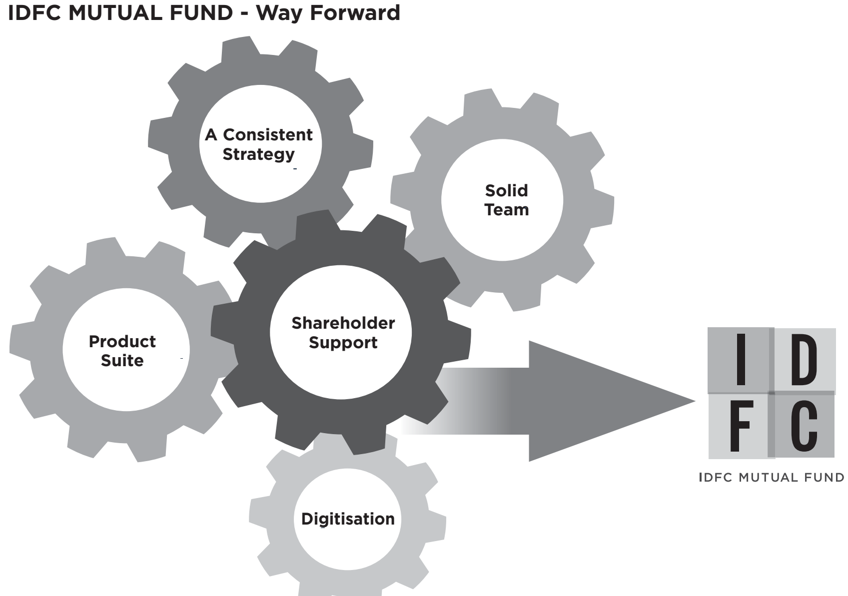
Building on our existing product suite, we launched our overnight fund, ultra-short term fund and a series of fixed maturity plans (FMPs). We also launched the India equity hedge tactical alternative investment fund (AIF), further building on our liquid alternatives investment platform. We repositioned our banking and PSU fund, the arbitrage plus fund (as equity savings fund) and we reopened premier equity fund (now, IDFC multi-cap fund) for lump-sum investments.

More importantly on customers, we steadily grew the number of unique investors we serve by 22% during the year.

We significantly added to our capabilities in digital communication, leveraging data analytics to optimize our marketing campaigns.

Our virtual relationship manager (RM) program helped increase our reach to places where we did not have a significant presence through unique distributor activation programs.

IDFC MUTUAL FUND - Way Forward



The IDFC Saathi app, launched to support our distributors with their client transactions and portfolio tracking, has been downloaded over 10,000 times.

Our social media outreach enables us to reach 1,27,000 followers on facebook, 12,000 on twitter, 33,000 on Youtube. During the year, we went live on LinkedIn and have already reached over 17,000 followers.

At CNBC mutual fund awards 2018, among the various categories we were nominated in, our dynamic bond fund, ELSS fund, focused fund and medium duration fund won the best funds award in each of their respective categories. Suyash Choudhary, head – fixed income, won the award for the best fund manager – debt at the Business Today – Money Today awards 2019.

Way forward
Shareholder Support – the decision to invest in and grow IDFC Mutual Fund post the strategic review exercise at IDFC, has translated to further increase in confidence of customers and partners in our funds.

Solid team – we continue to invest in building a strong team, creating an enabling environment that will foster innovation, excellence and develop talent.

Consistent strategy– our plan continues to focus on 'retailising' our franchise by expanding distribution coverage, increasing client engagement, diversifying product offerings and improving efficiency.

Product suite– we will continue to build and grow a product suite that will remain true-to-label, with each fund offering a distinct and clearly defined investment thesis as an opportunity to investors. We are excited about emerging opportunities in the space of alternatives and passive strategies.

Digitisation – we plan to serve our distribution partners as well as to enhance investor experience by leveraging evolved analytics, an upgraded website and the latest digital technologies.

IDFC Securities
Deal closure on this business is expected by the end of coming fiscal.

NIIF INFRASTRUCTURE FINANCE LIMITED (formerly IDFC Infrastructure Finance Limited)
Definitive agreement for sale to National Investment and Infrastructure Fund (NIIF) has been signed. This deal is being

structured in two tranches. The first tranche on signing of definitive agreement was completed this fiscal whereas the second tranche post fulfillment of conditions precedent is expected to be completed somewhere in the middle of coming fiscal.

IDFC ALTERNATIVES

- India Business – sale of infrastructure vertical to GIP has been consummated. Sale of private equity and real estate verticals to Investcorp has been completed.
- Singapore Business – definitive agreement in place to sell the Fund of Funds investment to Aberdeen. Complete closure of the deal is expected in the first half of coming fiscal.

IDFC will endeavor to reorganise it's corporate structure to unfold it's value through a process that is fully compliant from text and regulatory prospectives.

IDFC FOUNDATION

Livelihood enhancement through financial inclusion

India has been making major strides in reducing poverty. The Government of India has been working tirelessly to support the most vulnerable communities including the elderly, widows, disabled, daily wage earners, poor migrants, women, SC/ST communities etc. The increased number of bank accounts and DBT through Aadhar linkage has helped the government transfer social assistance like pensions, subsidies and wages into the bank accounts of the beneficiaries. However, millions of poor in continue to face difficulties in accessing these entitlements from their bank accounts due to the following reasons:

- *Distance*: Community members across thousands of villages still have to travel 10-15 kms every time to deposit or withdraw cash from their bank accounts.
- *Time*: Remote villages are usually the least connected. The absence or limited frequency of transport result in long waits.
- *Cost*: The travel and out of pocket expenses that the poor have to bear to access the DBT is very high.
- *Apprehensions*: Many among the vulnerable groups hesitate to engage with the banks (unless absolutely required) given the paper work, processes and systems.

The opportunity cost of the time spent in accessing own funds is very significant particularly in the case of daily wage earners. In the case of the elderly, disabled and women, the sheer effort proves prohibitive

The financial inclusion initiative of IDFC Foundation, implemented with the help of IDFC FIRST Bank, has focussed on enabling this much needed last mile access. The financial inclusion model has two key components: a) the financial inclusion device and b) village based micro-entrepreneurs as Mitras.

a) *The financial inclusion device*

The most important component of the model is the financial inclusion device. The foundation has been able to leverage IDFC FIRST Bank's award winning and cutting edge banking technology to enable services across banks even in remote locations. The A4 size state-of-the-art integrated tab along with the banking application has been custom built to provide services to beneficiaries using debit cards and/or Aadhaar linked bank accounts at negligible or no cost. The following are the key features of the Device:

- The financial inclusion device can be used to perform a variety of financial and non-financial transactions
- The beneficiaries can deposit, withdraw, transfer funds and do balance enquiry.
- Authentication can be done either through Aadhaar biometric or ATM PIN
- The A4 size device is portable and can be easily carried from one place another
- The device is equipped with biometric scanner, printer and camera and print outs a receipt after every transaction
- The device gets connected on WI-FI and GPRS. For GPRS, the Mitra can use SIM of any network operator with 2G/3G data

b) *Mitras*: For effective implementation of the financial inclusion model, it is important to have a Mitra at the village level. A person who already has an existing micro enterprise in the village would be identified as a Mitra. By doing this, it will be ensured that the Mitra is able to i) run the services in a truly entrepreneurial manner ii) has existing working capital and iii) has a larger stake since any non-performance on the financial inclusion program will also adversely impact his/her enterprise. Given that the Mitra is part of the community and known to everyone in the village, the community members would find it easy to avail his/her services.

The financial inclusion program has resulted in creation of over 10,000 social entrepreneurship opportunities across 25 states and 3 union territories. The initiative has been effective in reaching out to the poor and vulnerable in over 43,000 villages across the country. In the state of Andhra Pradesh alone, around ₹ 175 crore of pension disbursals have been made till date.

In addition to its work on last mile access to financial services, the foundation has also been actively promoting financial literacy. 80,000 community members have participated in the financial literacy sessions in FY19.

Rural development through dairy farming: the Shwetdhara Program

Dairy farming is a key source of income for around 70 million households in rural India. Poorer households which depend on farming for a living, prefer dairy farming. This is primarily because dairy farming has one of the best cash flows among all farm based activities. The biggest challenge in dairy farming in India is low productivity of milch animals. A number of reasons have contributed towards low productivity. These include inadequate knowledge of good dairy farming practices among farmers, low quality of dairy animals, suboptimal access to veterinary and breed improvement services etc. The low productivity of dairy farming thus traps poor households in a low income cycle. The 'Shwetdhara-cattle care program', initiated by the foundation, has been focusing on increasing the income of small and marginal farmers in the states of Madhya Pradesh and Karnataka. The foundation carries out a number of activities to promote the productivity of dairy animals.

In order to address the issue of inadequate knowledge, Shwetdhara program invested heavily in awareness and capacity building. During FY19, the foundation carried out more than 800 community level trainings to disseminate best practices on dairy farming. These trainings focussed on key aspects of dairying like breed improvement and nutrition.

The capacity building exercise was complemented with mechanisms that promote behaviour change among farmers. Over 200 Shwetdhara groups met every month to discuss the best practices in dairying. During these meetings, the members reviewed the adoption of best practices among themselves and supported one another in case of any difficulty. This process was duly supported by a cadre of village level volunteers called the Gram Sakhis.

As part of the Shwetdhara program, the foundation established 7 pashu vikas kendras (PVK) in rural and under served areas. The PVKs acted as an important source of information for the farmers in nearby villages. These kendras are also manned by a veterinary doctor and extension officers. The last mile service delivery is being carried out by a cadre of artificial insemination technicians (AITs). The AITs provide the farmers a range of dairy related services including artificial insemination, pregnancy diagnosis, infertility treatment, deworming, deticking etc. at their doorstep.

The program has enabled over 10,000 rural households across over 200 villages, access good quality inputs and services required for effective dairy farming. During the year, the AITs engaged with the program have provided around 5000 breed improvement services. The veterinary doctors not only managed overall support and supervision but also provided veterinary services on call at the farmers' doorstep.

Projects of social importance

During FY19, the IDFC foundation also implemented selected projects of social and environmental importance. The foundation quickly responded to the devastating floods in Kerala with prompt relief measures. Based on a rigorous need assessment, the foundation provided targeted relief support to over 8500 affected families across 6 districts of Kerala.

During the year, the foundation continued to support Masoom, a Mumbai based NGO, in implementing the 'night school transformation program' in 10 night schools. The program has been working towards transforming the quality of education in these schools by enhancing the school infrastructure, management systems and education techniques. More than 800 students from underprivileged backgrounds benefitted from this program.

The foundation also supported the environmental efforts of municipal corporation of Gurugram in redeveloping the Badshahpur corridor as a green corridor and public space for the citizens of the city.

IDFC Institute

IDFC Institute has been set up as an independent, not-for-profit, think/do tank to investigate the political, economic and spatial dimensions of India's ongoing transition from a low-income, state-led country to a prosperous market-based economy. Our approach to public policy issues rests on a solid foundation of evidence-based research. The Institute's research focuses on two broad areas: a) growth and job creation in the context of India's transition from farm to non-farm, rural to urban and informal to formal economic activity; and b) improving the delivery of essential services and welfare. All our research, reports, databases and recommendations are in the public domain and freely accessible through our website: www.idfcinstitute.org.

IDFC Institute's survey, safety trends and reporting of crime (SATARC), was a 4-city, 21,000 household, crime victimization survey that measured the gap between the true extent of crime and official crime records. Earlier this year, the ministry of home affairs' bureau of police research and development announced the launch of a nationwide crime victimisation survey at the national level, modeled on the initial IDFC Institute survey. IDFC Institute will serve on the Executive Committee, which will guide and monitor the survey.

In June 2018, Hardeep Singh Puri, union minister of state for housing and urban affairs, government of India launched our "India Infrastructure Report 2018: Making Housing Affordable". The report focused on key supply-side constraints in the housing market in urban India.

IDFC Institute continues to be a thought leader for the urban sector. The Institute has been nominated to be a part of a working group convened by the ministry of housing and urban affairs for formulating a road map for cities to build a culture of data driven governance. The first output of this working group – a strategy document and a data maturity assessment framework, was officially launched by the ministry at the second apex conference of smart city CEOs held in February.

IDFC Institute has also been nominated to the core working group of the newly launched National Urban Learning Platform (NULP) initiative at the National Institute of Urban Affairs. NULP is a priority initiative for which the core working group will drive design and implementation across the nation.

Risk Management

IDFC Limited is a holding company for its various businesses. The group has a robust risk management practice in place to pro-actively identify and manage various types of risks, namely, credit, market and operational risks.

Credit risk management

IDFC Limited is the holding company with no direct lending operations. The lending business is carried out by IDFC FIRST Bank Limited and IDFC Infrastructure Finance Limited. These entities have credit risk policy and delegation of authority approved by their respective boards. The lending business is done with adherence to these board approved documents.

Market risk management

IDFC Limited is the holding company with no direct businesses that has significant market risk. Market risk governance frameworks exist in subsidiaries exposed to market risk. The group has set up robust market risk management process, which sets out the broad guidelines for managing market risk that the group is exposed to. Management of market risk encompasses risk identification, measurement, setting up of limits, monitoring and control. The market risk management process at the group level ensures that the products that are exposed to market risk are within the risk appetite laid down by the board of respective subsidiaries. The board of respective subsidiaries approved risk appetite is monitored and reported as per the guidelines laid down from time to time.

Operational risk management

A strong operational risk framework and governance structure is in place.

IDFC FIRST Bank Limited has put in place board approved governance and organizational structure that specifies roles and responsibilities of business and shared service units, Operational risk management department and other stakeholders towards operational risk management. Operational risk management department engages with the first line of defense (business & operating units) on a continuous basis to identify and mitigate operational risks to minimize their impact.

Internal Controls and their adequacy

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported correctly. Such internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. These are designed to ensure that financial and other records are reliable for preparing financial information and other reports and for maintaining regular accountability of the company's assets. The internal auditors present their report on a quarterly basis in operating companies and half yearly basis in holding companies to the audit committee of the respective boards.

Human Resources

IDFC had 9 employees as on March 31, 2019 and 404 employees at the group level.

People agenda of the group in FY19 was guided by three themes – talent development, employee engagement and digitisation.

Nurturing Talent

In a fast-moving and fiercely competitive business environment, employees are required to constantly adapt to changing customer expectations. Learning, therefore, plays a critical role in developing employee capability and empowering them so that they can effectively contribute to the organisation's objectives. The group continued to invest in its people in a significant way in FY19. Talent development initiatives included extensive training programs, learning events and mentoring. These provided an enabling environment in which employees could perform to their potential and navigate in a challenging business environment. The group's new leadership programs encouraged innovation and collaboration across businesses, functions and geographies.

Creating an engaging work place

As an employee-first organisation, engagement continued to be a valuable theme for the human resource function during the year. Several engagement initiatives were implemented structurally within the organization to make employees more collaborative and enable them to lead better work lives.

Digitizing benefits

IDFC introduced innovative digital solutions at group level that not only drove efficiencies at an organizational level, but also enhanced convenience for employees, empowering them to manage their benefits on-the-go. One of the solutions was the IDFC benefits card in partnership with Zeta. The end-to-end digital solution integrates the full suite of allowances and reimbursements offered by IDFC into one preloaded card.

Technology

IDFC's technology framework underpins its focus on digital banking that has led innovations in product, channel, reach, cost of acquisition, and most importantly, service. These elements come together to enhance customer engagement and experience.

CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CORPORATE GOVERNANCE

Being a professionally run enterprise with no single promoter or promoter group, effective board oversight and sound Corporate Governance practices are fundamental to the quest of IDFC Limited ("IDFC" or "the Company") in delivering long-term value to all its stakeholders. Good Corporate Governance is intrinsic to the management of IDFC.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust. Therefore, it always seeks to ensure that its performance goals are met with integrity. By adopting such a framework as it does, IDFC is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on appropriate and timely disclosures and transparency in its business dealings.

Corporate Governance is a continuous process at IDFC. It is about commitment to values and ethical business conduct. Systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment.

BOARD OF DIRECTORS

The Board of Directors oversee the management functions to ensure that they are effective and enhance value for all the stakeholders. The Board's mandate inter alia is to have an oversight of the Company's strategic direction, to review corporate performance, assess the adequacy of risk management and mitigation measures, to authorise and monitor strategic investments, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders.

COMPOSITION OF THE BOARD

The Board has an appropriate combination of Executive and Non-Executive Directors ("NEDs"), including Independent Directors ("IDs"). As on March 31, 2019, IDFC's Board consisted of 7 Directors, comprising of (i) Three IDs, including an Independent Non–Executive Chairman; (ii) A Managing Director & Chief Executive Officer ("MD & CEO"); (iii) Two Nominee Directors representing the Government of India ("GoI") and (iv) One Nominee Director representing institutions which have invested in the Company. The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields viz. banking, global finance, accounting and economics which enable the Board to discharge its responsibilities and provide effective leadership to the business. None of the Directors of your Company are inter-se related to each other. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations ("SEBI LODR Regulations"), read with Section 149(4) of the Companies Act, 2013 ("Act") with the Company having Independent Non-Executive Chairman and more than one third of the Board comprising of IDs.

Table 1 gives details of the composition of the Board of Directors for FY19 including their Directorships and Memberships / Chairpersonships of committees in other companies, along with details of the attendance at Board Meetings and the Annual General Meeting ("AGM"), respectively.

The number of Directorships, Committee Memberships / Chairpersonships of all Directors is within respective limits prescribed under the Act and SEBI LODR Regulations.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the AGM. Additional meetings are held whenever necessary. The agenda and the explanatory notes are circulated in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Since the Board of IDFC includes Directors from various parts of the world, it may not be possible for each of them to be physically present at all the meetings, hence the Company makes use of video conferencing facility and other audio-visual means, whenever necessary, to enable larger participation of Directors in the meetings. Members of the Senior Management are invited to attend the Board Meetings to make presentations and provide additional inputs to the items under discussion. The Minutes of Board Meetings of subsidiary companies of IDFC are presented at the Company's Board Meetings. A statement of all significant transactions and arrangements entered into by the subsidiary companies is also placed before the Board. All the recommendations made by the Audit Committee during the year were accepted by the Board.

During FY19, the Board met 7 (seven) times and the intervening period between two Board Meetings was well within the limit prescribed. The requisite quorum was present during all the meetings of the Board of Directors. The annual calendar of meetings is broadly determined at the beginning of each year. The Board Meetings were held on April 27, 2018; July 30, 2018; October 30, 2018; December 07, 2018; December 17, 2018; January 24, 2019 and February 09, 2019. Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

INFORMATION PROVIDED TO THE BOARD

The Board agenda is prepared by the Company Secretary of the Company in consultation with the Chairman and MD & CEO of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are

01 COMPOSITION OF BOARD OF DIRECTORS FOR FY19

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD DURING TENURE AND ATTENDED IN FY19	WHETHER ATTENDED LAST AGM ON JULY 31, 2018	NO OF DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC)[1]	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC)[2]
Independent Directors				
Mr. Vinod Rai (Independent Non-Executive Chairman)	7/7	YES	5	2
Mr. S. S. Kohli[3]	7/7	YES	9	6 (including 2 Chairmanship)
Ms. Marianne Økland[3]	7/7	YES	2	2 (including 1 Chairmanship)
Mr. Gautam Kaji[4]	2/2	YES	N.A.	N.A.
Mr. Donald Peck[4]	1/2	NO	N.A.	N.A.
Government Nominee Directors				
Mr. Manish Kumar[5]	0/1	N.A.	N.A.	N.A.
Mr. Anshuman Sharma[6]	2/5	N.A.	3	2
Mr. Soumyajit Ghosh	4/7	NO	1	1
Nominee of Domestic and Foreign Institutional Shareholders				
Mr. Chintamani Bhagat	7/7	YES	2	2 (including 1 Chairmanship)
Managing Director & Chief Executive Officer				
Mr. Sunil Kakar	7/7	YES	8	5

1. Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.
2. Includes only Audit Committee and Stakeholders' Relationship Committee.
3. Will cease to be Independent Directors on the completion of ensuing AGM
4. Ceased to be Independent Directors w.e.f. July 31, 2018
5. Ceased to be Nominee Director w.e.f. June 11, 2018.
6. Appointed as an Additional Director in the category of Nominee Director w.e.f. August 08, 2018.

backed by comprehensive background information to enable the Board to take informed decisions and are sent to the Directors well in advance pursuant to the provisions of the Secretarial Standard - I and other applicable provisions of the Act and Rules made thereunder to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarifications on the matter listed therein. The Board also passes resolutions by circulation on need basis, which are noted and confirmed in the subsequent Board Meeting.

The Board is presented with the information on financial results of the Company and its subsidiaries, various important matters of operations and business, annual operating plans, budgets, presentations of the subsidiary companies, minutes of the Audit and other Committees of the Board, appointment / cessation and remuneration of Senior Management and KMP, various policies adopted at IDFC and Group level, details of joint ventures or collaboration, if any, information on subsidiaries / associates, sale of investment and assets which are material in nature and not in ordinary course of business, foreign exposure, compliances of all the laws applicable to IDFC and non-compliance, if any and steps taken to rectify instances of non-compliances and other matters which are required to be placed before the Board.

With a view to leverage technology and reduce paper consumption, the Company has adopted a web-based application for transmitting Board / Committee Agenda. The Directors of the Company receive the Agenda in electronic form through this application, which can be accessed through iPads or Browsers. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda in electronic form.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board Committees are set up as per the provisions of the Act and / or SEBI LODR Regulations or as per the requirement of the Company. However, every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of these Committees are placed before the Board for its review. The Committees ensure that any feedback or observations made by them during the course of meetings form part of the Action Taken Report for their review at the next meeting. All Committees comprises of requisite number of IDs as prescribed by the Act or SEBI LODR Regulation or any other regulatory authority. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company

02 ATTENDANCE DETAILS OF COMMITTEE MEETINGS FOR FY19

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDERS' RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	INVESTMENT COMMITTEE
Mr. Vinod Rai	4/4	2/2	2/2	C 2/2[2]	-	C 1/1
Mr. Gautam Kaji	C 2/2[1]	1/1[1]	1/1[1]	-	-	-
Mr. S. S. Kohli	-	1/1[3]	1/1[2]	2/2[2]	1/1	1/1
Mr. Donald Peck	-	C 1/1[1]		-	1/1[1]	-
Ms. Marianne Økland	C 4/4[4]	C 1/1[4]	C 2/2	1/1[3]	-	-
Mr. Chintamani Bhagat	2/2[3]	-	-	C 1/1[4]	-	-
Mr. Sunil Kakar	-	-	1/1[2]	2/2[2]	C 1/1	1/1
Mr. Anshuman Sharma	-	-	0/1	-	0/0	-
Mr. Soumyajit Ghosh	-	-	-	1/1[3]	-	-

1. Retired as an Independent Director w.e.f. July 31, 2018
2. Ceased to be a Member w.e.f. October 30, 2018
3. Appointed as a Member w.e.f. October 30, 2018
4. Appointed as a Chairperson w.e.f. October 30, 2018

Secretary officiates as the Secretary to all the Committee Meetings. The composition of various committees of the Board is in line with the applicable regulations and is hosted on the website of the Company: www.idfc.com.

The Board has established the following statutory and non-statutory Committees.

A. Audit Committee
B. Nomination & Remuneration Committee
C. Risk Management Committee
D. Stakeholders' Relationship Committee
E. Corporate Social Responsibility Committee
F. Investment Committee
G. IT Strategy Committee

Composition and Attendance of Directors at Committee Meeting(s) for FY19 are given in **Table 2**. Attendance is presented as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY19.

A. AUDIT COMMITTEE

The Audit Committee comprises of three Members, having majority of IDs. The Committee is chaired by Ms. Marianne Økland and has Mr. Vinod Rai and Mr. Chintamani Bhagat as its Members with any two Members forming the quorum.

The Committee met four times during FY19. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were April 27, 2018; July 30, 2018; October 30, 2018 and February 09, 2019.

The Chief Financial Officer, the representatives of the Statutory Auditors and the Internal Auditors are generally invited to the Audit Committee Meetings. The Company Secretary of IDFC is the Secretary to the Audit Committee. The Minutes of the Audit Committee Meetings are circulated to the Members of the Board regularly and are taken note of. All Members of the Audit Committee are financially literate and have accounting and related financial management expertise.

The role of the Audit Committee includes the following:

a. Oversight of the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
b. Recommending to the Board, the appointment, remuneration and terms of appointment if required, of the Statutory Auditors & the Internal Auditors and the fixation of audit fees.
c. Reviewing, with the Management, the annual financial statements and Auditors' Report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements
d. Review performance and financials of subsidiary companies, including Investments made by them.
e. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
f. Reviewing the adequacy of internal audit carried out in the Company and wherever required, to review the scope, coverage and frequency of the internal audit and amend the same as per requirements.
g. The Audit Committee is also appraised on information with regard to related party transactions by being presented and having its views taken on. A statement in summary form of transactions with related parties in the ordinary course of business and carried out at arm's length basis.
h. Scrutiny of inter-corporate loans and investments.
i. Valuation of undertakings or assets of the company, wherever it is necessary
j. Details of materially significant individual transactions with related parties which are not in the normal course of business.
k. Details of materially significant individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same, if any.
l. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
m. Evaluation of internal financial controls and risk management systems.
n. Monitoring the end use of funds raised through public offers and related matters.
o. To consider and review observations in RBI Inspection Report and appropriateness of management responses on the observations.
p. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / re-enactments thereof from time to time.

03 CRITERIA FOR PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

PARTICULARS	AMOUNT IN ₹
Fixed Remuneration for Member of the Board	700,000
Chairperson of the Board	700,000
Chairperson of the Audit Committee	200,000
Chairperson of Other Committees	100,000
Member of the Audit Committee	100,000
Member of Other Committees	50,000
Variable remuneration (Depending on attendance at Board Meetings)	300,000

B. NOMINATION & REMUNERATION COMMITTEE

As of March 31, 2019, the Nomination & Remuneration Committee ("NRC") comprised of Ms. Marianne Økland as the Chairperson, Mr. Vinod Rai and Mr. S. S. Kohli as its Members, all of whom are IDs. The quorum of the meeting is any two Members. The Committee met two times during the year on April 27, 2018 and January 24, 2019.

The role of NRC includes the following:

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

b. Scrutinizing the nominations of the Directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation.

c. Formulation of criteria for evaluation of performance of every Director and the Board as a whole.

d. Devising a policy on Board diversity.

e. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal & shall carry out evaluation of every Director's performance.

f. Administering the Employee Stock Option Plan of the Company and determining eligibility of employees for stock options.

g. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / re-enactments thereof from time to time.

REMUNERATION POLICY

IDFC pays remuneration to the Executive Director ("ED") by way of salary, perquisites including retirement benefits (fixed component) and a variable component based on the recommendation of the NRC and approval of the Board and the Shareholders of the Company. The Company has a Board approved Remuneration policy in place which is hosted on the website of the Company www.idfc.com. The remuneration paid to ED is determined keeping in view the industry benchmark and the performance of the Company as well as performance of ED.

The NEDs are paid remuneration by way of commission and sitting fees. Commission is paid as per the limits approved by the Shareholders of the Company at the 21st AGM held on July 31, 2018. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as linked to Chairpersonship of the Committees.

The criteria for payment of commission to NEDs are given in **Table 3**. IDFC will pay a sum not exceeding ` 70 Lacs as commission to its NEDs for FY19. The said amount will be paid to the Directors, subject to deduction of tax, after the ensuing AGM. The Company has not granted any stock options to NEDs / IDs. As on March 31, 2019, none of the NEDs held any shares of the Company. **Table 4** gives details of remuneration paid to the Directors during FY19. The Company did not advance loans to any of its Directors during FY19. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2019. As per the current term of employment, the notice period of Mr. Sunil Kakar, MD & CEO is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

C. RISK MANAGEMENT COMMITTEE

As on March 31, 2019, Risk Management Committee ("RMC") comprises of three Members, with Ms. Marianne Økland as the Chairperson, Mr. Vinod Rai and Mr. Anshuman Sharma as its Members, with any two Members forming the quorum. The Committee met two times during the year on April 27, 2018 and October 30, 2018.

IDFC has in place mechanism to inform the Board about its risk assessment and risk mitigation procedures with periodical reviews to ensure that the Management controls risk through a Board-approved properly defined framework. This is done through its Board-level RMC and it monitors and reviews risk management of the Company on a regular basis. The RMC reviews and monitors mainly three types of risks across the organisation: credit risk, market risk and operational risk and takes note of the Legal & Regulatory updates for all the Non-Bank Entities. This is done under the overall framework of the Enterprise Risk Management System. The Chairperson of the Committee reports the findings / observations of the Committee to the Board.

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2019, Stakeholders' Relationship Committee ("SRC") consists of three Directors - Mr. Chintamani Bhagat as the Chairman, Ms. Marianne Økland and Mr. Soumyajit Ghosh as its Members, with any two Members forming the quorum. The Committee met three times during the year on April 27, 2018; July 30, 2018 and October 30, 2018.

The Committee is empowered to handle Shareholders' and other investors' complaints and grievances. The SRC considers and resolves the grievances of the equity Shareholders of the Company, including complaints related to transfer

04 DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS

AMOUNT IN ₹

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY & PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION FOR FY18 PAID IN FY19	PAID DURING FY19 TOTAL
Mr. Vinod Rai	00041867	8,25,000	-	-	21,58,082	29,83,082
Mr. S. S. Kohli	00169907	7,75,000	-	-	13,08,082	20,83,082
Ms. Marianne Økland	03581266	7,50,000	-	-	13,04,795	20,54,795
Mr. Chintamani Bhagat	07282200	6,00,000	-	-	10,83,836	16,83,836
Mr. Manish Kumar[1]	07379535	-	-	-	-	-
Mr. Anshuman Sharma[2]	07555065	-	-	-	-	-
Mr. Soumyajit Ghosh	07698741	-	-	-	-	-
Mr. Sunil Kakar	03055561	-	2,50,96,625	41,53,560		2,92,50,185
Mr. Gautam Kaji[3]	02333127	2,75,000	-	-	4,19,961	6,94,961
Mr. Donald Peck[3]	00140734	1,50,000	-	-	3,69,824	5,19,824

1 Ceased to be Nominee Director w.e.f. June 11, 2018.
2 Appointed as an Additional Director in the category of Nominee Director w.e.f. August 08, 2018
3 Retired as an Independent Director w.e.f. July 31, 2018

of equity shares, non-receipt of annual report, non-receipt of declared dividends, etc. Additionally, it is responsible to perform any other function as stipulated by the Act, Reserve Bank of India, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws, as amended from time to time.

Additionally, Allotment and Share Transfer Committee ("ASTC") comprising of Mr. Vinod Rai, Mr. Sunil Kakar and Mr. Mahendra N Shah looks into share allotment, transfer, transmission, name deletion, transposition, rematerialisation and related applications received from Shareholders, with a view to accelerate the transfer procedures. Mr. Mahendra N Shah, being appointed as a Company Secretary, was inducted as a Member of the ASTC w.e.f. May 24, 2019. The quorum for any meeting of this Committee is two Members.

Mr. Mahendra N Shah, the Company Secretary is designated as the Compliance Officer in terms of the SEBI LODR Regulations whose designated e-mail address for investor complaints is mahendra.shah@idfc.com. All complaints received during the year have been redressed to the satisfaction of the Shareholders and none of them were pending as at the end of FY19.
Details of queries and grievances received and attended by the Company during FY19 are given in **Table 5**.

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2019, the Corporate Social Responsibility ("CSR") Committee consists of three Directors, Mr. Sunil Kakar as the Chairman, Mr. S. S. Kohli and Mr. Anshuman Sharma as its Members. Mr. Sharma was inducted as a Member of the CSR Committee w.e.f. October 30, 2018, in view of the resignation of Mr. Donald Peck. The quorum of the meeting is two Members.

During the year one meeting was held on April 27, 2018.

The purpose of the Committee is to formulate and monitor the CSR policy of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on these activities. A copy of the said CSR policy is placed on the website of the Company: www.idfc.com. Details of the CSR contribution made by IDFC during the year are given as **Annexure 5** to the Board's Report.

F. INVESTMENT COMMITTEE

As on March 31, 2019, the Investment Committee ("IC") consists of three Members, namely Mr. Vinod Rai as the Chairman, Mr. S. S. Kohli and Mr. Sunil Kakar as its Members. Post demerger, IDFC is registered with the RBI as an NBFC - Investment Company.

During the year one meeting was held on February 1, 2019. The broad mandate of IC is to take an informed decision about the proposed investments / divestments in equity, preference, convertible securities and VCF Units to be made by IDFC, having regard to factors like long-term value creation and / or business growth / diversification benefits.

G. IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS. PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to "Information Technology Framework for NBFC sector, during the year, IT Strategy Committee was constituted having Mr. S. S. Kohli as Independent Director & Chairman of the Committee and Mr. Sunil Kakar (MD & CEO), Mr. Bipin Gemani & Mr. Madhusudan Warrior as Members.

The Committee met three times during the year on April 27, 2018; July 30, 2018 and October 30, 2018.

The Board approved the Information Technology (IT) Strategy Document, Information Security Management System (ISMS) Policy, IT Policy, Cyber Security Policy and Cyber Crisis Management Plan on the recommendation of IT Strategy Committee.

Terms of reference of IT Strategy Committee includes:

a. Approving IT strategy and policy documents for an effective strategic planning. IT strategy will be based on the NBFC Business strategy.

b. Communicating and monitoring information technology strategy internally and externally so that all employees, partners, suppliers, and contractors understand the Company-wide strategic plan and how it carries out the company's overall goals.

c. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.

d. Ensuring IT investments are in line with business requirements, accepted

05 NATURE OF COMPLAINTS RECEIVED AND ATTENDED DURING FY19

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1,2018	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2019
1.	Non-receipt of Dividend warrants	NIL	339	322	17*
2.	Non-receipt of Annual Report	NIL	73	73	NIL
3.	Complaints received from:				
	- SEBI	NIL	5	5	NIL
	- Stock Exchange	NIL	1	1	NIL
4.	Non-receipt of Refund	NIL	7	7	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	NIL	NIL	NIL
6.	Non-receipt of Securities	NIL	3	3	NIL

* 17 complaints were received during last week of the financial year. The same were pending as on March 31, 2019. However, these complaints were resolved within the stipulated time period.

IT Security standards within agreed budgets.

e. Review of IT team strength, IT outsourced activities and guide in resource mobilizing for executing strategies.

f. Ensuring that proper controls exist towards IT risks giving a balance of risks and benefits.

g. Driving technology decision-making that creates medium- and long-term improvement.

h. Reviewing key strategic priorities and translating them into a comprehensive strategic plan for technology initiatives.

i. Monitoring the execution of the IT policy, ISMS policy, BCP policy, DR policy, IT Outsourcing policy.

j. IT Budgets review and approval

k. IT projects review and approve delivery schedules.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on April 27, 2018 without the presence of the Non-Independent Directors and senior management team of the Company.

All IDs attended the Meeting and discussed the matters as required under the relevant provisions of the Act and the SEBI LODR Regulations.

In addition to the said formal Meeting, interactions outside the Board Meetings also take place between the Chairman and IDs.

BOARD EVALUATION

The Act and SEBI LODR Regulations contain broad provisions on Board Evaluation i.e. evaluation of the performance of:

(i) the Board as a whole,
(ii) individual Directors (including ID and Chairman) and
(iii) various Committees of the Board. The provisions also specify responsibilities of Directors / Committees for conducting such evaluation.

SEBI, vide its circular dated January 5, 2017 had provided a guidance note covering all major aspects of evaluation which would serve as a guide for listed entities and may be adopted by them if considered appropriate.

Accordingly, detailed questionnaires were prepared and circulated to the Board for Annual evaluation. The outcome / responses of the evaluation process was presented and discussed verbally with the Directors present at the meeting.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations were made at the Board Meetings, on business and performance updates of the Company and its subsidiaries, global business environment, business strategy and associated risks, roles, rights and responsibilities of IDs. Details of the same are given on the website of the Company: www.idfc.com.

CODE OF CONDUCT

Code of Conduct for all Directors and designated Senior Management Personnel ("SMP")["Code"] is in place and the said Code is available on the website of the Company: www.idfc.com. All Board Members and designated SMPs have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD & CEO is enclosed at the end of this chapter. Further, all IDs have confirmed that they meet the criteria of Independence mentioned under Regulation 16(1)(b) of SEBI LODR Regulations, read with Sections 149(6) and 149(7) of the Act.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted the Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code lays down guidelines and procedures to be followed and disclosures to be made, while dealing with shares of the Company, as well as the consequences of violation. The Code has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company's securities. The said Code of Conduct for Prohibition of Insider Trading is also available on the website of the Company: www.idfc.com.

APPOINTMENT / REAPPOINTMENT / RESIGNATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL ("KMPs")

During the year, following changes took place in the position of the Director / KMP:

1. Mr. Manish Kumar resigned as Nominee Director of Government of India, Ministry of Finance w.e.f. from June 11, 2018;
2. Reappointment of Mr. Vinod Rai as an Independent Director of the Company for a period of 3 (three) years, from July 31, 2018 to July 30, 2021;
3. Mr. Gautam Kaji and Mr. Donald Peck completed their respective 2nd term and were retired as an Independent Directors of the Company w.e.f. July 31, 2018;
4. Appointment of Mr. Anshuman Sharma as an Additional Director in the category of Nominee Director of Government of India, Ministry of Finance;
5. Appointment of Ms. Rinkoo Somani as interim Chief Financial Officer of the Company w.e.f. July 10, 2018;

06 **ANNUAL GENERAL MEETINGS HELD DURING THE LAST THREE YEARS**

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY16	The Music Academy, T.T.K. Auditorium (Main Hall), Near Acropolis Building New No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 27, 2016	2.00 p.m.	i. Reappointment of Mr. Donald Peck as an Independent Director; ii. Approval of the Borrowing Limits of the Company including Issue of Non-Convertible Securities under Private Placement.
FY17	The Music Academy, T.T.K. Auditorium (Main Hall), Near Acropolis Building New No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 28, 2017	2.00 p.m.	i. Reappointment of Mr. S. S. Kohli as an Independent Director of the Company; ii. Reappointment of Ms. Marianne Økland as an Independent Director of the Company; iii. Offer and Issue of Non-Convertible Securities through Private Placement.
FY18	Sir Mutha Venkatasubba Rao Concert Hall (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 031.	July 31, 2018	2.00 p.m.	i. Reappointment of Mr. Vinod Rai as an Independent Director of the Company ii. Offer and Issue of Non-Convertible Securities through Private Placement. iii. Alteration of Articles of Association

6. Appointment of Mr. Bipin Gemani as Chief Financial Officer of the Company w.e.f. December 19, 2018, in view of resignation of Ms. Rinkoo Somani w.e.f. December 17, 2018;
7. Appointment of Mr. Nirav Shah as the Company Secretary & Compliance Officer of the Company w.e.f. December 18, 2018, in view of the resignation of Mr. Amol Ranade as Company Secretary & Compliance Officer w.e.f. December 17, 2018.

Further, Mr. Mahendra N Shah was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. May 24, 2019, in view of the resignation of Mr. Nirav Shah as Company Secretary & Compliance Officer w.e.f. May 23, 2019. The Board places on record its sincere appreciation for the services rendered by the outgoing Directors and KMPs during their tenure in the Company.

The details of skills / expertise / competency of Directors are hosted on the website of the Company : www.idfc.com.

CEO & CFO CERTIFICATION

Certification from the MD & CEO and CFO on the financial statements and internal controls relating to financial reporting for FY19 is enclosed at the end of this chapter.

GENERAL BODY MEETINGS

ANNUAL AND EXTRA-ORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Table 6 gives details of AGMs held during last three years. No Extra-Ordinary General Meeting was held during the last three financial years.

Shareholders' Update

Special Resolutions sought to be passed at the ensuing AGM:

IDFC seeks the approval of Shareholders of the Company by way of Special Resolution for Offer and Issue of Non-Convertible Securities through Private Placement basis.

Detailed explanatory statement pursuant to Section 102 of the Act in respect of the above items forms part of the AGM Notice.

Means of communication with Shareholders

As per Regulation 46 of SEBI LODR Regulations, IDFC maintains a website: www.idfc.com containing basic information about the Company, such as details of its business, financial results, shareholding pattern, compliance with corporate governance, contact information of the designated official who is responsible for assisting and handling investor grievances. It also display all official press releases and presentation to institutional investors or analysts made by the Company. This information is regularly updated on the website of the Company.

The financial and other information filed by the Company from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE. NSE and BSE have introduced their respective electronic platforms namely NSE Electronic Application Processing System ("NEAPS") and BSE Listing Centre Online Portal for submission of various filings by listed companies. IDFC ensures that the requisite compliances are filed through these systems. The Company also informs to the Stock Exchanges the schedule of Investor Conferences where representatives of IDFC attend. The quarterly, half-yearly and annual results of IDFC are published in leading newspapers like the Hindu Business Line & Makkal Kural and are also displayed on the website of the Company: www.idfc.com.

DISCLOSURES

RELATED PARTY DISCLOSURES

During FY19, all transactions entered into with Related Parties, as defined under the Act and SEBI LODR Regulations, were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Act. There were no materially significant related party transactions that could have any potential conflict of interest of the Company at large. Suitable disclosure as required by the Indian Accounting Standards (Ind-AS) has been made in the notes to the Financial Statements. All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. Further, an omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature and the management appraises the Audit Committee of such transactions every quarter. Further, the details of Related Party Transactions are included in the Notes to the Financial Statements which forms part of this Annual Report. The Board of Directors have formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Act and SEBI LODR Regulations.

The same are displayed on the website of the Company: www.idfc.com.

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of SEBI LODR Regulations defines a material non listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose Income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated Income or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, as of March 31, 2019, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Asset Management Company Limited (Unlisted). Further, as per Regulation 24(1) Mr. Vinod Rai, ID of IDFC Limited, is a Director on the Board of IDFC Financial Holding Company Limited and IDFC Asset Management Company Limited. A Policy for determining 'material' subsidiaries is placed on the website of the Company: www.idfc.com. The Audit Committee of IDFC reviews the financial statements of the subsidiary companies and the investments made by its subsidiaries. The minutes of the Board Meetings of the subsidiary companies are placed before the Board of IDFC at regular intervals. A statement of all significant transactions and arrangements entered into by the subsidiary companies, if any, is periodically placed before the Board of IDFC. The annual audited Financial Statements of the subsidiary companies are provided to the Audit Committee and Board of IDFC.

CONFIRMATION OF COMPLIANCE

IDFC has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory / regulatory authority(ies) on any matter related to capital market during the last three years.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by SEBI, M/s BNP & Associates, Company Secretaries has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the applicable SEBI Regulations and circulars / guidelines issued thereunder. The said Report is appended as **Annexure 3B**.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company did not enter into any Commodity transactions. Further, the Company did not have any foreign currency exposure.

POSTAL BALLOT

The Company may seek to pass Special Resolution(s) in FY20 through Postal Ballot, as and when required, subject to applicable Act and Rules.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177(9) of the Act and Regulation 22 of SEBI LODR Regulations, the Company has established the Vigil Mechanism, by adopting Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee reviews the functioning of Whistle Blower Mechanism. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company and no personnel has been denied access to the Audit Committee. The said policy has been posted on the website of the Company: www.idfc.com.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its businesses, including adherence to the Company's policies, the safeguard of its assets, the prevention of frauds and errors, the accuracy and completeness of the accounting policies and the timely preparation of reliable financial disclosures.

COMPLIANCE

The Company has adhered to all the mandatory requirements of Corporate Governance norms prescribed under Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR Regulations to the extent applicable to the Company.

STATUTORY AUDITORS

Total fees for all services rendered by the Statutory Auditors to the Company and its subsidiaries on consolidated basis were ₹ 1.38 crore.

ADOPTION OF NON-MANDATORY REQUIREMENTS

SEPARATE POSTS OF CHAIRPERSON AND CEO

The Company has complied with the requirement of having separate persons for the posts of Chairperson and MD & CEO. Mr. Vinod Rai is an Independent Non-Executive Chairman and Mr. Sunil Kakar is MD & CEO of the Company.

AUDIT QUALIFICATION

During the year under review, there were no audit qualifications in the Company's Standalone financial statements. Qualifications in the Consolidated Auditors' Report are mentioned on page no. 105.

07 IDFC'S STOCK EXCHANGE CODE FOR EQUITY SHARES

NAME & ADDRESS OF THE STOCK EXCHANGE	STOCK SYMBOL / SCRIP CODE
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	IDFC
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	532659
ISIN	INE043D01016

ANNUAL GENERAL MEETING

DATE & TIME

MONDAY, SEPTEMBER 30, 2019 AT 11.30 A.M.

VENUE

THE MUSIC ACADEMY

T.T.K Auditorium (Main Hall),
Near Acropolis Building,
New No. 168 (Old No. 306),
T.T.K. Road, Royapettah,
Chennai - 600 014,
Tamil Nadu, India.

REPORTING OF INTERNAL AUDITORS

The Internal Auditors present their reports directly to the Audit Committee of the Company. The Company appointed M/s Grant Thorton India LLP (having registration number AAA-7677) as Internal Auditors of the Company for FY20.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34(2)(e) of SEBI LODR Regulations, the Annual Report has a separate chapter titled Management Discussion & Analysis.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) to comply with the Accounting Standards as specified under Section 133 of the Act. The financial statements have been prepared on the accrual basis under the historical cost convention.

ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

In keeping with specific requirements for a Non-Banking Financial Company, the Company has formulated an Anti-Money Laundering and Know Your Customer Policy.

GENERAL SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Financial Year - April 1, 2018 to March 31, 2019

For the year ended March 31, 2019, results were announced on

- July 30, 2018 for the first quarter.
- October 30, 2018 for the second quarter and half year.
- February 09, 2019 for the third quarter and nine months.
- May 24, 2019 for Standalone Results for the fourth quarter and annual.
- May 29, 2019 for Consolidated Results for the fourth quarter and annual.

For the year ending March 31, 2020, results were / will be announced latest by:

- August 14, 2019 for the first quarter.
- Second week of November, 2019 for the second quarter and half year.
- Second week of February, 2020 for the third quarter and nine months.
- Last week of May, 2020 for the fourth quarter and annual.

IDFC'S LISTING AND STOCK EXCHANGE CODES

At present, the equity shares of IDFC are listed on BSE and NSE details whereof are given in **Table 7**. The annual listing fees for FY20 have been paid.

STOCK PRICES

Table 8 gives details of the stock market prices of IDFC's shares. A comparison of the share prices of the Company at NSE and BSE with their respective indices are given in Chart A and Chart B.

DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of IDFC's equity shares by size and shareholding pattern by ownership along with Top 10 equity Shareholders of the Company as on March 31, 2019 are given in **Table 9**, **Table 10** and **Table 11**, respectively.

DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India NSDL and CDSL. As on March 31, 2019, approximately 99.99% shares of IDFC were held in dematerialised form. The details of the same are given in

Table 12.

OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company does not have outstanding GDRs / ADRs / Warrants or any Convertible Instruments as on date.

UNCLAIMED / UNPAID DIVIDEND

Pursuant to the provisions of Sections 124 and 125 of the Act, any dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to Investor Education and Protection Fund ("IEPF") established by the Central Government.

Accordingly, an amount of ₹ 31,65,178 being unclaimed / unpaid dividend for FY11 and which remained unpaid / unclaimed for a period of 7 years has been transferred by the Company to the IEPF. Further, for FY12, the last date for claiming unclaimed / unpaid dividend was August 12, 2019. The Company is in process of transferring ₹ 40,08,136 being unclaimed / unpaid dividend for FY12 and which remained unpaid / unclaimed for a period of 7 years to IEPF.

The unpaid dividend amount pertaining to FY13 will be transferred to IEPF after August 29, 2020. Hence, Shareholders who have not yet en-cashed their dividend warrant(s) pertaining to dividend for FY13 are requested to make their claims on or before August 29, 2020 to the Company or Karvy Fintech Private Limited the Registrar and Transfer Agent of the Company.

Pursuant to the applicable provisions of the Act and Rules made thereunder, as amended from time to time, it is clarified that after such a transfer, no claim shall lie against the Company. However, the investor can claim the unpaid dividend from the IEPF Authority.

The status of Dividend remaining unclaimed is given in **Table 13**.

CHART A IDFC V/S NIFTY IN PERCENTAGE

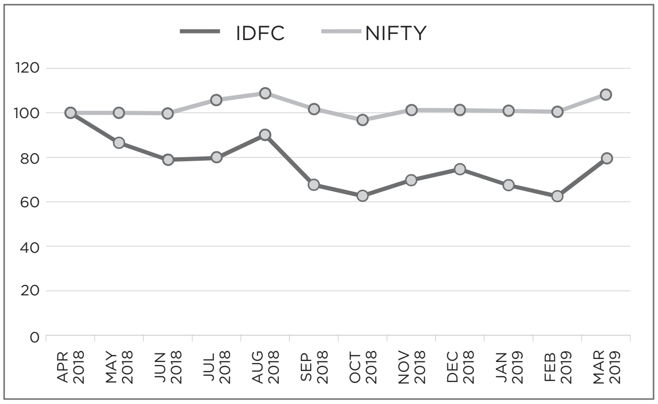
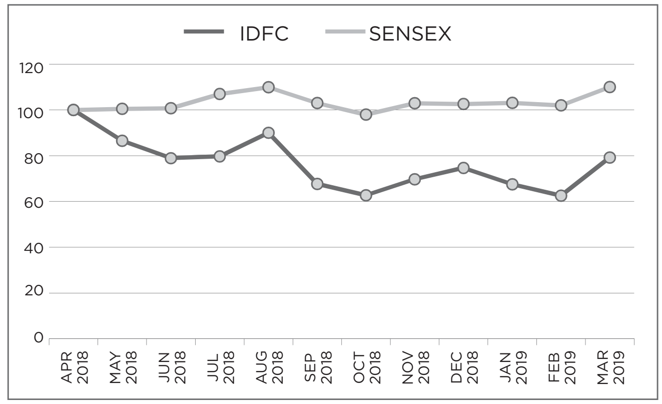


CHART B IDFC V/S SENSEX IN PERCENTAGE



08 HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES

	BSE			NSE		
MONTH	**HIGH PRICE**	**LOW PRICE**	**TURNOVER**	**HIGH PRICE**	**LOW PRICE**	**TURNOVER**
Apr-18	60.15	48.90	9,888,424	60.50	48.85	105,629,543
May-18	59.15	49.05	6,350,085	59.20	49.00	82,746,340
Jun-18	51.45	44.40	4,258,662	51.60	44.25	129,910,735
Jul-18	49.35	42.90	6,636,173	49.40	42.90	95,156,318
Aug-18	53.45	45.35	7,676,257	53.55	45.25	97,535,237
Sep-18	53.30	39.15	5,862,951	53.30	39.10	78,064,891
Oct-18	42.10	34.30	7,916,067	42.25	34.25	76,888,877
Nov-18	42.25	36.30	5,589,566	42.30	36.25	58,737,556
Dec-18	44.90	36.60	8,341,867	44.95	36.50	66,500,061
Jan-19	45.40	38.25	6,543,073	45.45	38.20	75,302,749
Feb-19	39.85	34.50	5,652,663	39.85	31.60	94,745,984
Mar-19	48.05	37.00	9,333,771	48.10	36.85	142,314,662

Note: High and Low are in rupees per traded share. Volume is the total monthly volume of trade in number of IDFC's shares.

Pursuant to the provisions of IEPF Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 31, 2018 (date of last AGM) on the Company's website: www.idfc.com and on MCA website.

TRANSFER OF SHARES TO IEPF

Pursuant to the applicable provisions of Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent modification thereof, all shares in respect of which dividend have remained unpaid or unclaimed for consecutive seven years; the corresponding shares have to be transferred to IEPF Authority. During the year, in compliance with the aforesaid provisions, the Company has transferred 49,639 equity shares of ₹ 10 each to the designated account of the IEPF Authority.

The Company is in process of transferring requisite shares of shareholders, who have not transfered their dividend for consecutive seven years from FY12, to IEPF Authority.

As required under the said provisions, all subsequent corporate benefits that will be accrued in relation to the above shares shall also be credited to the corresponding Bank account of IEPF Authority. The details of such shares transferred to IEPF are available on website of the Company at http://www.idfc.com/investor_relations/UnclaimedShares.htm.

Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at http://www.iepf.gov.in.

The Company had already sent communication to the Shareholders requesting them to claim the dividend, in order to avoid their shares getting transferred to IEPF. Accordingly, Shareholders who have not claimed the dividend since FY13, are requested to contact Karvy Fintech Private Limited and submit requisite documents, failing which the Company will be constrained to transfer the shares to IEPF Authority as

09 IDFC'S DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019

SL NO	CATEGORY (SHARES)	NO.OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO EQUITY
1	1 - 5000	414,378	98.41	143,836,228	9.01
2	5001 - 10000	3,408	0.81	25,433,285	1.59
3	10001 - 20000	1,609	0.38	23,236,022	1.46
4	20001 - 30000	506	0.12	12,637,546	0.79
5	30001 - 40000	224	0.05	7,880,431	0.49
6	40001 - 50000	156	0.04	7,221,590	0.45
7	50001 - 100000	330	0.08	24,356,673	1.53
8	100001 and above	482	0.11	1,351,756,541	84.68
	TOTAL	**421,093**	**100.00**	**1,596,358,316**	**100.00**

10 IDFC'S EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2019

SL NO	DESCRIPTION	NO. OF HOLDERS	TOTAL SHARES	% EQUITY
1	PRESIDENT OF INDIA	1	261,400,000	16.37
2	BANKS, INDIAN FINANCIAL INSTITUTIONS ,INSURANCE COMPANIES	53	70,662,090	4.43
3	FOREIGN INSTITUTIONAL INVESTORS /FOREIGN PORTFOLIO - CORP	138	561,682,950	35.19
4	NRI/FOREIGN NATIONALS	5,576	16,942,455	1.06
5	H U F	10,949	14,646,308	0.92
6	BODIES CORPORATES	2,440	96,202,861	6.03
7	MUTUAL FUNDS	49	187,002,065	11.71
8	NBFC	21	863,179	0.05
9	RESIDENT INDIVIDUALS	401,585	366,484,337	22.95
10	TRUSTS	31	17,171,425	1.08
11	CLEARING MEMBERS	250	3,300,646	0.21
	TOTAL	**421,093**	**1,596,358,316**	**100.00**

11 TOP 10 SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2019

SL NO	DPID	FOLIO/ CL-ID	NAME/JOINT NAME(S)	HOLDING	% TO EQT	MINOR CODE
1	IN302437	20095610	PRESIDENT OF INDIA	261,400,000	16.37	POI
2	IN300054	10051286	SIPADAN INVESTMENTS (MAURITIUS) LIMITED	151,145,989	9.47	FPC
3	IN300142	10754198	THELEME MASTER FUND LIMITED	79,475,433	4.98	FPC
4	IN300054	10022362	ORBIS SICAV EMERGING MARKETS EQUITY FUND	74,739,371	4.68	FPC
5	IN301549	16191396	ASHISH DHAWAN	56,000,000	3.51	PUB
6	IN303173	20006339	EAST BRIDGE CAPITAL MASTER FUND LIMITED	39,641,081	2.48	FPC
7	IN300126	11218380	ICICI PRUDENTIAL EQUITY & DEBT FUND	30,074,941	1.88	MUT
8	IN300476	40314385	AKASH BHANSHALI	267,50,921	1.68	PUB
9	IN300054	10066245	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND	26,596,791	1.67	MUT
10	IN300142	10614532	PLATINUM ASIA FUND	22823564	1.43	FII
			TOTAL	**768648091**	**48.15**	

per the Rules.

UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

IDFC had credited the unclaimed shares lying in the escrow account, allotted in the Initial Public Offer of the Company during July–August, 2005, into a Demat Suspense Account opened specifically for this purpose. These shares were transferred to IEPF Authority as per the IEPF Rules. Details of shares which were lying in the 'Unclaimed Suspense Account' are given in **Table 14**. Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at http://www.iepf.gov.in.

SHARE TRANSFER SYSTEM

IDFC has appointed Karvy Fintech Private Limited ("Karvy") as its Registrar and Transfer Agent. All share transfer and related operations are conducted by Karvy, which is registered with the SEBI as a Category 1 Registrar. The shares sent for physical transfer are effected after giving a 15 day's notice to the seller for confirmation of the sale. IDFC has a Stakeholders' Relationship Committee for monitoring redressing of Shareholders' complaints regarding securities issued by IDFC from time to time.

As required under Regulation 40(9) of SEBI LODR Regulations, a Practising Company Secretary examines the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above Regulations.

As required by SEBI, audit of Reconciliation of Share Capital is conducted by a Practising Company Secretary on a quarterly basis for the purpose, inter alia, of reconciliation of the total admitted equity share capital with the depositories and in physical form with the total issued / paid-up equity share capital of the Company. Certificates issued in this regard are forwarded to BSE and NSE on periodic basis.

12 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2019

CATEGORY	NO. OF SHARES	%
Physical	10,888	ß*
NSDL	1,497,962,088	93.84
CDSL	98,385,340	6.16
TOTAL	**1,596,358,316**	**100.00**

* ß denotes negligible value.

13 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2019

PARTICULARS	UNCLAIMED DIVIDEND (R)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2011-12	4,722,092.00	July 9, 2012	August 12, 2019
2012–13	4,099,522.00	July 29, 2013	August 29, 2020
2013-14	4,791,450.00	July 29, 2014	September 2, 2021
2014-15	4,290,190.00	July 30, 2015	September 3, 2022
2015-16 [1]	-	-	-
2016-17	908,340.50	July 28, 2017	August 29, 2024
2017-18	2,472,846.75	July 31, 2018	September 1, 2025

[1] Dividend was not declared for FY 2015-16

14 UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

PARTICULARS	NO. OF CASES/ MEMBERS	NO. OF SHARES OF ₹ 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	5	1,397
Number of Shareholders who approached to IDFC / Registrar for transfer of shares from suspense account during the year 2018-19	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2018-19	NIL	NIL
Shares Transferred to IEPF Pursuant to the IEPF Rules	NIL	NIL
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2019	5	1,397

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO RTA

Karvy Fintech Private Limited (formerly Karvy Computershare Private Limited)
(Unit: IDFC Limited)
Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad – 500 032
Tel: +91 40- 6716 2222
Fax: +91 40- 2342 0814
E-mail: einward.ris@karvy.com

THE COMPANY SECRETARY

Mr. Mahendra N Shah
IDFC Limited
Naman Chambers, C-32, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
Tel: +91 22 4222 2016
Fax: +91 22 2421 5052
E-mail: mahendra.shah@idfc.com
Website: www.idfc.com

REGISTERED OFFICE ADDRESS

IDFC Limited
KRM Towers, 7th Floor,
No. 1, Harrington Road,
Chetpet, Chennai - 600 031
Tel: +91 44 4564 4201/4202/4223
Fax: +91 44 4564 4222

CEO & CFO CERTIFICATE

Certification by Chief Executive Officer and Chief Financial Officer of the Company for the Financial Year 2018-19

We Sunil Kakar, Managing Director & Chief Executive Officer and Bipin Gemani – Chief Financial Officer of IDFC Limited (**"IDFC" or "the Company"**), hereby certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by IDFC during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We are responsible for establishing and maintaining internal controls for financial reporting in IDFC and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit committee:

   i. Significant changes in internal control over financial reporting during the year;

   ii. Significant changes in accounting policies during the year and the same have been disclosed in the Notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

e. We affirm that we have not denied any personnel access to the Audit Committee of the Company in respect of matters involving alleged misconduct, if any.

f. We further declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the current year.

Sunil Kakar
Managing Director & CEO

Bipin Gemani
Chief Financial Officer

Mumbai | May 24, 2019

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF IDFC LIMITED

We have examined the compliance of conditions of corporate governance by **IDFC LIMITED** (the 'Company') for the year ended March 31, 2019, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR BNP & ASSOCIATES
Company Secretaries
[Firm Regn. No. P2014MH037400]

B. Narasimhan
Partner
FCS No.:- 1303
COP No.:- 10440

Mumbai | August 14, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the standalone financial statements of IDFC Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
I. Assessment of Valuation of investments measured at fair value for which no listed price in an active market is available and valued using market information and significant unobservable input: (Refer to note 7 to the financial statements.) The Company has Investments amounting to ₹ 650.08 crore valued on fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in either statement of profit and loss or other comprehensive income in accordance with related Accounting Standard (Ind-AS 109). In measuring these Investments, valuation methods are used based on inputs that are not directly observable from market information and certain other unobservable inputs. The Management has also used the services of an independent professional valuer. Key inputs used in the valuation of above investments are cash flow projections, market multiples and growth rate, terminal rate, discount rate etc The valuation of these assets is important to our audit as it is highly dependent on estimates (various assumptions and techniques used) which contain assumptions that are not observable in the market. Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	The following procedures were performed by us, to test the valuation of certain types of investments – We understood and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments. ▪ We evaluated the independence, competence, capabilities and objectivity of Management's expert (independent professional valuer). ▪ We evaluated together with the auditor's expert to assess the reasonableness of the valuation methodology and underlying assumptions relating to cash flow projections, market multiples and growth rate, discount rate etc. used by the independent professional valuer to estimate the fair value of investments. ▪ We validated the source data on sample basis and tested the arithmetical accuracy of the calculation of valuation of investments. ▪ We performed sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions. We assessed the adequacy of the disclosures in the financial statements. Based on our above audit procedures we consider that the management's assessment of the investment for which no listed price in an active market is available is reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR’S REPORT

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

7. 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 for the financial statements

8. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. 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. 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

10. 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 SAs 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.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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.

    - 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.

12. 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.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

Other matter

15. The comparative financial information of the Company for the transition date opening balance sheet as at April 1, 2017 included in these Ind-AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated April 28, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind-AS have been audited by us.

16. The financial information of the Company for the year ended March 31, 2018 included in these Ind-AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 27, 2018. The adjustments to this financial statements for the differences in accounting principles adopted by the Company on transition to the Ind-AS have been audited by us.

Our opinion is not modified in respect of these matter.

Report on other legal and regulatory requirements

17. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. 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 purposes 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 Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (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, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 17 to the financial statements, the Company does not have any derivative contracts.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For **Price Waterhouse & Co. Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 42190

Mumbai I May 24, 2019

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalonefinancial statements for the year ended March 31, 2019.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the 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 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 its business, including adherence to 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both 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 internal financial controls with reference to financial statements was 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 internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements 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, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the 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 issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse & Co. Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 42190

Mumbai I May 24, 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 17 of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalonefinancial statements as of and for the year ended March 31, 2019.

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The Company does not own any immovable properties. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Therefore, the provisions of Section 185 are not applicable to the Company. The Company is registered as a Non – Banking Financial Company – Investment Company with the Reserve Bank of India. Thus, the provisions of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of the investment companies as mentioned in sub- section (1) of Section 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 32 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, goods and service tax and other material statutory dues which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind-AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Systemically Important Non-deposit Accepting or Holding Non-Banking Financial Company.

For **Price Waterhouse & Co. Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 42190

Mumbai I May 24, 2019

BALANCE SHEET

AS AT MARCH 31, 2019

(₹ in crore)

	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	0.54	1.32	377.08
Bank balances other than cash and cash equivalents	4	2.13	2.21	24.14
Receivables				
(i) Trade receivables	5A	-	-	6.54
(ii) Other receivables	5B	2.94	1.12	-
Loans	6	-	18.62	18.74
Investments	7	9,722.44	9,732.60	9,383.56
Other financial assets	8	2.87	4.49	3.19
Non-financial assets				
Income tax asset (net)	9	37.56	5.98	-
Property, plant and equipment	10	51.93	56.77	61.86
Other non-financial assets	11	0.30	0.13	0.49
Total assets		9,820.71	9,823.24	9,875.60
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(I) Trade payables	12			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2.40	2.46	7.20
Debt securities	13	-	-	199.70
Other financial liabilities	14	5.83	5.81	5.84
Non-financial Liabilities				
Income tax liabilities (net)	15	1.03	6.14	3.86
Deferred tax liabilities (net)	16	8.83	19.54	11.57
Provisions	17	22.84	28.15	34.71
Other non-financial liabilities	18	1.04	0.55	0.33
EQUITY				
Equity share capital	19A	1,596.36	1,596.35	1,595.94
Other equity	19B	8,182.38	8,164.24	8,016.45
Total liabilities and equity		9,820.71	9,823.24	9,875.60

See accompanying notes to the standalone financial statements

This is the standalone balance sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai: May 24, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE FROM OPERATIONS			
Interest income	20	18.85	5.51
Dividend income		121.05	139.95
Fees income		0.11	-
Net gain on fair value changes	21	17.69	71.27
Total revenue from operations		157.70	216.73
Other income	22	11.49	25.55
Total income		169.19	242.28
EXPENSES			
Finance costs	23	-	0.30
Impairment on financial instruments	24	8.95	5.07
Employee benefits expenses	25	21.68	10.93
Depreciation, amortisation and impairment	10	5.17	5.24
Impairment on investment in subsidiaries	7	12.98	-
Other expenses	26	12.17	13.91
Total expenses		60.95	35.45
Profit before tax		108.24	206.83
Income tax expense:			
- Current tax	27	20.24	14.86
- Deferred tax	27	(10.71)	7.97
- Tax adjustment on earlier years		(29.18)	-
Total tax expense		(19.65)	22.83
Profit for the period		127.89	184.00
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.32)	0.19
- Income tax relating to these items		0.09	(0.05)
Other comprehensive income, net of tax		(0.23)	0.14
Total comprehensive income		127.66	184.14
Earnings per equity share of ₹ 10 each	31		
- Basic (₹)		0.80	1.15
- Diluted (₹)		0.80	1.15

See accompanying notes to the standalone financial statements

This is the standalone statement of profit and loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai: May 24, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(₹ in crore)

	Notes	Number	Amount
As at April 1, 2017		1,595,941,570	1,595.94
Issued during the year		412,996	0.41
As at March 31, 2018		1,596,354,566	1,596.35
Issued during the year		3,750	0.01
As at March 31, 2019		1,596,358,316	1,596.36

B. OTHER EQUITY

(₹ in crore)

	Notes	Reserves and surplus						Total other equity
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share options outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at April 1, 2017		2,504.05	3,053.25	927.00	15.94	628.84	887.37	8,016.45
Profit for the year		-	-	-	-	-	184.00	184.00
Other comprehensive income for the year		-	-	-	-	-	0.14	0.14
Total comprehensive income for the year		2,504.05	3,053.25	927.00	15.94	628.84	1,071.51	8,200.59
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	(2.64)	-	-	(2.64)
ii) Options granted to the employees of subsidiaries		-	-	-	3.43	-	-	3.43
iii) Options exercised during the year		1.82	-	-	(0.45)	-	-	1.37
iv) Vested options lapsed during the year		-	-	-	(3.85)	2.18	3.06	1.39
- Dividends paid		-	-	-	-	-	(39.90)	(39.90)
- Dividend distribution tax		-	-	-	-	-	-	-
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	30.00	-	-	(30.00)	-
As at March 31, 2018		2,505.87	3,053.25	957.00	12.43	631.02	1,004.67	8,164.24

STATEMENT OF CHANGES IN EQUITY

B. OTHER EQUITY

(₹ in crore)

	Notes	Reserves and surplus						
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share options outstanding account	General Reserve	Surplus in the statement of profit and loss	Total other equity
As at March 31, 2018		2,505.87	3,053.25	957.00	12.43	631.02	1,004.67	8,164.24
Profit for the year		-	-	-	-	-	127.89	127.89
Other comprehensive income		-	-	-	-	-	(0.23)	(0.23)
Total comprehensive income for the year		2,505.87	3,053.25	957.00	12.43	631.02	1,132.33	8,291.90
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	14.60	-	-	14.60
ii) Options granted to the employees of subsidiaries		-	-	-	(1.05)	-	-	(1.05)
iii) Options exercised during the year		0.01	-	-	(0.62)	-	-	(0.61)
iv) Vested options lapsed during the year		-	-	-	(2.74)	-	0.01	(2.73)
- Dividends paid		-	-	-	-	-	(119.73)	(119.73)
- Dividend distribution tax		-	-	-	-	-	-	-
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	26.00	-	-	(26.00)	-
As at March 31, 2019		2,505.88	3,053.25	983.00	22.62	631.02	986.61	8,182.38

See accompanying notes to the standalone financial statements

This is the standalone statement of changes in equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai: May 24, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
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Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax		108.24	206.83
Adjustments :			
Depreciation, amortisation and impairment	10	5.17	5.24
Net (gain) on sale of property, plant and equipments	22	(0.10)	(0.05)
Impairment of financial instruments	24	8.95	5.07
Impairment on investment in subsidiaries	7	12.98	-
Fees income		(0.08)	-
Extinguishment of financial liability		-	(4.42)
Interest income	20	(18.85)	(5.51)
Interest expense	23	-	0.30
Gain on sale of investments (net)	21	(60.28)	(36.97)
Employee share based payment expense	25	14.60	(1.58)
Change in fair value of financials assets at FVTPL	21	42.59	(34.30)
Interest received on fixed deposits	20	17.37	5.12
Interest paid on borrowings		-	(0.30)
Provisions for employee benefits		(0.23)	0.15
Operating profit before working capital changes		130.36	139.58
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	(1.82)	5.42
Other financial assets	8	1.45	0.17
Bank balances other than cash and cash equivalents	4	0.08	0.13
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	12	(0.07)	(4.74)
Other financial liabilities	14	0.51	0.19
Cash generated from operations		0.15	1.17
Less : Income taxes paid (net of refunds)		(17.05)	(26.50)
Net cash inflow from operating activities		113.46	114.25
CASH FLOW FROM INVESTING ACTIVITIES :			
Payments for purchase of investment		(1,959.14)	(4,818.71)
Payments for property, plant and equipments		(0.34)	(0.33)
Proceeds from disposal of property, plant and equipments		0.18	0.22
Advances given to subsidiary		(27.16)	-
Advances recovered from subsidiary		69.85	0.12
Equity infusion in subsidiary		(51.50)	-
Proceeds from sale of investments		1,973.59	4,544.71
Term deposits placed		(634.95)	(1,782.00)
Term deposits matured		634.95	1,803.80
ICD Placed		(392.79)	-
ICD Matured		392.79	-
Net cash inflow / (outflow) from investing activities		5.48	(252.19)
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from fresh issue of Equity (net of issue expenses)		0.01	1.78
Repayment from fresh issue of debt securities		-	(199.70)
Dividend paid (including dividend distribution tax)		(119.73)	(39.90)
Net cash (outflow) from financing activities		(119.72)	(237.82)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		(0.78)	(375.76)
Add : Cash and cash equivalents at beginning of the year		1.32	377.08
Cash and cash equivalents at end of the year		0.54	1.32

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow
referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai: May 24, 2019

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

Vinod Rai
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Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

The Company is IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located at KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and corporate office located at Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

Operating as an Infrastructure Finance Company, i.e. financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, and tourism and hotels upto September 30, 2015. The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the company is operating as NBFC - Investment Company.

2. BASIS OF PREPARATION

(i) Compliance with Ind-AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind-AS. Refer note 44 for an explanation of how the transition from previous GAAP to Ind-AS has affected the Company's financial position, financial performance and cash flows of the Company.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments – measured at fair value.

(iii) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 37.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counter parties

3. REVENUE RECOGNITION

Revenue (other than for those items to which Ind-AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind-AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind-AS.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

(i) Interest income

Under Ind-AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(ii) Brokerage fees income
Revenue recognition from brokerage fees can be divided into the following categories:

a) Brokerage fees – over time
Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transaction executed. The revenue for such contracts is recognised over the term of the contract.

b) Brokerage fees – point in time
Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

(iii) Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) Revenue from power supply
Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.

4. INCOME TAX

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(i) Current Tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity

5. GOODS AND SERVICE TAX

Expenses and assets are recognised net of the goods and services tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6. LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

(i) Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

(ii) Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

7. FINANCIAL INSTRUMENT

(i) Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customer's account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

(iii) Day 1 gain and loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(iv) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- Fair value through other comprehensive income (FVOCI),
- Fair value through profit and loss (FVTPL)

The Company classifies and measures its derivatives (other than those designated in a cash flow hedging relationship) and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

8. FINANCIAL ASSETS AND LIABILITIES

(i) Bank balance, Loans, Trade receivables and financial investment at amortised cost.

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

a) Business model test

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) SPPI test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instrument's cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

(ii) Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is an evidence of a recent pattern of short-term profit-taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established. Included in this classification investments in mutual fund units, debt securities and equities that have been acquired principally for the purpose of selling or repurchasing in the near term.

(iii) Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind-AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(iv) Debt instruments and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

9. RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2018-19 and 2017-18.

10. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(i) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counter party

If the modification is such that the instrument would no longer meet the SPPI criteria.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(ii) Derecognition of financial assets other than due to substantial modification of terms and conditions

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset,or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset,but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, canceled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

11. IMPAIRMENT OF FINANCIAL ASSET

(i) Overview of the ECL principles

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. .

Based on the above process, the Company categorises its loans into Stage 1, Stage 2,Stage 3 as described below:

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12- month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date.

Stage 2includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk.

Stage 3includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

(ii) The calculation of ECLs

The Company calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the ne4 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made it the default occurs over the remaining expected lifetime of the loan.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

(iii) Trade receivables and contract assets

For trade receivables only, the Company applies the simplified approach required by Ind-AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

12. DETERMINATION OF FAIR VALUE

The Company measures certain financial instruments at fair value at each balance sheet date. 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 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. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 financial instruments the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Company evaluates the leveling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

13. CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

14. PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(i) Transition to Ind-AS

On transition to Ind-AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile Phone – 2 years b) Motor Cars – 4 years

Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

15. IMPAIRMENT OF NON-FINANCIAL ASSET

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

16. EMPLOYEE BENEFITS

(i) Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of 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. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR 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. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Compensated absences

Based on the leave rules of the group companies, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

17. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

18. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's primary business segments are reflected based on the principal business carried out, i.e. investing. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment.

19. FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

20. Share-based payments

The Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted under the Value Ind-AS Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

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 the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

21. EARING PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

22. ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "crore" as per the requirement of Schedule III, unless otherwise stated.

23. CONTRIBUTED EQUITY

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceed.

24. DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as 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.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. **Business model assessment**

   Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

2. **Fair value of financial instruments**

   The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgments and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

3. **EFFECTIVE INTEREST RATE (EIR) METHOD**

   The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

   This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4. **IMPAIRMENT OF FINANCIAL ASSETS**

   The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

   The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

   - The Company's internal credit grading model, which assigns PDs to the individual grades
   - The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
   - The segmentation of financial assets when their ECL is assessed on a collective basis
   - Development of ECL models, including the various formulas and the choice of inputs
   - Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
   - Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

   It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5. **PROVISION AND OTHER CONTINGENT LIABILITIES**

   The Company operates in a regulat ory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

   When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

   Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash on hand	ß	ß	ß
Balances with banks:			
In current accounts	0.54	1.32	377.01
In deposit accounts	-	-	-
Cheques in hand	-	-	0.07
Total	0.54	1.32	377.08

i) The Company has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balances with banks:			
In deposit accounts [Refer note (i)]	-	-	21.80
In earmarked accounts			
- unclaimed dividend	2.13	2.21	2.34
Total	2.13	2.21	24.14

i) Balances with banks include deposits of ₹ Nil (March 31, 2018: ₹ Nil; April 1, 2017: ₹21.80 crore) having original maturity of more than 12 months.

5A. TRADE RECEIVABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured	-	-	6.54
Receivables - Credit impaired	6.01	4.95	-
(Less): Impairment loss allowance	(6.01)	(4.95)	-
Total	-	-	6.54

5B. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured	2.94	1.12	-
Receivables - Credit impaired	-	-	-
(Less): Impairment loss allowance	-	-	-
Total	2.94	1.12	-

i) No trade receivables are due from director or other officer of the Company either severally or jointly with any other person.

ii) No trade receivables are due from firms or private companies (including LLPs) in which any director of the Company is a partner, a director or a member.

6. LOANS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost:			
(A)			
Loans and advances to related parties	-	42.69	36.16
Loans and advances to employees	-	-	ß
Total (A) - Gross	-	42.69	36.16
(Less): Impairment loss allowance	-	(24.07)	(17.42)
Total (A) - Net	-	18.62	18.74
(B)			
i) Secured	-	-	-
ii) Unsecured	-	42.69	36.16
Total (B) - Gross	-	42.69	36.16
(Less): Impairment loss allowance	-	(24.07)	(17.42)
Total (B) - Net	-	18.62	18.74
(C)			
Loans in India			
i) Public sector	-	-	-
ii) Others	-	42.69	36.16
Total (C) - Gross	-	42.69	36.16
(Less): Impairment loss allowance	-	(24.07)	(17.42)
Total (C) - Net	-	18.62	18.74

7. INVESTMENTS

(₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2019				
Subsidiaries	-	-	9,096.79	9,096.79
Associates	-	-	35.62	35.62
Mutual fund units	-	371.20	-	371.20
Alternative investment fund units	-	25.74	-	25.74
Venture capital fund units	-	206.05	-	206.05
Debt securities	-	47.09	-	47.09
Total (A) - Gross	-	650.08	9,132.41	9,782.49
(Less): Impairment loss allowance#	-	-	(60.05)	(60.05)
Total (A) - Net	-	650.08	9,072.36	9,722.44
Investments outside India	-	-	-	
Investments in India	-	650.08	9,132.41	9,782.49
Total (B) - Gross	-	650.08	9,132.41	9,782.49
(Less): Impairment loss allowance#	-	-	(60.05)	(60.05)
Total (B) - Net	-	650.08	9,072.36	9,722.44

7. INVESTMENTS (CONTINUED) (₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2018				
Subsidiaries	-	-	9,088.21	9,088.21
Associates	-	-	35.62	35.62
Equity instruments	-	5.80	-	5.80
Mutual fund units	-	433.22	-	433.22
Alternative investment fund units	-	24.58	-	24.58
Venture capital fund units	-	142.54	-	142.54
Debt securities	-	49.71	-	49.71
Total (A) - Gross	-	655.85	9,123.83	9,779.68
(Less): Impairment loss allowance	-	-	(47.08)	(47.08)
Total (A) - Net	-	655.85	9,076.75	9,732.60
Investments outside India	-	-	-	-
Investments in India	-	655.85	9,123.83	9,779.68
Total (B) - Gross	-	655.85	9,123.83	9,779.68
(Less): Impairment loss allowance	-	-	(47.08)	(47.08)
Total (B) - Net	-	655.85	9,076.75	9,732.60
As at April 1, 2017				
Subsidiaries	-	-	9,084.45	9,084.45
Associates	-	-	35.62	35.62
Equity instruments	-	5.38	-	5.38
Mutual fund units	-	253.10	-	253.10
Alternative investment fund units	-	-	-	-
Venture capital fund units	-	52.08	-	52.08
Total (A) - Gross	-	310.56	9,120.07	9,430.63
(Less): Impairment loss allowance	-	-	(47.07)	(47.07)
Total (A) - Net	-	310.56	9,073.00	9,383.56
Investments outside India	-	-	-	-
Investments in India	-	310.56	9,120.07	9,430.63
Total (B) - Gross	-	310.56	9,120.07	9,430.63
(Less): Impairment loss allowance	-	-	(47.07)	(47.07)
Total (B) - Net	-	310.56	9,073.00	9,383.56

* Investment in subsidiaries and associates are measured at cost in accordance with Ind-AS 27.

IDFC Projects Limited, a wholly owned subsidiary of the Company has suspended its business operations and there are no definitive future business plans for its commercial operations till December 31, 2018, the Company had given loan having value aggregating to ₹ 12.98 crore (net of impairment; ₹ 38.53 crore). Pursuant to Board's resolution, in December 2018, outstanding loan aggregating to ₹ 12.98 crore have been converted into 5,15,00,000 shares of ₹ 10 each of IDFC Projects Limited. The conversion has resulted in an increase in the equity investment in IDFC Projects Limited from existing ₹ 34.07 crore to ₹ 47.05 crore. Moreover, the net worth of IDFC Projects Limited has eroded significantly due to accumulated losses from prior years of operation to such an extent that it's networth has turned negative and having pending litigation with NHAI, the recoverable amount of the entire equity investment is considered to be less than its carrying value. Consequently, the Company has made a provision for impairment in the statement of profit and loss amounting to ₹ 12.98 crore during the year ended March 31, 2019.

Notes:

i) Net asset value (NAV) for unquoted mutual fund units represents the repurchase price as determined by the issuer.

ii) Net asset value (NAV) for alternative investment fund units and venture capital fund units represents the fair value of units issued by the funds

iii) More information regarding the valuation methodologies are disclosed in Note 35.

8. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued on inter-corporate deposits	-	-	0.12
Interest accrued on fixed deposits / Bonds	1.14	1.14	0.62
Security deposits	1.73	3.35	2.45
Total	2.87	4.49	3.19

9. INCOME TAX ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Income tax paid in advance	37.56	5.98	-
[net of provision for tax for ₹ 35.08 crore (March 31, 2018: ₹ Nil; April 1, 2017: ₹ Nil)]			
Total	37.56	5.98	-

10. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Vehicles	Office Equipments	Computers	Wind mills	Total
Year ended March 31, 2018					
Gross carrying amount					
Deemed cost as at April 1, 2017	0.35	0.03	1.52	59.96	61.86
Additions	-	0.01	0.32	-	0.33
Disposals and transfers	(0.21)	(0.01)	-	-	(0.22)
Closing gross carrying amount	0.14	0.03	1.84	59.96	61.97
Accumulated depreciation					
Depre3ciation charge during the year	0.12	0.02	0.50	4.60	5.24
Disposals and transfers	(0.04)	ß	-	-	(0.04)
Closing accumulated depreciation	0.08	0.02	0.50	4.60	5.20
Net carrying amount as at March 31, 2018	0.06	0.01	1.34	55.36	56.77
Year ended March 31, 2019					
Gross carrying amount					
Opening gross carrying amount	0.14	0.03	1.84	59.96	61.97
Additions	0.17	0.15	0.02	-	0.34
Disposals and transfers	(0.02)	(0.01)	(0.06)	-	(0.09)
Closing gross carrying amount	0.29	0.17	1.80	59.96	62.22
Accumulated depreciation					
Opening accumulated depreciation	0.08	0.02	0.50	4.60	5.20
Depreciation charge during the year	0.07	0.03	0.47	4.60	5.17
Disposals and transfers	(0.02)	ß	(0.06)	-	(0.08)
Closing accumulated depreciation	0.13	0.05	0.91	9.20	10.29
Net carrying amount as at March 31, 2019	0.16	0.12	0.89	50.76	51.93

i) Deemed cost as at April 1, 2017 upon transition to Ind-AS:

(₹ in crore)

	Vehicles	Office Equipments	Computers	Wind mills	Total
Gross carrying amount as at April 1, 2017	0.82	0.08	6.72	101.25	108.87
Less : Accumulated Depreciation	0.47	0.05	5.20	41.29	47.01
Deemed cost as at April 1, 2017	0.35	0.03	1.52	59.96	61.86

11. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Prepaid expenses	0.18	0.08	0.22
Supplier advances	0.03	0.03	0.23
Balance with defined benefit plan (see note 28)	-	0.02	0.04
Balances with government authorities - cenvat/GST credit available	0.07	-	ß
Others	0.02	-	-
Total	0.30	0.13	0.49

12. TRADE PAYABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2.40	2.46	7.20
Total	2.40	2.46	7.20

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the Company and relied upon by the auditors, is as follows:

i) No amount due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

ii) No interest is paid / payable during the year to any micro / small enterprise registered under the MSME. There were no delayed payments during the year to any micro or small enterprise registered under the MSME.

iii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

13. DEBT SECURITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost:			
- Commercial paper	-	-	199.70
Total (A)	-	-	199.70
Debt securities in India	-	-	199.70
Debt securities outside India	-	-	-
Total (B)	-	-	199.70

a) Interest and repayment terms of commercial papers

(₹ in crore)

Residual Maturity	As at April 1, 2017	
	Amount	Interest rate
Less than 1 month	199.70	9.15%
Total	199.70	

b) Unexpired discount on commercial paper is net of ₹ 0.15 crore towards interest accrued but not due as on April 1, 2017.

c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented. (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash and cash equivalents	0.54	1.32	377.08
Liquid investments	371.20	433.22	253.10
Debt securities	-	-	(199.70)
Net debt	371.74	434.55	430.48

c) Net debt reconciliation (Contd.)

(₹ in crore)

	Cash and bank overdraft	Liquid investment	Debt securities	Total
Net debt as at April 1, 2017	377.08	253.10	(199.70)	430.48
Cash flows	(375.76)	179.63	199.70	3.57
Interest expense	-	-	(0.30)	(0.30)
Interest paid	-	-	0.30	0.30
Other non cash movement				
- Fair value adjustment	-	0.50	-	0.50
Net debt as at March 31, 2018	1.32	433.23	-	434.55

* There are no debt securities outstanding during the year ended March 31, 2019 and hence no debt reconciliation has been prepared for the year ended March 31, 2019.

14. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Unclaimed dividend	2.13	2.21	2.34
Employee benefits payable	3.70	3.60	3.50
Total	5.83	5.81	5.84

15. INCOME TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for income tax [net of advance tax of ₹ 22.10 crore (March 31, 2018: ₹ 350.87 crore; April 1, 2017: ₹ 338.24 crore)]	1.03	6.14	3.86
Total	1.03	6.14	3.86

16. DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Property, plant and equipments	9.40	9.40	11.24
Fair value adjustments			
- Venture capital fund units	(0.58)	9.99	(0.75)
- Mutual fund units	0.71	0.09	0.03
- Debt securities	(0.70)	0.06	1.05
Total	8.83	19.54	11.57

a) Movement in deferred tax liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities:

(₹ in crore)

	As at April 1, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2018
Deferred tax liability :				
Property, plant and equipment	11.24	(1.84)	-	9.40
Fair valuation gain/(loss) on financial instruments	0.33	9.81	-	10.14
Total	11.57	7.97	-	19.54

(₹ in crore)

	As at March 31, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2019
Deferred tax liability :				
Property, plant and equipment	9.40	-	-	9.40
Fair valuation gain/(loss) on financial instruments	10.14	(10.71)	-	(0.57)
Total	19.54	(10.71)	-	8.83

17. PROVISIONS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Loan commitment	22.63	28.15	34.71
Provision for gratuity (refer note 28)	0.42	-	-
Receivable from gratuity fund	(0.21)	-	-
Total	22.84	28.15	34.71

18. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Statutory dues	1.04	0.55	0.30
Other liabilities	-	-	0.03
Total	1.04	0.55	0.33

19A. EQUITY SHARE CAPITAL

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ In crore	Number	₹ In crore	Number	₹ In crore
Authorised shares						
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 10 each	100,000,000	1,000.00	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares						
Equity shares of ₹ 10 each	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94
Total	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94

a) Movements in equity share capital

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ In crore	Number	₹ In crore	Number	₹ In crore
Outstanding at the beginning of the year	1,596,354,566	1,596.35	1,595,941,570	1,595.94	1,594,020,668	1,594.02
Shares issued during the year	3,750	0.01	412,996	0.41	1,920,902	1.92
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94

b) Terms and rights attached to equity shares

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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regrading options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 38.

d) Details of shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	% holding	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47	151,145,989	9.47
First State Investments ICVC	-	-	-	-	94,016,080	5.89

19B. RESERVES AND SURPLUS (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Surplus in the statement of profit and loss	986.61	1,004.67	887.37
Securities premium	2,505.88	2,505.87	2,504.05
General reserve	631.02	631.02	628.84
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25	3,053.25
Special reserve u/s. 45-IC of the RBI Act, 1934	983.00	957.00	927.00
Share options outstanding account	22.62	12.43	15.94
Total	8,182.38	8,164.24	8,016.45

a) Surplus in the statement of profit and loss (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	1,004.67	887.37
Net profit for the period	127.89	184.00
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.23)	0.14
Vested options lapsed during the year	0.01	3.06
Dividends (including DDT)	(119.73)	(39.90)
Transfer to special reserve u/s. 45-IC of RBI Act, 1934	(26.00)	(30.00)
Closing balance	986.61	1,004.67

b) Securities premium (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	2,505.87	2,504.05
Changes during the year	0.01	1.82
Closing balance	2,505.88	2,505.87

c) General reserve (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	631.02	628.84
Appropriations during the year	-	2.18
Closing balance	631.02	631.02

d) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934 (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	957.00	927.00
Appropriations during the year	26.00	30.00
Closing balance	983.00	957.00

f) Share options outstanding account

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	12.43	15.94
Employee stock option expense	14.60	(2.64)
Vested options lapsed during the year	(2.74)	(3.85)
Options granted to the employees of subsidiaries	(1.05)	3.43
Options exercised during the year	(0.62)	(0.45)
Closing balance	22.62	12.43

19C. NATURE AND PURPOSE OF SPECIAL RESERVES

a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

c) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

As per section 36(1)(viii) of the Income tax act, 1961, deduction shall be allowed in respect of any special reserve created and maintained by specified entities, for an amount not exceeding twenty percent (20%) of the profits derived from eligible business (computed under the head “Profits and gains of business or profession” (before making any deduction under this clause) carried to such reserve account.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause is made in respect of such excess.

Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income-tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus a permanent difference. Accordingly, no deferred tax liability has been created in books of accounts, towards the same.

d) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of Reserve Bank of India (RBI) Act, 1934, every non-banking financial company (NBFC) has to create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund can be made by the non-banking financial company.

e) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer note 38)

20 INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial assets measured at amortised cost:		
Interest on deposits with banks	0.96	2.73
Interest income on inter corporate deposits	13.89	-
On financial assets measured at FVTPL:		
Interest on debt securities	4.00	1.49
Other interest Income	-	1.29
Total	18.85	5.51

21. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Net gain/(loss) on financial instruments at FVTPL:		
(i) On trading portfolio		
- Mutual fund units	50.58	35.21
- Debt securities	(2.62)	-
(ii) On financial instruments designated at FVTPL		
- Equity shares	(5.28)	-
- Alternative investment fund units	1.16	(0.42)
- Venture capital units	(26.15)	36.48
Total (A)	17.69	71.27
Fair Value changes:		
Realised	60.28	36.97
Unrealised	(42.59)	34.30
Total (B)	17.69	71.27

22. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on income tax refund	0.24	5.98
Gain on sale of property, plant and equipment	0.10	0.05
Extinguishment of financial liability	-	4.42
Sale of power	10.57	15.01
Miscellaneous income	0.58	0.09
Total	11.49	25.55

23. FINANCE COST

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial liabilities measured at amortised cost:		
Interest on debt securities	-	0.30
Total	-	0.30

24. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial instruments measured at amortised cost:		
Loan commitment	8.95	5.07
Total	8.95	5.07

25. EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	6.38	11.43
Contribution to provident and other funds (Refer note 28)	0.56	0.47
Contribution to gratuity fund (Refer note 28)	0.11	0.55
Employee share based payment expense	14.60	(1.58)
Staff welfare expenses	0.03	0.06
Total	21.68	10.93

26. OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	0.05	0.06
Rates and taxes	1.78	1.84
Repairs and maintenance		
- Equipments	2.82	2.62
- Others	0.04	0.01
Insurance charges	0.16	0.13
Travelling and conveyance	1.00	1.36
Printing and stationery	0.57	0.43
Communication costs	0.16	0.17
Advertising and publicity	0.10	0.12
Professional fees	3.66	5.15
Directors' sitting fees	0.34	0.52
Commission to directors	1.00	0.45
Contribution for corporate social responsibility (CSR)	0.78	0.27
Auditors' remuneration [refer note (a) below]	0.42	0.46
Shared service cost (net)	(1.20)	(0.53)
Miscellaneous expenses	0.49	0.85
Total	12.17	13.91

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Audit fees	0.23	0.23
Tax audit fees	0.02	0.02
Taxation matters	-	0.08
Other Services	0.17	0.13
Out-of-pocket expenses	ß	ß
Total	0.42	0.46

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year ₹ 0.78 crore (previous year ₹ 0.27 crore). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 0.78 crore (previous year ₹ 0.27 crore), which comprise of following:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.78	0.27
Total	0.78	0.27

27. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are: (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax		
Current tax on profits for the year	20.24	14.86
Adjustment for current tax of prior periods	(29.18)	-
Total current tax expense	(8.94)	14.86
Deferred tax		
(Decrease) / increase in deferred tax liabilities	(10.71)	7.97
Total deferred tax expense	(10.71)	7.97
Income tax expense	(19.65)	22.83

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2019 and March 31, 2018 are, as follows:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	108.24	206.83
Tax at India's statutory income tax rate of 29.12% (previous year 34.608%)	31.52	71.58
Tax effect of the amount which are not taxable:		
- Dividend income	(38.20)	(48.44)
- Extinguishment of financial liability	-	(1.53)
- Deduction under section 80-IA	(2.08)	(4.63)
Expenses not deductible for tax purposes		
- Disallowance under section 14A	8.64	7.92
- Others	0.04	(0.50)
Effect of unrecognised deferred tax assets	6.38	1.61
Effect of different tax rate	(0.06)	(1.19)
Adjustment of current tax of prior periods	(29.18)	-
Effect of decrease in opening deferred tax liability due to decrease in tax rate	-	(0.56)
Others	3.29	(1.43)
Income tax expense at effective tax rate	(19.65)	22.83
Effective tax rate	-18.15%	11.04%

c) Unrecognised temporary differences (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Temporary differences relating to impairment loss	21.93	5.07

The Company has not created deferred tax asset on the impairment loss recognised on the investment in subsidiary and financial assets, as there is no reasonable certainty that future taxable profits will be available against which impairment loss can be utilised.

28. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Provident fund	0.34	0.32
Pension fund	0.18	0.03
Superannuation fund	0.04	0.12

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

I) BALANCE SHEET

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	2.55	2.59	(0.04)
Current service cost	0.25	-	0.25
Interest expense/(income)	0.17	-	0.17
Return on plan assets	-	0.18	(0.18)
Actuarial loss / (gain) arising from change in financial assumptions	(0.01)	-	(0.01)
Actuarial loss / (gain) arising on account of experience changes	(0.24)	-	(0.24)
Actual return on plan assets less interest on plan assets	-	(0.05)	0.05
Employer contributions	-	0.33	(0.33)
Liabilities assumed / settled	0.78	-	0.78
Assets acquired / settled	-	0.47	(0.47)
Benefit payments	(1.38)	(1.38)	-
As at March 31, 2018	2.12	2.14	(0.02)
Current service cost	0.12	-	0.12
Interest expense/(income)	0.09	-	0.09
Return on plan assets	-	0.10	(0.10)
Actuarial loss / (gain) arising from change in financial assumptions	0.04	-	0.04
Actuarial loss / (gain) arising from change in demographic assumptions	ß	-	ß
Actuarial loss / (gain) arising on account of experience changes	0.35	-	0.35
Actual return on plan assets less interest on plan assets	-	0.06	(0.06)
Benefit payments	(0.46)	(0.46)	-
As at March 31, 2019	2.26	1.84	0.42

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Present value of plan liabilities	2.26	2.12	2.55
Fair value of plan assets	1.84	2.14	2.59
Plan liability net of plan assets	0.42	(0.02)	(0.04)

II) STATEMENT OF PROFIT AND LOSS

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Employee Benefit Expenses:		
Current service cost	0.12	0.25
Interest cost	(0.01)	(0.01)
(Gains) / losses on settlement	-	0.31
Total	0.11	0.55
Finance cost	-	-
Net impact on the profit before tax	0.11	0.55

II) STATEMENT OF PROFIT AND LOSS (CONT.)

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	-	-
Actuarial gains/(losses) arising from changes in demographic assumptions	ß	ß
Actuarial gains/(losses) arising from changes in financial assumptions	0.03	(0.01)
Actuarial gains/(losses) arising from changes in experience	0.35	(0.24)
Actual return on plan assets less interest on plan assets	(0.06)	0.06
Net impact on the other comprehensive income before tax	0.32	(0.19)

III) DEFINED BENEFIT PLAN ASSETS

Category of assets (% allocation)	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Insurer managed funds			
- Government securities	19.62%	30.04%	32.90%
- Deposit and money market securities	30.59%	5.12%	2.92%
- Debentures / bonds	44.41%	51.42%	50.80%
- Equity shares	5.38%	13.42%	13.38%
Total	100.00%	100.00%	100.00%

IV) ACTUARIAL ASSUMPTIONS

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Discount rate	6.70%	7.35%	7.10%
Salary escalation rate*	9%	8%	8%

* takes into account the inflation, seniority, promotions and other relevant factors

V) DEMOGRAPHIC ASSUMPTIONS

Mortality in Service : Indian Assured Lives Mortality (2012-14)

VI) SENSITIVITY

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation Increase	Decrease
Discount rate	0.50%	-0.52%	0.56%
Salary escalation rate	0.50%	0.55%	-0.51%

As at March 31, 2018	Change in assumption	Impact on defined benefit obligation Increase	Decrease
Discount rate	0.50%	-1.01%	1.06%
Salary escalation rate	0.50%	1.05%	-1.01%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

VII) MATURITY

The defined benefit obligations shall mature after year end as follows:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
within 12 months	2.05	1.85
Between 2-5 years	0.06	0.10
Between 5-10 years	0.07	0.09
Beyond 10 years	0.40	0.60

The weighted average duration to the payment of these cash flows is 1.09 years (previous year 2.07 years).

29. SEGMENT INFORMATION

The Company is engaged in only one Segment viz "Investment business" and as such there is no separate reportable segment as per Ind-AS - 108 "Operating Segments".

30. DIVIDEND PAID AND PROPOSED DURING THE YEAR (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for 2019: Nil per share (2018: 0.75 per share)	119.73	39.90
Interim dividend for 2019: Nil per share (2018: Nil per share)	-	-
Total dividends paid	119.73	39.90
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2019: Nil per share (2018: 0.75 per share)	-	119.73

31. EARNINGS PER SHARE (EPS)

a) The basic earnings per share has been calculated based on the following:

	Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax available for equity shareholders (₹ in crore)	127.89	184.00
Weighted average number of equity shares (nos)	1,596,357,061	1,596,067,350

b) The reconciliation between the basic and the diluted earnings per share is as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Basic earnings per share	0.80	1.15
Effect of outstanding stock options	-	0.00
Diluted earnings per share	0.80	1.15

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2019	Year ended March 31, 2018
Weighted average number of shares for computation of Basic EPS	1,596,357,061	1,596,067,350
Dilutive effect of outstanding stock options	-	376,035
Weighted average number of shares for computation of Diluted EPS	1,596,357,061	1,596,443,385

32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Commitments			
Uncalled liability on shares and other investments partly paid	64.21	175.09	345.58
Other commitments*	69.37	93.59	90.00
Total	133.58	268.68	435.58

* IDFC Projects Limited, a wholly owned subsidiary of the Company holds 26.00 % stake on fully diluted basis in Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL had executed the concession agreement with National Highway Authority of India ("NHAI") for construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement.

Based on the interim order of Division Bench of Delhi High Court, NHAI has paid 90% of the total debt dues amounting to ₹ 348.60 crore. In such regard, JSTPL has provided a bank guarantee amounting to ₹ 348.60 crore for amount received from NHAI under the interim proceedings.

IDFC Projects Limited has suspended its business operations since November, 2016 and its net worth has eroded significantly due to accumulated losses from prior year operations. Considering parent - subsidiary relationship, the Company has disclosed IDFC Projects Limited's share of bank guarantee amounting to ₹ 69.37 crore as commitments towards its subsidiary for the year ended March 31, 2019.

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer note 30B / 19A(b) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

34. CAPITAL MANAGEMENT

The Company maintains a capital base to cover risks inherent in the business and is meeting capital adequacy requirements of the regulator, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 :

(₹ in crore)

Capital to risk assets ratio (CRAR):	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Tier I capital	1,633.19	1,599.04	1,167.64
Tier II capital	-	0.08	-
Total capital	1,633.19	1,599.12	1,167.64
Risk weighted assets	1,773.76	1,844.99	1,740.81
CRAR (%)	92.08%	86.67%	67.07%
CRAR - Tier I capital (%)	92.08%	86.67%	67.07%
CRAR - Tier II capital (%)	-	-	-
Amount of subordinated debt considered as Tier II capital	-	-	-
Amount raised by issue of perpetual debt instruments	-	-	-

Regulatory capital Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit. Certain adjustments are made to Ind-AS–based results and reserves, as prescribed by the Reserve Bank of India.

35. FAIR VALUE MEASUREMENT

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the note below:

Financial Instruments by Category (₹ in crore)

As at March 31, 2019	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	0.54
Bank Balances other than cash and cash equivalents	-	2.13
Investments:		
- Mutual fund units	371.20	-
- Venture capital fund units	206.05	-
- Alternative investment fund units	25.74	-
- Debt Securities	47.09	-
Other financial assets	-	2.87
Total Fianancial Assets	650.08	5.54
Financial Liabilities:		
Trade and other payables	-	2.40
Other financial liabilities	-	5.83
Total Financial Liabilities	-	8.23

(₹ in crore)

As at March 31, 2018	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	1.32
Bank Balances other than above	-	2.21
Loans:		
- Loans and advances to related parties	-	18.62
Investments:		
- Mutual fund units	433.22	-
- Venture capital fund units	142.54	-
- Alternative investment fund units	24.58	-
- Equity instruments	5.80	-
- Debt Securities	49.71	-
Other financial assets	-	4.49
Total Financial Assets	655.85	26.64
Financial Liabilities:		
Trade and other payables	-	2.46
Other financial liabilities	-	5.81
Total Financial Liabilities	-	8.27

(₹ in crore)

As at April 1 , 2017	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	377.08
Bank Balances other than above	-	24.14
Trade receivables	-	6.54
Loans:		
- Loans and advances to related parties	-	18.74
- Loans and advances to employees	-	ß

(₹ in crore)

As at April 1 , 2017	At fair value through profit and loss	Amortised cost
Investments:		
- Mutual fund units	253.10	-
- Venture capital fund units	52.08	-
- Equity instruments	5.38	-
Other financial assets	-	3.19
Total Financial Assets	310.56	429.69
Financial Liabilities:		
Trade and other payables	-	7.20
Debt Securities	-	199.70
Other financial liabilities	-	5.84
Total Financial Liabilities	-	212.74

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2019 (₹ in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		371.20	-	-	371.20
- Venture capital fund units		-	-	206.05	206.05
- Alternative investment fund units		-	25.74	-	25.74
- Debt securities		-	47.09	-	47.09
Total financial assets		371.20	72.83	206.05	650.08

As at March 31, 2018 (₹ in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		433.22	-	-	433.22
- Venture capital fund units		-	-	142.54	142.54
- Alternative investment fund units		-	24.58	-	24.58
- Equity instrument		-	-	5.80	5.80
- Debt securities		-	49.71	-	49.71
Total financial assets		433.22	74.29	148.34	655.85

As at April 1, 2017 (₹ in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		253.10	-	-	253.10
- Venture capital fund units		-	-	52.08	52.08
- Equity instrument		-	-	5.38	5.38
Total financial assets		253.10	-	57.46	310.56

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Companies policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price. The fair value of mutual fund units is determined using closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not traded in an active market (such as alternative investment fund units and traded bonds) is determined using valuation techniques which maximises the use of observable market data. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

b) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units and debt securities is determined using NAV at the reporting date as declared by the issuer.
- the fair value of unlisted equity shares are has been valued by an independent valuer.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and venture capital fund units, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

c) Valuation Process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 and level 2 fair values. This team directly reports to the Chief Financial Officer (CFO). Discussion on valuation processes and result are held between CFO and the team regularly in line with Company's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities and venture capital fund units used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.

d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2019 and March 31, 2018:

(₹ in crore)

	Venture capital fund units	Unlisted equity instruments	Total
As at April 1, 2017	52.08	5.38	57.46
Acquisitions / disposal during the year	53.99	-	53.99
Gains/(losses) recognised in profit and loss	36.47	0.42	36.89
As at March 31, 2018	142.54	5.80	148.34
Acquisitions / disposal during the year	89.66	-	89.66
Provided in profit and loss	-	(5.80)	(5.80)
Gains/(losses) recognised in profit and loss	(26.15)	-	(26.15)
As at March 31, 2019	206.05	-	206.05

e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted. (₹ in crore)

	Fair Value as at 31st March 2019	Fair Value as at 31st March 2018	Significant unobservable inputs	Probability-weighted range	Sensitivity
Venture capital fund units	206.05	142.54	Net Asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Company's gain/(loss) by ₹ 14.60 crore.(31st March 2018-9.32 crore)

f) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include cash and bank balances, bank deposits, security deposits, short term loans and advances, trade and other receivables, trade and other payable, and debt securities.

Loans to related parties and security deposits are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

36. FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk policies. These risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The objective is that these financial risks are identified, measured and managed in accordance with the Company's policies in a timely manner. The activities are designed to:

- protect the Company's financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimising returns;
- protect the Company's financial investments, while maximising returns.

A) CREDIT RISK

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL (viz, debt securities, mutual fund units, alternative investment fund units and venture capital fund units).

i) Loans (including loan commitments)

The Company has given loans to related parties and has exposure to credit risk from such loans. The carrying amounts of following loans represent the maximum credit risk exposure: (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost:			
Loans to related party			
-IDFC Projects Limited	-	24.07	17.42
-IDFC Foundation	-	18.62	18.74
Total	-	42.69	36.16

Expected credit loss methodology:
Ind AS 109 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company. The Company has established credit quality review process which considers net asset position, financial strength and leverage; operational & financial performance; cash flows, etc. in identification of credit worthiness of counter parties.
- Stage 2- Financial instruments with significant increase in credit risk, but not yet deemed to be credit impaired are moved to Stage 2.
- Stage 3 - Credit impaired financial instruments are moved to stage 3.

The Company performs internal risk assessment on an individual basis and not on a portfolio basis due to the limited number of counter parties involved. The assessment of credit risk of a loans (including loan commitments) entails estimations as to the likelihood of loss occurring due to default of counter parties. The estimation of credit exposure for risk management purposes is complex and considers expected cash flows and the passage of time.

<u>Default and credit-impaired asset:</u>
The Company defines a financial asset as in default or credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria:
The borrower is more than 90 days past due on its contractual payments to be considered in default.

- Qualitative criteria:
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

For all financial instruments held by the Company, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

<u>Policy for write-off of financial assets</u>
All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

Explanation of inputs and assumptions considered in the ECL model:
<u>PD Estimation:</u>
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

For Stage 1, 12 month PD are calculated.

For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.

For Stage 3, Lifetime PD is taken as 100%.

<u>Exposure at default:</u>
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a "credit conversion factor" (CCF) which considers any further amount that is expected to be lent under arangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balancesheet if the loan commitment is called.

<u>Loss given default:</u>
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

In case of loans to IDFC Projects Limited, on account of limited credit information available and no prior history with other forms of operations, the Company has used the standard LGD prescribed in the RBI norms for Capital Adequacy — "Internal Ratings Based (IRB) Approach to Calculate Capital Requirement for Credit Risk" after giving considerations to the required threshold levels of collateralisation.

In case of loans to IDFC Foundation, since the counterparty has strong financial position to repay the loan and has investment in liquid instruments which are readily realisable and having insignificant risk of loss in the value of such investments, the LGD is taken as Nil.

The Expected Credit Loss (ECL) is measured either on a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

In determining the ECL, management assesses a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional facts and circumstances, that in management's judgment are considered to have been inadequately addressed in the ECL Model, are taken into consideration through the application of a management overlay framework. ECL adjustments arising from the exercise of the management overlay are subject to a review.

Credit risk exposure:

The following table contains an analysis of Company's exposure to credit risk towards loans and advances (including loan commitments) for which and ECL allowance is recognised:

An analysis of change in the gross carrying amount of the loan and corresponding loss allowance:

i) The following table explains changes in the gross carrying amount of the loan to help explain the significance to changes in the loss allowance for the same loans as discussed below:

(₹ in crore)

Loans and advances	Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2018	18.62	-	24.07	42.69
New loans originated or advanced	-	-	27.43	27.43
Asset derecognised or repaid	(18.62)	-	(12.98)	(31.60)
Assets written off	-	-	(38.52)	(38.52)
Closing balance as at March 31, 2019	-	-	-	-

Loans and advances	Year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2017	18.74	-	17.42	36.16
New loans originated or advanced	-	-	6.65	6.65
Asset derecognised or repaid	(0.12)	-	-	(0.12)
Assets written off	-	-	-	-
Closing balance as at March 31, 2018	18.62	-	24.07	42.69

ii) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period due to various factors:

(₹ in crore)

Loans and advances	Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2018	-	-	24.07	24.07
New loans originated or advanced	-	-	27.43	27.43
Net remeasurement loss allowance	-	-	(12.98)	(12.98)
Asset derecognised	-	-	-	-
Amount written off	-	-	(38.52)	(38.52)
Closing balance as at March 31, 2019	-	-	-	-

(₹ in crore)

Loans and advances	Year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2017	-	-	17.42	17.42
New loans originated or advanced	-	-	5.52	5.52
Net remeasurement loss allowance	-	-	1.13	1.13
Asset derecognised	-	-	-	-
Amount written off	-	-	-	-
Closing balance as at March 31, 2018	-	-	24.07	24.07

iii) Reconciliation of ECL - Loan commitments*

(₹ in crore)

	Stage 1 (12M ECL)	Stage 2 (12M ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at April 1, 2017	-	-	34.71	34.71
- arising during the year	-	-	-	-
- utilised	-	-	(6.56)	(6.56)
Impairment allowance as at March 31, 2018	-	-	28.15	28.15
- arising during the year	-	-	-	-
- utilised	-	-	(5.52)	(5.52)
Impairment allowance as at March 31, 2019	-	-	22.63	22.63

*Refer note 32 for details of loan commitments provided to IDFC Projects Limited.

ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of impairment allowance on trade and other receivables

	₹ in crore
Impairment allowance as at April 1, 2017	-
Add/(less): changes in loss allowance	4.95
Impairment allowance as at March 31, 2018	4.95
Add/(less): changes in loss allowance	1.06
Impairment allowance as at March 31, 2019	6.01

iii) Other financial assets

The Company maintains exposure in cash and cash equivalents, deposits with banks. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

For investment in debt securities, mutual fund units, alternative investment fund units and venture capital fund units carried at fair value through profit and loss, the Company does not have significant concentration of credit risk.

The maximum exposure at the end of the reporting period is the carrying amount of these investments ₹ 650.08 crore (March 31, 2018: ₹ 655.85 crore, April 1, 2017: ₹ 310.56 crore)

B) MARKET RISK

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

i) Fair value interest rate risk:

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value changes due to interest rate changes from investments held in units of debt-oriented securities. The Company's exposure to interest rate risk is as follows:

Exposure			(₹ in crore)
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in mutual fund units	371.20	433.22	253.10
Investment in debt securities	47.09	49.71	-
Total	418.29	482.93	253.10

Sensitivity

The Company's investments in debt-oriented securities are in highly rated schemes and financial institutions. The fund's objective is to invest in high quality debt and money market instruments rated and are measured with reference to 91 days T-bill rates.

The table summarises the impact of the increase/decrease of the benchmark on the Company's profit for the period. The analysis is based on the assumption that the 91 days T-bill has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Company's investments moved in line with the benchmark.

		(₹ in crore)
	Impact on profit after tax	
	Year ended March 31, 2019	Year ended March 31, 2018
Investment in mutual fund units:		
- 91 days T-bill : Increase 100 bps (previous year 100 bps)	2.93	3.17
- 91 days T-bill : Decrease 100 bps (previous year 100 bps)	(2.93)	(3.17)

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to the investment in mutual fund units, the Company has indirect exposure to interest rate changes on Net Asset value of mutual fund units. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Company's investment in mutual fund units.

ii) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date.

iii) Price risk:

The price risk arises from investments in alternative investment fund and venture capital fund units classified in the balance sheet as financial instruments measured at fair value through profit or loss. The future uncertain changes in the Net Asset Value of the Company's investment exposes the Company to the price risk.

Exposure (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in alternative investment fund units	25.74	24.58	-
Investment in venture capital fund units	206.05	142.54	52.08
Total	231.79	167.12	52.08

Sensitivity - Investment in alternative investment fund

The table below summarises the impact of increases/decreases of the benchmark on the Company's investment and profit for the period. The analysis is based on the assumption that the NSE Nifty 50 index had increased by 9.71% or decreased by 9.71% with all other variables held constant, and that all the Companys investment moved in line with the benchmark.

(₹ in crore)

	Impact on profit after tax* Year ended March 31, 2019	Impact on profit after tax* Year ended March 31, 2018
Investment in alternative investment fund units:		
- Nifty 50 : Increase 9.71% (previous year 9.74%)	0.88	0.84
- Nifty 50 : Decrease 9.71% (previous year 9.74%)	(0.88)	(0.84)

* Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit or loss.

Sensitivity - Investment in venture capital fund

The table below summarises the impact of increases/decreases in the net asset value of Company's investment in venture capital fund units.

(₹ in crore)

	Impact on profit after tax* Year ended March 31, 2019	Impact on profit after tax* Year ended March 31, 2018
Investment in venture capital fund units:		
- Increase 10% (previous year 10%)	20.60	14.25
- Decrease 10% (previous year 10%)	(20.60)	(14.25)

* Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit or loss.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low.

Maturity analysis:

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date: (₹ in crore)

As at March 31, 2019	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	2.40	-	2.40
Other financial liabilities	14	5.83	-	5.83
Total financial liabilities		8.23	-	8.23

As at March 31, 2018	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	2.46	-	2.46
Other financial liabilities	14	5.81	-	5.81
Total		8.27	-	8.27

As at April 1, 2017	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Debt securities	13	199.70	-	199.70
Trade and other payable	12	7.20	-	7.20
Other financial liabilities	14	5.84	-	5.84
Total		212.74	-	212.74

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in crore)

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	0.54	-	0.54	1.32	-	1.32	377.08	-	377.08
Bank balance other than cash and cash equivalents above	2.13	-	2.13	2.21	-	2.21	24.14	-	24.14
Receivables									
(I) Trade receivables	-	-	-	-	-	-	6.54	-	6.54
(II) Other receivables	2.94	-	2.94	1.12	-	1.12	-	-	-
Loans	-	-	-	-	18.62	18.62	-	18.74	18.74
Investments	418.29	9,304.15	9,722.44	482.93	9,249.67	9,732.60	305.18	9,078.38	9,383.56
Other financial assets	2.87	-	2.87	2.76	1.73	4.49	1.46	1.73	3.19
Non-financial assets									
Income tax assets	-	37.56	37.56	-	5.98	5.98			
Property, plant and equipment	-	51.93	51.93	-	56.77	56.77	-	61.86	61.86
Other non-financial assets	0.30	-	0.30	0.13	-	0.13	0.49	-	0.49
Total assets	**427.07**	**9,393.64**	**9,820.71**	490.47	9,332.77	9,823.24	714.89	9,160.71	9,875.60
Financial liabilities									
Payables									
(I) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(II) Other payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2.40	-	2.40	2.46	-	2.46	7.20	-	7.20
Debt securities	-	-	-	-	-	-	199.70	-	199.70
Other financial liabilities	5.83	-	5.83	5.81	-	5.81	5.84	-	5.84
Non-financial Liabilities									
Income tax liabilities (net)	1.03	-	1.03	6.14	-	6.14	3.86	-	3.86
Deferred tax liabilities (net)	8.83	-	8.83	19.54	-	19.54	11.57	-	11.57
Provisions	0.21	22.63	22.84	-	28.15	28.15	-	34.71	34.71
Other non-financial liabilities	1.04	-	1.04	0.55	-	0.55	0.33	-	0.33
Total liabilities	**19.34**	**22.63**	**41.97**	34.50	28.15	62.65	228.50	34.71	263.21
Net	407.73	9,371.01	9,778.74	455.97	9,304.62	9,760.59	486.39	9,126.00	9,612.39

38. EMPLOYEE SHARE BASED PAYMENTS

a) Employee stock option scheme (equity settled) -IDFC Limited

The Company introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the Company and its subsidiaries 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 [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Company under the ESOS is recognised as an employee benefits expense with a corresponding increase in 'Share Option Outstanding Account' under 'Other Equity'. The fair value of options granted to the employees of subsidiaries or associate of the Company is recognised as an increase in the investment in the respective subsidiaries or associate, with a corresponding credit to 'Share Option Outstanding Account' under 'Other Equity' in accordance with group share based payment guidance under Ind-AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in a graded manner. Vested options are exercisable for the period of five years after the vesting.

i) Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	73.80	26,917,685	72.52	36,477,254
Granted during the year	55.75	8,400,000	63.25	244,200
Exercised during the year	43.40	(3,750)	43.42	(412,996)
Forfeited during the year	70.89	(7,001,350)	69.51	(8,357,198)
Lapsed/expired during the year	82.60	(1,096,500)	73.09	(1,033,575)
Closing balance	**68.52**	**27,216,085**	**73.80**	**26,917,685**
Vested and exercisable	74.69	18,500,593	75.85	22,525,471

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 43.40 (previous year ₹ 43.42).

ii) Share options outstanding at the March 31, 2019 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
27-Aug-09	27-Aug-17	79.48	-	-	20,000
17-Dec-09	17-Dec-17	92.65	-	-	20,000
26-Feb-10	30-Nov-17	96.68	-	-	10,000
10-May-10	18-Apr-17 to 10-May-17	70.22	-	-	831,248
14-Oct-10	14-Oct-17 to 14-Oct-18	128.79	-	10,000	17,500
14-Feb-11	14-Feb-18 to 14-Feb-19	81.96	-	160,000	280,000
1-Mar-11	1-Mar-18 to 1-Mar-19	87.96	-	4,000	7,000
6-Jun-11	26-Apr-17 to 1-Apr-19	81.96	7,350,000	11,350,000	14,450,000
29-Nov-11	29-Nov-17 to 31-Oct-18	68.76	-	70,000	100,000
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	30,000	52,500	75,000
8-Jun-12	8-Jun-19	129.7	200,000	200,000	200,000
8-Mar-13	31-May-18	93.23	-	133,000	133,000
20-May-13	20-May-19 to 31-Jan-19	99.26	66,667	116,667	116,667
1-Aug-13	01-Aug-19 to 01-Aug-21	66.33	200,000	200,000	200,000
2-Sep-13	02-Sep-19 to 02-Sep-21	48.77	46,000	46,000	46,000
1-Oct-13	01-Oct-19 to 01-Oct-21	53.34	400,000	400,000	400,000
3-Mar-14	03-Mar-20 to 03-Mar-22	56.97	1,250,000	1,250,000	1,250,000
1-Jul-14	01-Jul-20 to 01-Jul-22	81.84	1,000,000	1,000,000	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	600,000	600,000	600,000
7-Aug-14	07-Aug-19 to 07-Aug-21	90.56	1,000,000	1,000,000	1,000,000
3-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000	2,500,000
5-Oct-15	18-Apr-17 to 05-Oct-23	60.35	3,889,364	7,516,464	8,423,714

ii) Share options outstanding at the March 31, 2019 have the following expiry date and exercise prices: (Contd.)

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
3-Nov-15	03-Nov-21 to 03-Nov-23	58.4	325,000	325,000	325,000
5-Feb-16	05-Feb-22 to 05-Feb-24	41.15	304,200	304,200	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.4	175,000	187,500	654,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.9	158,754	158,754	3,371,325
14-Sep-16	14-Sep-22 to 14-Sep-24	59.2	100,000	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600	42,600
9-May-17	31-May-18 to 09-May-24	63.25	178,500	191,000	-
27-Apr-18	27-Apr-23	55.4	8,400,000	-	-
Total			27,216,085	26,917,685	36,477,254
Weighted average remaining contractual life of options outstanding at end of period			2.47	2.08	2.49

iii) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the stock option.

The model inputs for options granted during the year ended March 31, 2019 included:

Assumptions	Year ended March 31, 2019	Year ended March 31, 2018
Expected - Weighted average volatility*	39.03%	39.22%
Expected dividends	0.45%	0.40%
Expected term (In years)	3	3.05
Risk free rate	7.44%	6.68%
Market price	55.4	63.25
Grant date	27-Apr-18	9-May-17
Expiry date	27-Apr-22	9-May-23
Fair value of the option at grant date	18.87	21.24

* The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) Employee stock option scheme (equity settled) - IDFC FIRST Bank Limited

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an indirect associate of the Company, got demerged from the Company under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted employee stock options to the employees of the Company and it's subsidiaries. The employee share based payments arrangement between the Company and its associate is outside the scope of Ind-AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind-AS 8, the Company has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind-AS 102.

Applying Ind-AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Company is recognised as an employee benefits expense with a corresponding decrease in investment in associate. However, the fair value of options granted to the employees of subsidiaries of the Company is recognised as an increase in the investment in the respective subsidiaries and a decrease in investment in associate.

c) Amounts recognised in statement of profit and loss and investment in subsidiary:

The Company had established an intermediate Non-Operating Financial Holding Company (NOFHC) (i.e. IDFC Financial Holding Company Limited) to hold the investment in IDFC FIRST Bank Limited (an associate of the Company) and other subsidiaries of the Company due to regulatory requirements of RBI. Since the Company does not hold direct investment in its associate and other subsidiaries involved in group, the Company increases or decreases its investment in IDFC Financial Holding Company Limited, to give the effect of increase or decrease in the investment in subsidiary or associate for accounting employee stock options.

i) Total expenses arising from share-based payment transactions recognised in statement of profit or loss as part of employee benefit expense for the year ended March 31, 2019 is ₹ 14.60 crore [previous year ₹ (1.58) crore].

ii) Under group share based payment arrangement, the total increase in the investment in IDFC Financial Holding Company Limited for the year ended March 31, 2019 amounted ₹ (1.05) crore (previous year ₹ 3.43 crore).

39. RELATED PARTY TRANSACTIONS

List of related party where transaction exists.

a) Subsidiaries

Direct:

Name	Place of incorporation	Ownership Interest		
		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
IDFC Foundation	India	100%	100%	100%
IDFC Financial Holding Company Limited	India	100%	100%	100%
IDFC Projects Limited	India	100%	100%	100%

Indirect:

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC Infrastructure Finance Limited (till March 11, 2019)

IDFC Securities Limited

b) Joint ventures

Indirect:

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

c) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited (earlier known as "IDFC Bank Limited")

IDFC Infrastructure Finance Limited (w.e.f. March 12, 2019)

Jetpur Somnath Tollways Private Limited

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO (w.e.f July 16, 2017)

Mr. Bipin Gemani - Chief Financial Officer (w.e.f December 19, 2018)

I) The nature and volume of transactions of the Company with the above mentioned related parties are as summarised below:

(₹ in crore)

	Subsidiaries			Associates			Joint Ventures			Key Management Personnel	
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018
INCOME											
Dividend	120.99	139.95	-	-	-	-	-	-	-	-	-
Interest	17.89	1.39	-	0.76	0.73	-	-	-	-	-	-
EXPENDITURE											
Remuneration paid	-	-	-	-	-	-	-	-	-	5.58	8.78
Shared service cost recovery	(9.52)	(0.70)	-	(1.98)	(0.25)	-	-	-	-	-	-
Shared service cost	0.36	0.03	-	0.55	0.39	-	-	-	-	-	-
CSR contribution	0.78	0.27	-	-	-	-	-	-	-	-	-
Brokerage on sale of investments	ß	0.03	-	-	-	-	-	-	-	-	-

I) The nature and volume of transactions of the Company with the above mentioned related parties are as summarised below:

(₹ in crore)

	Subsidiaries			Associates			Joint Ventures			Key Management Personnel	
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018
ASSETS / TRANSACTIONS											
Purchase / subscription of investments	51.50	-	279.86	-	-	-	-	-	-	-	-
Subscription of bonds/ outstanding bonds	-	49.50	-	49.50	-	-	-	-	-	-	-
Current account balance	-	-	-	2.66	3.44	379.30	-	-	-	-	-
Fixed deposits placed	-	-	-	459.95	2.00	60.50	-	-	-	-	-
Fixed deposits matured	-	-	-	459.95	2.00	43.70	-	-	-	-	-
Fixed deposits - Balance outstanding	-	-	-	-	-	16.80	-	-	-	-	-
Inter-corporate deposits (placed)	392.79	6.00	870.00	-	-	-	-	-	-	-	-
Inter-corporate deposits (matured)	392.79	-	870.00	-	-	-	-	-	-	-	-
Advances given	27.16	6.78	6.97	-	-	-	-	-	-	-	-
Advances recovered	69.85	0.25	61.03	-	-	-	-	-	-	-	-
Advances recoverable - balance outstanding	-	42.69	36.16	-	-	-	-	-	-	-	-
Interest accrued on bonds - balance outstanding	-	1.14	-	1.14	-	-	-	-	-	-	-
Interest accrued on fixed deposits - balance outstanding	-	-	-	-	-	0.61	-	-	-	-	-
Interest accrued on ICD	-	-	0.12	-	-	-	-	-	-	-	-
Outstanding Equity investment	9,127.79	9,076.31	9,076.31	35.62	35.62	35.62	-	-	-	-	-
LIABILITIES / TRANSACTIONS											
Trade payable- balance outstanding	-	-	-	-	-	-	5.09	4.03	5.43	-	-

40. The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 008 /03.10.119 /2016-17 dated July 1, 2016) :

(a) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(₹ in crore)

		As at March 31, 2019		As at March 31, 2018	
		Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
1	**Related parties**				
	(a) Subsidiaries	8,913.82	9,036.74	9,003.13	9,041.13
	(b) Companies in the same group	35.62	35.62	35.62	35.62
	(c) Other related parties	-	-	-	-
2	**Other than related parties**	650.08	650.08	655.85	655.85
	Total	9,599.52	9,722.44	9,694.60	9,732.60

(b) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	47.09	602.99	-	-	9,072.36	9,722.44
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Previous Year (₹ in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	18.62	18.62
Investments	-	-	-	49.71	606.14	-	-	9,076.75	9,732.60
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(c) Exposures to Capital Market (₹ in crore)

		As at March 31, 2019	As at March 31, 2018
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	14.33
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security		
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances		
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		
(vii)	Bridge loans to companies against expected equity flows/issues		
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	270.26	317.63
	Total Exposure to Capital Market	270.26	331.96

(d) Penalties / fines imposed by the RBI

During the year ended March 31, 2019 there was no penalty imposed by the RBI (Previous Year ₹ Nil).

41. ADDITIONAL DISCLOSURES

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in the Statement of Profit and Loss:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Impairment on financial instruments	8.95	5.07
Impairment on investment in subsidiaries	12.98	-
Total	21.93	5.07

(b) Disclosure of complaints

The following table sets forth, the movement and the outstanding number of complaints:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Shareholders' complaints:		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	428	350
No. of complaints disposed off during the year	411	350
No. of complaints remaining unresolved at the end of the year	17	Nil

The above information is certified by management and relied upon by the auditors.

42. Ratings assigned by credit rating agencies and migration of ratings during the year	As at March 31, 2019	As at March 31, 2018
(i) Rating Assigned	A1+	A1+
(ii) Date of Rating	Short Term - 24-12-2018	Short Term - 22-09-2017
(iii) Rating Valid upto	24 -12-2019	21-09-2018
(iv) Name of the Rating Agency	ICRA Limited	ICRA Limited

43. Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2019 and March 31, 2018 following disclosures required as per NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 are not applicable to the Company and hence are not disclosed:

(i) Disclosures regarding Derivatives.

(ii) Disclosures relating to Securitisation.

(iii) Exposure to Real Estate Sector.

(iv) Details of financing of parent company products.

(v) Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.

(vi) Unsecured Advances.

(vii) Concentration of Deposits, Advances, Exposures and NPAs.

(viii) Sector-wise NPAs.

(ix) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).

(x) Off-balance sheet SPVs sponsored.

44. First-time adoption of Ind-AS

Transition to Ind-AS

These are the Company's first financial statements prepared under Ind-AS. The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended March 31, 2019 the comparative information presented in these standalone financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind-AS balance sheet at April 1, 2017 (the Company's date of transition). In preparing its opening Ind-AS balance sheet, the Company has adjusted the amounts reported previously in standalone financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from Previous GAAP to Ind-AS has affected the Company's standalone financial position, financial performance and cash flows is set out in the following tables and notes.

a) Optional exemptions availed

Set out below are the applicable Ind-AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind-AS.

i) Deemed cost

Ind-AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind-AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities, capital grant if applicable.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their Previous GAAP carrying value.

ii) Share - based payment transactions

Ind-AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind-AS 102 to equity instruments that vested before the date of transition to Ind-AS and liabilities arising from share-based payment transactions that were settled before the date of transition to Ind-AS.

The Company has not applied the requirement of Ind-AS 102 to equity instruments that vested before the date of transition to Ind-AS and liabilities arising from share-based payments transactions that were settled before the date of transition to Ind-AS.

iii) Investment in subsidiaries and associates

The Company has opted para D14 and D15 of Ind-AS 101 and accordingly considered the Previous GAAP carrying amount of Investments in subsidiaries and associates as deemed cost as at the transition date.

b) Ind-AS mandatory exceptions

The Company has applied the following exceptions from full retrospective application of Ind-AS as mandatorily required under Ind-AS 101:

i) Estimates

An entity's estimates in accordance with Ind-AS at the date of transition to Ind-AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind-AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind-AS at the date of transition as these were not required under Previous GAAP.

ii) De-recognition of financial assets and liabilities

Ind-AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind-AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind-AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind-AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind-AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind-AS 109 prospectively from the date of transition to Ind-AS.

iii) Classification and measurement of financial assets

Ind-AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind-AS.

c) Reconciliations between Previous GAAP and Ind-AS

Ind-AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind-AS. The presentation requirements under previous GAAP differs from and hence the Previous GAAP information has been restated for ease of reconciliation with Ind-AS.

i) Reconciliation of Other equity between Previous GAAP and Ind-AS:

(₹ in crore)

	Notes to first time adoption	As at March 31, 2018	As at April 1, 2017
Other equity (reserves and surplus) as per Previous GAAP		8,164.24	8,054.35
Adjustments:			
- Fair valuation of investments	d (i)	26.28	(8.02)
- Adjustment for expected credit loss	d (iv)	(28.05)	(37.70)
- ESOP expense recognised at fair value	d (ii)	11.91	8.14
- Tax impact on above items	d (v)	(10.14)	(0.32)
Total adjustments		0.00	(37.90)
Total equity as per Ind-AS		8,164.24	8,016.45

ii) Reconciliation of profit as per Ind-AS with profit reported under Previous GAAP:

	Notes to first time adoption	Year ended March 31, 2018
Net profit after tax as per Previous GAAP		148.43
Adjustments:		
- Fair valuation of investments	d (i)	34.30
- Adjustment for expected credit loss	d (iv)	9.65
- ESOP expense recognised at fair value	d (ii)	1.58
- Reclassification of net actuarial gain on post retirement plans to Other Comprehensive Income (OCI)	d (iii)	(0.19)
-Tax impact on above items	d (v)	(9.77)
Profit after tax as per Ind-AS		184.00
Other Comprehensive Income:		
Other comprehensive income, net of income tax	d (iii)	0.14
Total comprehensive income as per Ind-AS		184.14

iii) Impact of Ind-AS adoption on the Standalone statements of cash flows for the year ended March 31, 2018

There is no material change in the net cash flow from operating, investing or financing activities due to Ind-AS adoption. Further, there is no material change in the cash and cash equivalents for the purposes of statement of cash flows under Previous GAAP and under Ind-AS.

d) Notes to first-time adoption:

i) Fair valuation of investments

Under the previous GAAP, investments in mutual fund units, alternative investment fund units, equity instruments and venture capital funds were classified as current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind-AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit or loss. This increased the retained earnings by ₹ 26.28 crore as at March 31, 2018 [April 1, 2017 - ₹ (8.02) crore] and profit for the year ended March 31, 2018 has been increased by ₹ 34.30 crore due to fair value gain.

ii) Employee stock option expense

Under Previous GAAP, the Company has used the intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the Option.

Under Ind-AS 102, the cost of equity settled employee share-based plan is recognised based on the fair value of the option as at grant date. Consequently, the amount recognised in the share option outstanding reserve is increased by ₹ 1.56 crore as at March 31, 2018 and ₹ 4.20 crore as at April 1, 2017. As per the guidance under "Group share based payment arrangements" the grant date fair value of the options granted to the employees of the subsidiaries and IDFC FIRST Bank Limited is debited to investment in IDFC Financial Holding Company Limited (intermediate subsidiary) [refer note 38(b)] instead of statement of profit and loss and consequently, the investments as at March 31, 2018 are increased by ₹ 12.81 crore and as at April 1, 2017 by ₹ 9.56 crore.

For the employee stock options granted by the IDFC FIRST Bank Limited to the employees of the Company, the Company has recognised the decrease of ₹ 0.90 crore in the investment in IDFC Financial Holding Company Limited (direct subsidiary) as at March 31, 2018 and ₹ 1.42 crore as at April 1, 2017. The profit for the year ended March 31, 2018, in aggregate, has increased by ₹ 1.58 crore.

iii) Remeasurements of post-employment benefit obligations
Under Ind-AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2018 decreased by ₹ 0.19 crore. There is no impact on total equity as at March 31, 2018.

iv) Expected credit loss on loans
Under Ind-AS 109, the Company is required to apply expected credit loss model for recognising the impairment for loans and loan commitments. As a result, the impairment for loans and loan commitments increase by ₹ 28.05 crore as at March 31, 2018 and (April 1, 2017 - ₹ 37.70 crore). Consequently, the total equity as at March 31, 2018 decreased by ₹ 28.05 crore as at March 31, 2018 and (April 1, 2017 : ₹ 37.70 crore) and profit for the year ended March 31, 2018 increased by ₹ 9.65 crore.

v) Deferred tax
Deferred tax have been recognised on the adjustments made on transition to Ind-AS.

vi) Other comprehensive income
Under Ind-AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Previous GAAP.

45. The figures of ₹ 50,000 or less have been denoted by ß.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai: May 24, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of IDFC Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures(refer Note 2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019,and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and, except for the effect of the matter described in the Basis for Qualified Opinion section below, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2019, of consolidated total comprehensive income (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs24, 25 and 27of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 26of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.

4. We draw your attention to Note 45(c)to the consolidated financial statements regarding payment of interim dividend by IDFC Financial Holding Company (a wholly owned subsidiary) to the Holding Company to the extent of INR 120.99 crore during the year, which is not in accordance with the provisions of section 123 of the Act.

Emphasis of Matter

5. In respect to IDFC Foundation (a subsidiary of the Holding Company), we draw your attention to Note 45(b) to the Consolidated Financial Statement regarding non laying of Consolidated Financial Statements for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under Section 129(3) of the Act and consequent to which there is a non-compliance with the provisions of Section 137(1) of the Act to the extent this section is applicable to the consolidated financial statements. The consequential impact of these non-compliances is presently not ascertainable pending disposal of application filed by IDFC Foundation for compounding of these contraventions before the Regional Director.

6. In respect IDFC Financial Holding Company Limited (IDFC FHCL) (a subsidiary of the Holding Company), we draw your attention to Note 45(d) to the Consolidated Financial Statement regarding non-compliance with section 203 of the Act read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014. IDFC FHCL has not appointed Key Managerial Personnel (Managing Director / CS / Chief Executive Officer / Manager) and Chief Financial Officer during the year ended March 31, 2018 and March 31, 2019. Subsequent to the year end, the Board of Directors of IDFC FHCL have appointed the Chief Financial Officer and the Company secretary and has recommended appointment of Chief Executive Officer which is subject to approval of Reserve Bank of India and accordingly, is in the process of taking necessary actions to ensure compliance with the respective provisions of the Act.

7. In respect of IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited (subsidiaries of the Holding Company), we draw attention to Note 45(a) to the Consolidated Financial Statement regarding preparation of the financial statements of these companies on a realisable value basis, pursuant to the Group's decision to discontinue the operations of these companies.

8. We draw attention to following paragraph included in the audit report on the consolidated special purpose financial information of IDFC FIRST Bank Limited (an associate of the Holding Company), its subsidiary and its associate, issued by an independent firm of chartered accountants vide its report dated May 28,2019:

   "We draw attention to Note 4 of the Reporting Package, which explains the accounting of the merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited (the "CFL Group") with the Bank ('IDFC - CFL Merger') approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ('NCLT'), resulting in recognition and accelerated amortization of Intangible assets through Profit and Loss Account during the year ended 31 March 2019."

   Note 4 as described above corresponds to Note 45(e) of the Statement.

   Our opinion is not modified in respect of the above matters.

Key Audit Matters

9. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
I. Assessment of valuation of investments measured at fair value for which no listed price in an active market is available (Refer to note 7 to the financial statements.) The Company has Investments amounting to ₹ 1,045.22 crore valued on fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in accordance with related Accounting Standard (Ind-AS 109). In measuring these Investments, valuation methods are used based on inputs that are not directly observable from market and certain other unobservable inputs. The Management has also used the services of an independent professional valuer. Key inputs used in the valuation of above investments are cash flow projections, market multiples and growth rate, terminal rate, discount rate. The valuation of these assets is important to our audit as it is highly dependent on estimates (various assumptions and techniques used) which contain assumptions that are not observable in the market. Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	The following procedures were performed by us, to test the valuation of certain types of investments – • We understood and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments. • We evaluated the independence, competence, capabilities and objectivity of Management's expert. • We evaluated together with the auditor's expert the reasonableness of the valuation methodology and underlying assumptions relating to cash flow projections, market multiples and growth rate, discount rateused by the independent professional valuer to estimate the fair value of investments. • We validated the source data on sample basis and tested the arithmetical accuracy of the calculation of valuation of investments. • We performed sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions We assessed the adequacy of the disclosures in the financial statements Based on our above audit procedures we consider that the management's assessment of the investment for which no listed price in an active market is available is reasonable.

10. The following Key Audit Matters were included in the audit report dated May 23, 2019,containing an unmodified audit opinion on the financial statements of IDFC Infrastructure Finance Limited(an associate of the Holding Company), issued by usand reproduced by us as under:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
I. Assessment of tax position in view of pending application with CBDT for notification of tax exemption under section 10(47) is under process. (Refer to note45(f)to the financial statements) The Company has filed an application with the Central Board of Direct Taxes (CBDT) seeking exemption under section 10(47) of Income-tax Act, 1961 (the "IT Act") on March 17, 2015, contending that it is exempt under the said section being an Infrastructure Debt Fund Non-Banking Financial Company (IDF-NBFC) registered with the Reserve Bank of India (RBI). One of the conditions to obtain the exemption under section 10(47) is to comply with relevant Guidelines and directions issued by RBI including those related adherence to the sponsor holding guidelines limits. Based on the facts and tax consultant's advice obtained, the Management has concluded that in view of adherence to the relevant RBI Guidelines, the Company continues to be entitled to seek tax exemption under section 10(47) of the IT Act. We considered this as a key audit matter given the application with CBDT for notification of tax exemption under section 10(47) is under process.	The audit procedures performed by us to check the exemption under section 10(47) and application to CBDT for notification: • We understood, assessed and tested the design and operating effectiveness of internal controls around assessment of tax position with respect to application of section 10(47). • We along with our auditor's expert, : ♦ analysed, the management representation and the external tax consultant's opinions obtained by the management; ♦ evaluated the rational provided by the Company and by the assessing authority against the Company, the similar tax legislation, the verdict of the tax court in similar matters and existing jurisprudence to assess the appropriateness of the tax position; ♦ evaluated the income tax assessment orders received by the Company for earlier assessment years. • We also assessed the independence, objectivity, competence and capabilities of the tax consultant engaged by the management • We assessed the adequacy of the disclosures in the financial statements. Based on the above procedures performed, we did not identify any significant exceptions to the management's assessment of tax position in view of pending application with CBDT for notification of tax exemption under section 10(47) of the Income Act, 1961.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
II. Impairment of loans and advances: (Refer to note 49.3to the financial statements) The loan balances and the associated impairment allowances are significant to the financial statements and also involves judgement around the calculation of the impairment allowance. Impairment allowances represent management's estimate of the losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental. Impairment, based on Expected Credit Loss (ECL) model, is calculated using two main variables viz. 'Probability of Default' and 'Loss Given Default' as specified under the related Accounting Standard (Ind-AS 109). Quantitative factors like days past due and macro-economic data points and qualitative factors like deterioration in credit quality, reduction in the value of security, uncertainty over realisability of security, nature of loan etc. and related RBI notifications have been taken into account in the ECL computation. There is an inherent risk that qualitative triggers relating to impairment may not be identified on a timely basis. Given the inherent judgmental nature and the complexity of audit procedures involved, we determined this to be a key audit matter.	The audit procedures performed by us to check the impairment allowance on loans include the following: • We understood and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the impairment models, the identification of impaired loans and key systems reconciliations. • We, along with the help of our auditor's expert, validated the appropriateness of the Company's impairment methodologies used to derive significant variables viz. probability of Default, Loss Given Default, Exposure at default and Staging of Loan etc. • We also checked the completeness and accuracy of source data used and tested the reasonableness of the key assumptions. • We recomputed the impairment provision for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind-AS 109) used in the ECL computation. Based on the procedures performed above, we considered the credit impairment charge and provision recognized by the management to be reasonable.
III. Interest income computed using Effective Interest Rate (EIR) method: (Refer to Note 2(e)to the financial statements) The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets, other than credit-impaired assets. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the EIR, such as origination fees.	The audit procedures performed by us to check the interest income computed using EIR method include the following: • We understood and tested the design and operating effectiveness of the Company's spreadsheet controls over computation of EIR. • We considered the expertise of the Company's personnel reviewing the interest income computed using EIR method. • We recomputed the interest income for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standards (Ind-AS 109). • We, along with the help of our auditor's expert, validated the appropriateness of the Company's EIR methodologies used to compute the interest income. Based on the procedures performed above, we considered the interest income using EIR method, recognized by the management, to be reasonable.

Other Information

11. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

13. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraphs24, 25 and 27below), 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 Consolidated Financial Statements

14. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

15. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and joint ventures 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 Group or to cease operations, or has no realistic alternative but to do so.

16. The respective Board of Directors of the companies included in the Group and of its associates and jointly ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

17. Our objectives are to obtain reasonable assurance about whether the consolidated 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 SAs 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 consolidated financial statements.

18. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the consolidated 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 Holding company has adequate internal financial controls with reference to financial statements 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 ability of the Group and its associates and joint ventures 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 consolidated 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 Group and its associates and joint ventures to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

19. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

20. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

21. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

22. The transition date opening balance sheet as at April 1, 2017 included in these consolidated financial statements, are based on the previously issued statutory consolidated financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide their report dated April 27, 2017. The adjustments to those consolidated financial statements for the differences in accounting principles adopted by the Group on transition to the Ind-AS have been audited by us.

23. The comparative financial statements of the Group for the year ended March 31, 2018 included in this consolidated financial statements, are based on the previously issued statutory consolidated financial statements for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 27, 2018. The adjustments to those consolidated financial statements for the differences in accounting principles adopted by the Group on transition to the Ind-AS have been audited by us.

24. We did not audit the financial statements/financial information of two subsidiaries considered in the preparation of the consolidated financial statements and which constitute total assets of ₹ 86.54 crore and net assets of ₹ 84.31 crore as at March 31, 2019 and total revenue of ₹ 3.85 crore and total comprehensive income (comprising of profit and other comprehensive income) of ₹ 1.85 crore and net cash flows amounting to ₹ 13.76 crore, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 6.42 crore for the year ended March 31, 2019 as considered in the consolidated financial statements in respect of one joint venture, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amount included in respect of these subsidiaries and joint venture, is based solely on the report of other auditors.

25. We did not audit the financial information of one associate company, whose financial information reflect Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ 891.65 crore for the year ended March 31, 2019. This financial information has been audited by other auditor whose unmodified report have been furnished to us by the Management. As mentioned by the other auditors in their report, this financial information have been prepared as per the recognition and measurement principles of Ind-AS to the extent not contradicting with the provisions of the Banking Regulation Act, 1949 in relation to accelerated amortisation of intangible assets as detailed in Note45(e) in the consolidated financial statements, and our opinion on the consolidated financial statements insofar as it relates to the amount included in respect of this associate, is based solely on the report of other auditor.

26. We did not audit the financial statements/financial information of one subsidiary, whose financial statements/ financial information reflect total assets of ₹ 0.03 crore and net liabilities of ₹ 1.02 crore as at March 31, 2019, total revenue of ₹ Nil, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 0.17 crore and net cash flows amounting to ₹ Nil for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2.73 crore for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of two associate companies, whose financial statements/financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and associate companies, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

27. The financial statements of four subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 236.58 crore and net assets of ₹ 235.28 crore as at March 31, 2019, total revenue of ₹ 24.78 crore, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 9.60 crore and net cash flows amounting to ₹ 37.67 crore for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

28. We draw attention to following paragraphs included in the audit report on the consolidated special purpose financial information of IDFC FIRST Bank Limited (an associate of the Holding Company) and its subsidiary and its associate, issued by an independent firm of chartered accountants vide its report dated May 28,2019:

    i. "The Reporting Package also include the Group's share of net loss of ₹ 28 crore for the year ended 31 March 2019, as considered in the Reporting Package, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Reporting Package, in so far as it relates to the amounts and disclosures included in respect this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial information statements are not material to the Group."

ii. "We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 205 Crore as at 31 March 2019 and total revenues of ₹ 262 crore for the year ended on that date, as considered in the Reporting Package. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Reporting Package, in so far as it relates to the amounts and disclosures included in respect this subsidiary, is based solely on the report of the other auditors."

iii. "The comparative financial information for the year ended 31 March 2018 in respect of its subsidiary and the related transition date opening balance sheet as at 1 April 2017 prepared in accordance with the GRI, accounting policies approved by the Board of Directors of the Bank, as per the recognition and measurement principles of Ind-AS and other accounting principles generally accepted in India and included in this reporting package has been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts included in respect of this subsidiary in this reporting package, is based solely on the reports of the other auditors."

iv. "The comparative financial information of the Group for the year ended 31 March 2018, which includes its share of loss in its associates and the related transition date opening balance sheet as at 1 April 2017 included in this reporting package, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind-AS. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group Adjustments made to the previously issued consolidated financial statements to comply with Ind-AS have been audited by us."

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

29. In respect of the consolidated special purpose financial information of Infrastructure Development Corporation (Karnataka) Limited (iDeCK) (a jointly controlled entity of the Holding Company), we draw attention to the following:

i. We did not audit the financial statements and the financial information of a Trust (subsidiary controlled by iDeCK), whose financial statements reflect total assets of ₹ 0.19 Crore and net assets of ₹ 0.16 Crore as at March 31, 2019, total revenue of ₹ 0.04 Crore, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.01 Crore and net cash outflows of ₹ 0.01 for the year ended on that date and consequently due to Holding Company's joint control over iDeCK, reflecting Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ 0.005 crore, as considered in the Statement. This financial information has been audited by another auditor whose report has been furnished to us by the Management of the iDeCK and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of the said Trust is based solely on the report of the other auditor.

ii. We did not audit the financial information of one associate company of iDeCK, whose financial information reflect Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ 0.06 crore for the year ended March 31, 2019. This financial information is based on the unaudited financial information as certified and provided to us by the management of iDeCK, and our opinion on the Statement insofar as it relates to the amounts and disclosures included in respect of this associate company of iDeCK, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management of the Holding Company, these financial statements/ financial information are not material to the Group.

iii. The comparative Consolidated Special Purpose Financial Information of iDeCK for the year ended March 31, 2018 and the transition date Consolidated Opening Balance Sheet as at April 1, 2017 included in the Consolidated Special Purpose Financial Information of iDeCK, are based on the previously issued statutory consolidated financial statements for the years ended March 31, 2018 and March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended). The previously issued statutory consolidated financial statements of iDeCK for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standard) Rules, 2006 (as amended) were audited by us, on which we expressed an unmodified opinion dated June 29, 2018. The previously issued statutory consolidated financial statements of iDeCK for the year ended March 31, 2017, prepared in accordance with the Companies (Accounting Standard) Rules, 2006 (as amended), were audited by the predecessor auditor who expressed an unmodified opinion dated June 21, 2017. The adjustments to those consolidated financial statements of iDeCK for the differences in accounting principles adopted by iDeCK on transition to the Ind-AS in respect of the standalone financial information of iDeCK, have been audited by us and in respect of the Trust, are based on the financial statements audited by the other auditor, whose report have been furnished to us by the Management of iDeCK, and in respect of the associate company of iDeCK, are based on the unaudited financial information as certified and provided to us by the management of iDeCK.

30. We draw attention to following paragraphs included in the audit report on the special purpose financial information of Delhi Integrated Multi-Modal Transit System Limited (a joint venture of the Holding Company) and its branches, issued by an independent firm of chartered accountants vide its report dated May 27,2019:

"We have incorporated the unaudited financial statements/ information of one branch included in the standalone Ind-AS financial statements of the company whose financial statements/financial information reflect total assets of ₹ 381.27 Lacs as at 31st March 2019 and the total revenue of ₹ 370.50 Lacs for the year ended on that date."

INDEPENDENT AUDITOR'S REPORT

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

31. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, except for the matter described in the Basis for Qualified Section above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and jointlycontrolled companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact, if any, of pending litigations onthe consolidated financial position of the Group, its associates and joint ventures– Refer Note 41to the consolidated financial statements.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019 – Refer (a) Note 49.3 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit/loss in respect of its associates.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India.

   iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 42190
Mumbai I May 29, 2019

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 31(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the consolidated financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of IDFC Limited (hereinafter referred to as "the Holding Company")and its subsidiaries, its associate companies and joint ventures which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is not applicable to three subsidiaries and one joint venture incorporated in India namely IDFC IEH Conservative Fund,IDFC IEH Tactical Fund, India Multi Avenues Fund Limited and India PPP Capacity Building Trust, pursuant to MCA notification GSR 583(E) dated June 13, 2017as these are entities other than Companies.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiaries, its associate companies and joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 its business, including adherence to the respective 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

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both 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 internal financial controls with reference to consolidated financial statements was 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 internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls With reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 Holding Company, its subsidiaries, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiaries, one associate company and one joint venture, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 42190

Mumbai I May 29, 2019

BALANCE SHEET

AS AT MARCH 31, 2019

(₹ in crore)

	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	150.09	307.05	598.27
Bank balances other than cash and cash equivalents	4	113.93	89.04	88.65
Derivative financial instruments	15	1.66	0.32	-
Receivables				
(i) Trade receivables	5A	13.64	22.24	44.04
(ii) Other receivables	5B	2.94	4.43	4.88
Loans	6	-	4,190.31	2,657.40
Investments	7			
- Accounted for using equity method		7,628.00	8,139.99	7,708.25
- Others		1,045.27	1,239.08	843.12
Other financial assets	8	63.05	58.20	68.81
Non-financial assets				
Income tax assets (net)	9	81.69	114.28	69.63
Deferred tax assets (net)	10	-	15.31	6.74
Property, plant and equipment	11	102.63	120.42	121.43
Intangible asset under development		-	0.43	-
Goodwill	12	779.17	1,146.39	1,146.39
Other intangible assets	12	3.07	3.54	2.66
Other non-financial assets	13	66.33	89.58	55.73
Contract asset	14	59.28	61.72	-
Assets directly associated with disposal group classified as held for sale	36	447.12	-	-
Total assets		10,557.87	15,602.33	13,416.00
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	15	0.08	-	1.45
Payables				
(I) Trade payables	16A			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		20.97	119.17	104.96
(II) Other payables	16B			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3.63	9.13	18.55
Debt securities	17	-	3,543.60	2,302.94
Other financial liabilities	18	3.57	140.40	71.89
Non-financial Liabilities				
Income tax liabilities (net)	19	18.35	26.05	25.09
Provisions	20	14.44	31.43	37.71
Deferred tax liabilities (net)	21	13.12	237.79	143.56
Other non-financial liabilities	22	54.26	62.53	29.55
Liabilities directly associated with disposal group classified as held for sale	36	16.13	-	-
EQUITY				
Equity share capital	23 A	1,596.36	1,596.35	1,595.94
Other equity	23 B	8,788.45	9,679.61	8,965.79
Equity attributable to owners of IDFC Limited		10,384.81	11,275.96	10,561.73
Non-controlling interests (NCI)		28.51	156.27	118.55
Total liabilities and equity		10,557.87	15,602.33	13,416.00

See accompanying notes to the consolidated financial statements.

This is the consolidated balance sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE FROM OPERATIONS			
Interest income	24	14.73	16.84
Net gain on fair value changes	25	31.32	128.04
Fees income		309.09	474.67
Dividend income	26	0.33	0.17
Total revenue from operations		355.47	619.72
Other income	27	162.67	50.42
Total income		518.14	670.14
Expenses			
Finance costs	28	4.80	0.58
Impairment on financial instruments	29	38.80	16.38
Employee benefits expenses	30	139.06	150.88
Depreciation, amortisation and impairment	31	13.93	12.68
Other expenses	32	175.90	244.64
Total expenses		372.49	425.16
Profit/(Loss) before share of net profits of investments accounted for using equity method and tax		145.65	244.98
Share of net profit/(loss) of associates and joint ventures accounted for using equity method		(845.97)	732.24
Profit/(Loss) before tax from continuing operations		(700.32)	977.22
INCOME TAX EXPENSE:			
- Current tax		73.42	48.89
- Deferred tax		(192.49)	148.37
- Tax adjustment for prior years		(29.39)	0.29
Total tax expense		(148.46)	197.55
Profit/(Loss) from continuing operations		(551.86)	779.67
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations		(234.28)	118.58
Income tax expense of discontinued operations		35.19	13.66
Net profit/(loss) from discontinued operations		(269.47)	104.92
Profit/(loss) for the year		(821.33)	884.59
Other comprehensive income ('OCI')			
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		35.68	0.82
- Income tax relating to these items		(7.23)	(0.17)
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(3.55)	0.04
- OCI arising from discontinued operation		(2.27)	(0.69)
- Share of OCI of associates and joint ventures accounted for using equity method		(78.51)	(145.33)
- Income tax relating to these items		17.04	29.38
Other Comprehensive Income (Net Of Tax)		(38.84)	(115.95)
Total comprehensive income		(860.17)	768.64

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Net Profit/(Loss) is attributable to:			
- Owners		(839.18)	869.15
- Non-controlling interests		17.85	15.44
Other comprehensive income is attributable to:			
- Owners		(38.80)	(115.99)
- Non-controlling interests		(0.04)	0.04
Total comprehensive income is attributable to:			
- Owners		(877.98)	753.16
- Non-controlling interests		17.81	15.48
Total comprehensive income attributable to owners:			
- Continuing operations		(588.43)	679.89
- Discontinued operations		(271.74)	88.75
Earnings per equity share (for continuing operations):			
- Basic (₹)		(3.46)	4.88
- Diluted (₹)		(3.46)	4.88
Earnings per equity share (for discontinued operations):			
- Basic (₹)		(1.69)	0.66
- Diluted (₹)		(1.69)	0.66
Earnings per equity share (for continuing and discontinued operations):			
- Basic (₹)		(5.15)	5.54
- Diluted (₹)		(5.15)	5.54

See accompanying notes to the consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital (₹ in crore)

	Number	Amount
As at April 1, 2017	1,595,941,570	1,595.94
Issued during the year	412,996	0.41
As at March 31, 2018	1,596,354,566	1,596.35
Issued during the year	3,750	0.01
As at March 31, 2019	1,596,358,316	1,596.36

B. Other equity (₹ in crore)

	Reserves and surplus						Other comprehensive income			
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	Foreign currency translation reserve	Equity instruments through OCI	Non-controlling interests (NCI)	Total other equity
As at April 1, 2017	2,521.64	3,053.25	978.16	312.37	2,077.10	16.92	-	6.35	118.55	9,084.34
Profit for the year	-	-	-	-	869.15	-	-	-	15.44	884.59
Other comprehensive income	-	-	-	-	(114.54)	-	-	(1.44)	0.04	(115.95)
Total comprehensive income for the year	-	-	-	-	754.61	-	-	(1.44)	15.48	768.64
Transactions with owners in their capacity as owners:										
- Share based payments										
i) Employee stock option expense for the year	-	-	-	-	-	0.89	-	-	-	0.89
ii) Options exercised during the year	1.82	-	-	-	-	(0.45)	-	-	-	1.37
iii) Options lapsed during the year	-	-	-	2.18	2.37	(3.85)	-	-	-	0.70
- Dividends paid	-	-	-	-	(39.90)	-	-	-	-	(39.90)
- Dividend distribution tax	-	-	-	-	(12.41)	-	-	-	-	(12.41)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax"	-	-	-	-	9.34	-	-	-	-	9.34
- Consolidation of subsidiary	-	-	-	-	-	-	-	-	22.25	22.25
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	0.66	-	-	0.66
- Transfers to:										
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	99.30	-	(99.30)	-	-	-	-	-
As at March 31, 2018	2,523.46	3,053.25	1,077.46	314.55	2,691.81	13.51	0.66	4.91	156.28	9,835.88
Profit for the year	-	-	-	-	(839.18)	-	-	-	17.85	(821.33)
Other comprehensive income	-	-	-	-	(37.87)	-	-	(0.94)	(0.04)	(38.84)
Total comprehensive income for the year	-	-	-	-	(877.05)	-	-	(0.94)	17.81	(860.17)
Transactions with owners in their capacity as owners:										
- Share based payments:										
i) Employee stock option expense for the year	-	-	-	-	-	13.78	-	-	-	13.78
ii) Options exercised during the year	0.01	-	-	-	-	(0.62)	-	-	-	(0.61)
iii) Options lapsed during the year	-	-	-	-	2.74	(2.74)	-	-	-	-
iv) Options cancelled during the year	-	-	-	-	-	(1.32)	-	-	-	(1.32)
- Dividends paid	-	-	-	-	(119.73)	-	-	-	-	(119.73)
- Dividend distribution tax	-	-	-	-	(10.97)	-	-	-	-	(10.97)
- Adjustment on sale of subsidiary [refer note 36 (a)]	-	-	(32.53)	-	32.53	-	-	-	(151.15)	(151.15)
- Consolidation of subsidiary	-	-	-	-	-	-	-	-	5.57	5.57
- Share of reserves of associates accounted using equity method of accounting net of deferred tax"	-	-	-	-	78.57	-	-	-	-	78.57
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	27.11	-	-	27.11
- Transfers to:			-	-	-	-	-	-	-	-
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	73.04	-	(73.04)	-	-	-	-	-
As at March 31, 2019	2,523.47	3,053.25	1,117.97	314.55	1,724.86	22.61	27.77	3.97	28.51	8,816.96

Total equity (primarily surplus in statement of profit and loss) includes ₹ 0.50 crore (March 31, 2018: ₹ 0.46 crore) pertaining to IDFC Foundation held for specified purposes.

See accompanying notes to the consolidated financial statements

This is the consolidated statement of changes in equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax from:			
- Continuing operations		(700.32)	977.22
- Discontinued operations		(234.28)	118.58
- Other Comprehensive Income		(38.84)	(115.95)
Profit/(Loss) before tax including discontinued operations		(973.44)	979.85
Adjustments :			
Depreciation, amortisation and impairment	31	13.93	12.68
Net (gain) / loss on sale of property, plant and equipments	32	0.02	0.05
Impairment of financial instruments	29	38.80	16.38
Employee share based payment expense	30	19.20	1.03
Change in fair value of financials assets at FVTPL	25	34.55	(59.06)
Net (gain) / loss on sale of investments	25	(65.87)	(68.98)
Dividend income	26	(0.33)	(0.17)
Interest expense	28	4.80	0.58
Interest paid	18	(125.05)	52.78
Interest income	24	(14.73)	(16.84)
Interest received		35.63	7.88
Operating profit before working capital changes		(1,032.49)	926.18
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	10.09	22.25
Loans	6	4,190.31	(1,532.92)
Other financial assets	8	(25.75)	19.58
Other non financial assets	13	25.69	(95.57)
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	15	(103.63)	3.33
Other financial liabilities	18	(16.58)	67.93
Other non financial liabilities	22	(9.13)	26.69
Cash generated from operations		4,071.00	(1,488.71)
Less : Income taxes paid (net of refunds)		(81.00)	(198.63)
Net cash inflow / (outflow) from operating activities		2,957.51	(761.16)
CASH FLOW FROM INVESTING ACTIVITIES :			
Assets directly associated with disposal group classified as held for sale	36	(447.12)	-
Payments for purchase of investments *		(9,318.73)	(10,641.49)
Payments for property, plant and equipments	11	(3.95)	(12.12)
Proceeds from disposal of property, plant and equipments		9.55	0.40
Purchase of intangible assets	12	(1.95)	(1.30)
Proceeds from disposal of intangibles	12	1.11	-
Goodwill impairment	12	367.22	-
Proceeds from sale of subsidiaries		381.57	-
Proceeds from sale of investments*		9,520.85	9,941.63
Investments in Bank Fixed Deposit		(379.06)	(325.43)
Maturity of Bank Fixed Deposit		354.16	325.04
Dividends received		0.33	0.17
Net cash inflow / (outflow) from investing activities		483.98	(713.10)

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

		Year ended March 31, 2019	Year ended March 31, 2018
CASH FLOW FROM FINANCING ACTIVITIES :			
Issue of equity share capital	23A	ß	0.41
Proceeds from fresh issue of debt securities (net of issue expenses)		809.11	2,005.59
Repayment from fresh issue of debt securities		(575.00)	(764.93)
Deconsolidation of Subsidiary due to loss of control		(3,777.71)	-
Interest paid	18	125.05	(52.78)
Dividend paid (including dividend distribution tax)	23B	(130.70)	(52.31)
Increase / (decrease) in minority interest		(127.77)	37.72
Share of reserve of Associates	23B	78.57	9.34
Net cash inflow / (outflow) from financing activities		(3,598.45)	1,183.04
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		(156.96)	(291.22)
Add : Cash and cash equivalents at beginning of the year	3	307.05	598.27
Cash and cash equivalents at end of the year	3	150.09	307.05

*Purchase of investments include ₹ 5.50 crore (March 31, 2018: ₹ 16.30 crore) and proceeds from disposal / redemption of investments include ₹ 12.26 crore (March 31, 2018: ₹ 7.58 crore) held by IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow
referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

BACKGROUND

IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located at KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and its principal place of business is located at Ramon House, 69 HT Parekh Marg, Churchgate, Mumbai 400 002.

These financial statements are for the group consisting the Company and its subsidiaries. The Group is a financial conglomerate with interests in Bank, Asset Management - public and alternate, Investment Banking, Broking and Infra Debt Funds as its businesses. In accordance with RBI guideline on licensing of new bank in private sector, the Group has implemented Holding Company structure through its 100% subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL'). Under the guidelines, all regulated financial services entities should be held through a Non-Operating Financial Holding Company. Non-financial services entities i.e. IDFC Projects and IDFC Foundation are direct subsidiaries of the Company.

All investment in regulated financial subsidiaries i.e. IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Infrastructure Finance Limited, IDFC Securities Limited and IDFC Trustee Company Limited are held through its wholly owned subsidiary, IDFC FHCL. Some of these regulated financial subsidiaries have investments in foreign subsidiaries i.e. IDFC Capital (Singapore) PTE Limited, IDFC Securities Singapore PTE Limited, IDFC Capital (USA) Inc., IDFC Investment Managers (Mauritius) Limited. Investments in associates comprise of IDFC First Bank Limited by IDFC FHCL, Jetpur Somnath Tollways Limited by its wholly owned subsidiary, IDFC Projects Limited and Novopay Solutions Private Limited directly by IDFC Limited.

The shares of the Company and its associate IDFC First Bank Limited are listed on National Stock Exchange of India (NSE) Limited and Bombay Stock Exchange (BSE) Limited.

These consolidated financial statements were authorised for issue by the Board of Directors on May 29, 2019.

1. **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind-AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first consolidated financial statements of the Group under Ind-AS. Refer note 54 for an explanation of how the transition from previous GAAP to Ind-AS has affected the Group's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amounts:

- certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments.

(iii) Order of liquidity

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind-AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 47.

b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions within Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Refer Note 2 for significant judgements and assumptions made in determining that the Group does not have control over certain entities it even though it holds more than half of their voting rights.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Refer Note 2 for significant judgements and assumptions made in determining that the Group has significant influence over certain entities it even though it holds less than 20% of their voting.

(iii) Joint ventures

Under Ind-AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(p) below.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of IDFC Limited assesses the financial performance and position of the Group and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker, consists of the directors of the Group (both executive and independent). Refer note 38 for segment information presented.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (INR), which is IDFC Limited's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/ expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

(iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Financial instruments
Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets
(i) Classification and subsequent measurement of financial assets:

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt Instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans, mutual fund units, venture capital fund and corporate bonds.

For investments in debt instruments, measurement will depend on the classification of debt instruments depending on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Business model assessment
The business model reflects how the Group manages the assets to generate cash flows. The business model determines whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- experience on how the cash flows for these assets were collected,
- how the asset's performance and the business model is evaluated and reported to key management personnel,
- the risks that affect the performance of the business model and how these risks are assessed and managed,
- how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Solely Payment of Principle and Interest ("SPPI") Assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk associated with the principal amount outstanding, other basic lending risks (for e.g. liquidity risk) and a profit margin that is consistent with a basic lending arrangement. When assessing a financial asset with a modified time value of money element, the Group consider both qualitative and quantitative characteristics to determine whether the modified time value of money element provides consideration for just the passage of time.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. Such changes are expected to be very infrequent and none occurred during the period.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories;

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. debentures, bonds etc. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Fair value through other comprehensive income: Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost that are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method, considering any discount/ premium and qualifying transaction costs being an integral part of instrument.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through OCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group has designated at FVOCI investments in a small portfolio of equity securities. The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Gains and losses on equity investments at FVTPL are included in the statement of profit or loss.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its financial instrument. The Group recognises a loss allowance for such losses at each repotting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 49 provides more detail of how the expected credit loss allowance is measured

Interest Income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance).

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- significant extension of the loan term when the borrower is not in financial difficulty.
- significant change in the interest rate.
- change in the currency the loan is denominated in.
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset, recognises a 'new' asset at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

(iv) De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities and equity instruments

(i) Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Classification and subsequent measurement

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

(iii) De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

f) Derivative financial instruments

The Group holds derivative financial instruments viz. interest rate swaps to manage its exposure to interest rate risks. The Group hold derivative financial instruments for trading purpose as well. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

g) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counter party.

h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind-AS 115, Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Brokerage fees income

a) Brokerage fees – over time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transactions executed. The revenue for such contracts is recognised over the term of the contract.

b) Brokerage fees – point in time

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

(ii) Interest Income

Interest income is recognised using effective interest rate method.

(iii) Dividend income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) Fees, commission and other income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Fees and commission that are not integral to effective interest rate are recognised on accrual basis over the life of instrument.

Fees integral to the effective interest rate include origination fees, commissions received or paid by the Group relating to the creation or acquisition of a financial asset or issuance of a financial liability. Loan origination fees is deferred as a part of interest income under the effective interest rate method.

All other fees, commissions and other income and expense items are generally recognised on an accrual basis by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided, except guarantee commission which is recognised pro-rata over the period of the guarantee.

Asset management and other service fees principally includes asset-based asset management fees, which are recognized in the period in which the services are performed. In certain asset management fee arrangements, the Group is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. The Group may be required to return all, or part, of such performance-based incentive fee depending on future performance of these assets relative to performance benchmarks. The Group records performance-based incentive fee revenue when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to claw back or contingency. Under this principle the Group records a deferred performance-based incentive fee liability to the extent it receives cash related to the performance-based incentive fee prior to meeting the revenue recognition criteria delineated above.

Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.

i) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that enough taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

j) Goods and service tax

Expenses and assets are recognised net of the goods and services tax paid, except:

(i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) when receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

k) Leases

(i) Group as a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership been classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group 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.

(ii) Group as a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

m) Cash and cash equivalents

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

n) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(i) Transition to Ind-AS

On transition to Ind-AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Depreciation methods estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile Phone – 2 years b) Motor Cars – 4 years

Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ` 5,000 each are fully depreciated in the year of capitalisation.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

o) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Computer Software

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is recognised as an expense when incurred. The Group amortises intangible assets using straight-line method over a period of three years.

Transition to Ind-AS

On transition to Ind-AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

p) Impairment of non-financial asset

Goodwill is 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

q) Retirement and other employee benefits

(i) Defined contribution plan

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made as and when services are rendered. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

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. The defined benefit obligation is calculated annually by actuaries 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.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Compensated absences

Based on the leave rules of the Group companies, employees are not permitted to accumulate leave. Any unveiled privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t) Share-based payments

The Holding Company and two of its subsidiaries has 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 (including employees of subsidiary companies) to acquire equity shares of the Holding Company / Subsidiary Company that vest in a graded manner and that are to be exercised within a specified period.

Fair value is determined by using option valuation models, which consider the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity are credited to common shares.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 50 for details.

u) Earning per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for

bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceed.

w) Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

x) Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "crore" as per the requirement of Schedule III, unless otherwise stated.

y) Standards issued but not adopted

(i) Ind-AS 116 – Leases:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind-AS 116, Leases. The amendment rules are effective from reporting periods beginning on or after April 1, 2019. This standard replaces current guidance in Ind-AS 17 and is a far-reaching change in accounting by lessees.

The new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind-AS 116 is substantially unchanged from today's accounting under Ind-AS 17. The lessor still must classify leases as either finance or operating.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(ii) Plan Amendment, Curtailment or Settlement- Amendments to Ind-AS 19:

The amendments to Ind-AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(iii) Appendix C - Uncertainty over Income Tax Treatments to Ind-AS 12:

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. It discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty.
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(iv) Prepayment Features with Negative Compensation, Amendments to Ind-AS 109
This amendment enables entities to measure certain pre-payable financials assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation' must be 'reasonable compensation for early termination of the contract'.

That is, when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(v) Long-term Interests in Associates and Joint Ventures- Amendments to Ind-AS 28
The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind-AS 109, Financial Instruments before applying the loss allocation and impairment requirements in Ind-AS 28 Investments in Associates and Joint Ventures.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(vi) Annual Improvements to Ind-AS (2018):

- Ind-AS 23, "Borrowing Cost"- clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- Ind-AS 103, "Business Combination"- clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.
- Ind-AS 111, "Joint arrangements"- clarified that the party obtaining joint control of a business that is a joint operation should not measure its previously held interest in joint operation.
- Ind-AS 12, "Income Taxes"- clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

Previously, it was unclear whether the income tax consequences of dividend should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement considered by the Group in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

b) Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counter party), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 48.

c) Effective Interest Rate (EIR) method
The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

d) Consolidation decision
For details regarding consolidation of;
i) Entity where shareholding is more than 50%, as an associate, and
ii) Section 8 company, as a subsidiary, Refer note 51.

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash on hand	ß	ß	ß
Cheques on hand	-	ß	-
Balances with banks:			
- In current accounts	11.99	99.68	438.90
- In saving accounts *	0.01	0.40	0.08
- In deposit accounts	138.09	206.97	159.29
Total	150.09	307.05	598.27
Cash and cash equivalents included under assets classified as held for sale (refer note 36)	17.57	-	-
Total	167.66	307.05	598.27

* Balances pertaining to IDFC Foundation held for specified purposes.

i) The Group has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balances with banks:			
Balances with banks:			
- In earmarked accounts			
Investor education awareness on behalf of IDFC mutual fund	3.60	2.07	0.40
Unclaimed dividend	2.13	2.21	2.34
- In deposit accounts*	108.12	84.68	85.83
Balance held as margin money	0.08	0.08	0.08
Total	113.93	89.04	88.65

* Includes ₹ 33.50 crore (March 31, 2018: ₹ 1.34 crore, April 1, 2017- Nil) pertaining to IDFC Foundation held for specified purposes.

5A. TRADE RECEIVABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured*	13.64	22.24	44.04
Receivables - Credit impaired	6.01	8.25	7.89
(Less): Allowance for impairment loss	(6.01)	(8.25)	(7.89)
Total	13.64	22.24	44.04

* Includes ₹ Nil (March 31, 2018: ₹ 0.83 crore; April 1, 2017 :Nil)) pertaining to IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

5B. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured	2.94	4.43	4.88
Receivables - Credit impaired	-	0.29	0.39
(less): Allowance for impairment loss	-	(0.29)	(0.39)
Total	2.94	4.43	4.88

i) No trade receivables and other receivables are due from director or other officer of the Company either severally or jointly with any other person.

ii) No trade receivables and other receivables are due from firms or private companies (including LLPs) in which any director of the Company is a partner, a director or a member.

6. LOANS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost:			
(A)			
Term loans	-	2,890.86	2,010.44
Debentures and bonds	-	1,316.98	656.98
Loans and advances to employees	-	0.14	0.70
Total (A) - Gross	-	4,207.98	2,668.13
(Less): Impairment loss allowance	-	(17.67)	(10.73)
Total (A) - Net	-	4,190.31	2,657.40
(B)			
i) Secured by tangible assets	-	3,148.90	2,140.87
ii) Secured by intangible assets	-	969.10	425.41
iii) Covered by bank and government guarantees	-	89.85	73.11
iv) Unsecured	-	0.13	28.74
Total (B) - Gross	-	4,207.98	2,668.13
(Less): Impairment loss allowance	-	(17.67)	(10.73)
Total (B) - Net	-	4,190.31	2,657.40
(C)			
Loans in India			
i) Public sector	-	-	-
ii) Others	-	4,207.98	2,668.13
Total (C) - Gross	-	4,207.98	2,668.13
(Less): Impairment loss allowance	-	(17.67)	(10.73)
Total (C) - Net	-	4,190.31	2,657.40

7. INVESTMENTS (₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
As at March 31, 2019					
Mutual fund units#	-	658.35	658.35	-	658.35
Venture capital fund units @	-	309.46	309.46	-	309.46
Alternative investment fund	-	0.93	0.93	-	0.93
Equity instruments	0.05	29.38	29.43	-	29.43
Debentures & bonds	-	47.09	47.09	-	47.09
Preference shares	-	-	-	88.74	88.74
Associates	-	-	-	7,562.65	7,562.65
Joint Ventures	-	-	-	107.99	107.99
Trustee units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	1,045.22	1,045.27	7,759.38	8,804.65
(Less): Impairment loss allowance	-	-	-	(131.38)	(131.38)
Total (A) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27
Investments outside India	-	103.41	103.41	-	103.41
Investments in India	0.05	941.81	941.86	7,759.38	8,701.24
Total (B) - Gross	0.05	1,045.22	1,045.27	7,759.38	8,804.65
(Less): Impairment loss allowance	-	-	-	(131.38)	(131.38)
Total (B) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27

7. INVESTMENTS (CONTINUED) (₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
As at March 31, 2018					
Mutual fund units#	-	924.40	924.40	-	924.40
Venture capital fund units@	-	278.03	278.03	-	278.03
Equity instruments	4.96	31.68	36.64	-	36.64
Preference shares	-	-	-	61.59	61.59
Associates	-	-	-	8,083.48	8,083.48
Joint Ventures	-	-	-	99.15	99.15
Trustee Units	-	0.01	0.01	-	0.01
Total (A) - Gross	4.96	1,234.12	1,239.08	8,244.22	9,483.30
(Less): Impairment loss allowance	-	-	-	(104.23)	(104.23)
Total (A) - Net	4.96	1,234.12	1,239.08	8,139.99	9,379.07
Investments outside India	-	133.00	133.00	-	133.00
Investments in India	4.96	1,101.12	1,106.08	8,244.22	9,350.30
Total (B) - Gross	4.96	1,234.12	1,239.08	8,244.22	9,483.30
(Less): Impairment loss allowance	-	-	-	(104.23)	(104.23)
Total (B) - Net	4.96	1,234.12	1,239.08	8,139.99	9,379.07
As at April 1, 2017					
Mutual fund units#	-	675.73	675.73	-	675.73
Venture capital fund units@	-	155.52	155.52	-	155.52
Equity instruments	6.40	5.39	11.79	-	11.79
Preference shares	-	-	-	54.93	54.93
Associates	-	-	-	7,655.51	7,655.51
Joint Ventures	-	-	-	92.04	92.04
Trustee Units	-	0.08	0.08	-	0.08

7. INVESTMENTS (CONTINUED) (CONTD.)

(₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
Total (A) - Gross	6.40	836.72	843.12	7,802.48	8,645.60
(Less): Impairment loss allowance	-	-	-	(94.23)	(94.23)
Total (A) - Net	6.40	836.72	843.12	7,708.25	8,551.37
Investments outside India	-	127.02	127.02	-	127.02
Investments in India	6.40	709.70	716.10	7,802.48	8,518.58
Total (B) - Gross	6.40	836.72	843.12	7,802.48	8,645.60
(Less): Impairment loss allowance	-		-	(94.23)	(94.23)
Total (B) - Net	6.40	836.72	843.12	7,708.25	8,551.37

* Investment in associates and joint ventures measured using equity method of accounting as per Ind-AS 28 are classified as others.

\# Includes ₹ 10.92 crore (March 31, 2018: ₹ 16.65 crore ; April 1, 2017 ₹ 7.44 crore) pertaining to IDFC Foundation held for specified purposes.

@ The above investments in venture capital units are subject to restrictive covenants.

i) Net asset value (NAV) for mutual fund units represents the repurchase price determined by the issuer.

ii) Net asset value (NAV) for alternative investment fund units and venture capital fund units represents the fair value of units issued by the funds

iii) The investment in certain equity shares are strategic investments and not held for trading purpose. Therefore, the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss and the Group considered this to be more relevant.

iv) More information regarding the valuation methodologies are disclosed in Note 48(b).

8. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued on investments	-	3.81	3.73
Interest accrued on deposits	3.32	1.53	2.65
Interest accrued on loans	-	18.89	8.88
Contingent consideration receivable [refer note 48 (g)]	36.52	-	-
Security deposits	19.40	28.45	25.64
Other receivables	4.86	0.10	0.04
Other deposits	0.95	7.45	29.35
Total (A) - Gross	65.05	60.23	70.29
(Less): Impairment loss allowance	(2.00)	(2.03)	(1.48)
Total (B) - Net	63.05	58.20	68.81

9. INCOME TAX ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance payment of fringe benefit tax (net of provision)	0.01	4.05	4.05
Advance payment of Income tax (net of provision)	81.68	110.23	65.58
Total	81.69	114.28	69.63

10. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provisions	-	14.60	6.74
Property, plant and equipments	-	0.71	-
Total	-	15.31	6.74

11. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Buildings	Leasehold improve-ments	Furniture and fixtures	Vehicles	Office Equipments	Computers	Wind mills	Freehold land	Total
Year ended March 31, 2018									
Gross carrying amount									
Deemed cost as at April 1, 2017	42.79	4.78	1.01	5.63	1.15	6.07	59.96	0.04	121.43
Additions	-	4.59	1.12	1.91	1.26	3.24	-	-	12.12
Translation exchange difference	-	ß	ß	ß	ß	ß	-	-	ß
Disposals	-	(0.01)	(0.19)	(0.40)	-	(0.01)	-	-	(0.61)
Closing gross carrying amount	42.79	9.36	1.94	7.14	2.41	9.30	59.96	0.04	132.94
Accumulated depreciation	-								
Depreciation charge during the year	0.82	1.19	0.38	2.59	0.75	2.35	4.60	-	12.68
Translation exchange difference	-	-	-	-	-	-	-	-	-
Disposals	-	-	(0.07)	(0.09)	ß	ß	-	-	(0.16)
Closing accumulated depreciation	0.82	1.19	0.31	2.50	0.75	2.35	4.60	-	12.52
Net carrying amount as at March 31, 2018	41.97	8.17	1.63	4.64	1.66	6.95	55.36	0.04	120.42
Year ended March 31, 2019									
Gross carrying amount									
Opening gross carrying amount	42.79	9.36	1.94	7.14	2.41	9.30	59.96	0.04	132.94
Additions	-	0.29	0.24	0.80	0.67	1.95	-	-	3.95
Assets included in a disposal group classified as held for sale	-	(3.25)	(0.32)	(3.50)	(0.56)	(2.03)	-	(0.04)	(9.70)
Translation exchange difference	-	0.06	0.03	-	0.01	0.04	-	-	0.14
Disposals	-	-	(0.24)	(2.82)	(0.35)	(0.59)	-	-	(4.00)
Closing gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	-	123.33
Accumulated depreciation									
Opening accumulated depreciation	0.82	1.19	0.31	2.50	0.75	2.35	4.60	-	12.52
Depreciation charge during the year	0.82	1.47	0.31	1.02	0.69	2.02	4.60	-	10.93
Assets included in a disposal group classified as held for sale	-	(0.17)	(0.01)	(1.39)	(0.11)	(0.50)			(2.18)
Impairment loss	1.25	-	-	-	-	-	-	-	1.25
Translation exchange difference	-	0.06	0.02	-	0.02	0.04	-	-	0.14
Disposals	-	-	(0.11)	(1.31)	(0.21)	(0.33)	-	-	(1.96)
Closing accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	-	20.70
Net carrying amount as at March 31, 2019	39.90	3.91	1.13	0.80	1.04	5.09	50.76	-	102.63

i) Deemed cost as on April 1 ,2017 upon transition to IND AS

	Building	Leasehold improve-ments	Furniture and fixtures	Vehicles	Office Equipments	Computers	Wind Mills	Freehold Land	Total
Gross carrying amount as at April 1, 2017	42.79	15.69	3.29	8.68	7.07	17.94	101.25	0.04	196.76
Less: Opening accumulated depreciation	-	10.91	2.28	3.05	5.92	11.87	41.29	-	75.32
Deemed cost as at April 1, 2017	42.79	4.78	1.01	5.63	1.15	6.07	59.96	0.04	121.43

12. INTANGIBLE ASSETS

(₹ in crore)

	Computer software	Tenancy Rights	Total	Goodwill
Year ended March 31, 2018				
Gross carrying amount				
Deemed cost as at April 1, 2017	2.64	0.02	2.66	1,146.39
Additions	2.38	-	2.38	-
Disposals and transfers	-	-	-	-
Closing gross carrying amount	5.02	0.02	5.04	1,146.39
Accumulated amortisation				
Amortisation during the year	1.49	0.01	1.50	-
Disposals and transfers	-	-	-	-
Closing accumulated amortisation	1.49	0.01	1.50	-
Net carrying amount as at March 31, 2018	3.53	0.01	3.54	1,146.39
Year ended March 31, 2019				
Gross carrying amount				
Opening gross carrying amount	5.02	0.02	5.04	1,146.39
Additions	1.95	-	1.95	-
Assets included in a disposal group classified as held for sale	(0.90)	(0.02)	(0.92)	(367.22)
Disposals and transfers	(0.05)	-	(0.05)	
Closing gross carrying amount	6.02	-	6.02	779.17
Accumulated amortisation				
Opening accumulated amortisation	1.49	0.01	1.50	-
Amortisation during the year	1.74	0.01	1.75	343.38
Assets included in a disposal group classified as held for sale	(0.25)	(0.02)	(0.27)	(343.38)
Disposals and transfers	(0.03)	-	(0.03)	-
Closing accumulated amortisation	2.95	-	2.95	-
Net carrying amount as at March 31, 2019	3.07	-	3.07	779.17

Deemed cost as on April 1 , 2017 upon transition to IND AS

	Computer software	Tenancy Rights	Total	Goodwill
Gross carrying amount as at April 1, 2017	9.47	0.02	9.49	1,146.39
Less: Opening amortisation	6.83	-	6.83	-
Deemed cost as at April 1, 2017	2.64	0.02	2.66	1,146.39

a) Impairment tests for goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group tests whether goodwill has suffered any impairment on an annual basis. The goodwill pertaining to the CGU's are as follows:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
CGU's of IDFC Asset Management Company Limited [Refer note (i) below]	779.17	779.17	779.17
CGU's of IDFC Securities Limited [Refer note (ii) below]	-	367.22	367.22
Total	779.17	1,146.39	1,146.39

i) IDFC Asset Management Company Limited

The recoverable amount of this CGU is based on its value in use. The recoverable amount is determined based on value-in-use, after considering current economic conditions and trends, estimated future operating results, growth rates. The calculations uses cash flow projections based on financial budgets approved by management and are extrapolated using estimated growth rates.

The carrying amount does not exceed the recoverable amount of the cash generating units. Accordingly, there were no impairment recorded for the year ended March 31, 2019 and March 31, 2018. An analysis of the sensitivity of the computation to a change in key parameters (operating results, discount rates and growth rates), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

ii) IDFC Securities Limited

During the year, the Group has entered into Share Purchase Agreement to exit its business of stock broking. The Group has classified its subsidiary as discontinued operation and accordingly, goodwill amounting to ₹ 23.84 crore (net of impairment amounting to ₹ 343.38 crore) in respect of the disposal group have been classified as "held for sale". [For further details, refer note 36 (b)].

13. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital advances	-	0.41	0.06
Prepaid expenses	9.08	15.50	18.00
Supplier advances	5.38	4.83	1.68
Balances with government authorities - cenvat credit available	17.71	16.08	7.20
Receivable from gratuity trust [Refer note 35(b)]	-	0.02	-
Other advances	37.61	52.74	28.79
Less: Allowance for impairment loss	(3.45)	-	-
Total	66.33	89.58	55.73

14. CONTRACT ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Contract assets	59.28	61.72	-
Less: Allowance for impairment loss	-	-	-
Total	59.28	61.72	-

Significant change in contract assets

Contract assets pertains to carried and catch-up interest receivable from IDFC S.P.I.C.E. Fund (which was closed in February 2019). The contract asset is recognised in accordance with Ind-AS 115 on Revenue from contracts with customers wherein the right to receive carried and catch-up interest is conditioned upon sale of underlying securities by the Company as the asset manager.

The contract assets have declined by ₹ 2.45 crore as a result of net decline in the fair value of IDFC S.P.I.C.E. Fund in March 2019 as compared to March 2018 leading to decrease in the carried interest receivable.

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Group has elected not to apply hedge accounting requirements.

The Group uses interest rate swaps to manage its interest rate risk arising from rupee denominated debt securities.

The interest rate swaps are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 24 months to 60 months. Details of the derivative instrument is given below:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Fair value assets			
- Equity options (at fair value)	1.66	0.21	-
- Interest rate swaps	-	0.11	-
Total	1.66	0.32	-
Fair value liabilities			
- Equity futures (at fair value)	0.08	-	-
- Interest rate swaps	-	-	1.45
Total	0.08	-	1.45

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 49.

16A. TRADE PAYABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	0.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	20.97	119.17	104.96
Total	20.97	119.17	104.98

16B. OTHER PAYABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3.63	9.13	18.55
Total	3.63	9.13	18.55

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the Company and relied upon by the auditors, is as follows:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:			
- Principal amount	-	-	0.02
- Interest due thereon	-	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-	-

17. DEBT SECURITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortized cost:			
- Debentures and bonds	-	3,320.81	1,914.55
- Commercial paper	-	225.00	390.00
(Less): Unexpired discount	-	(2.21)	(1.61)
Total (A)	-	3,543.60	2,302.94
Debt securities in India	-	3,543.60	2,302.94
Debt securities outside India	-	-	-
Total (B)	-	3,543.60	2,302.94

a) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash and cash equivalents	150.09	307.05	598.27
Liquid investments	658.35	924.40	675.73
Debt securities	-	3,543.60	2,302.94
Net debt	808.44	(2,312.15)	(1,028.94)

(₹ in crore)

	Cash and cash equivalents	Liquid Investment	Debt securities	Total
Net debt as at April 1, 2017	598.27	675.73	(2,302.94)	(1,028.94)
Cash flows	(291.22)	248.67	(1,296.07)	(1,338.62)
Interest expense	-	-	225.88	225.88
Interest paid	-	-	(170.47)	(170.47)
Other non-cash movements				
- Fair value adjustments	-	-	-	-
- Acquisitions/disposals	-	-	-	-
Net debt as at March 31, 2018	307.05	924.40	(3,543.60)	(2,312.15)
Cash flows	(156.96)	(266.05)	(304.65)	(727.66)
Interest expense	-	-	314.86	314.86
Interest paid	-	-	(290.46)	(290.46)
Other non-cash movements				
- Fair value adjustments	-	-	-	-
- Assets classified as held for sale	-	-	3,823.85	3,823.85
Net debt as at March 31, 2019	150.09	658.35	-	808.44

b) Interest and repayment terms of debenture and bonds (non convertible) (secured) ('NCD's') :

Series name	Issuance date	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	No of NCD's	Coupon rate	Payment frequency - Interest	Payment frequency-Principal
IDFC IFL PP 7/2019	27-Mar-19	27-May-20	-	-	-	1,000	8.68%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 1/2016	29-Sep-15	29-Oct-20	-	150.00	150.00	1,500	8.85%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 2/2016	21-Oct-15	20-Nov-20	-	155.00	155.00	1,550	8.65%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 3/2016	16-Nov-15	01-Dec-20	-	75.00	75.00	750	8.64%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 4/2016	09-Dec-15	08-Jan-21	-	75.00	75.00	750	8.55%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 5/2016	08-Jan-16	28-Jan-21	-	250.00	250.00	2,500	8.65%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 6/2016	22-Mar-16	22-Apr-21	-	103.00	103.00	1,030	8.88%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 1/2017	14-Jul-16	27-Jul-21	-	209.00	209.00	2,090	8.75%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 2/2017	09-Aug-16	25-Aug-21	-	141.00	141.00	1,410	8.60%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 3/2017	29-Aug-16	31-Aug-21	-	136.00	136.00	1,360	8.51%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 4/2017	01-Sep-16	07-Sep-21	-	25.00	25.00	250	8.51%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 5/2017	27-Sep-16	12-Oct-21	-	255.00	255.00	2,550	8.39%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 6/2017	17-Nov-16	30-Nov-21	-	25.00	25.00	250	8.10%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 7/2017	30-Nov-16	12-Jan-22	-	60.00	60.00	600	7.35%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 8/2017	06-Dec-16	18-Jan-22	-	25.00	25.00	250	7.35%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 6/2019	10-Jan-19	22-Feb-22	-	-	-	250	9.05%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 9/2017	01-Feb-17	13-Apr-22	-	150.00	150.00	1,500	8.00%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 10/2017	22-Mar-17	24-May-22	-	81.00	81.00	810	8.25%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 2/2018	26-Apr-17	26-May-22	-	101.00	-	1,010	8.01%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 1/2018	19-Apr-17	19-Jul-22	-	85.00	-	850	8.04%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 4/2018	12-Jul-17	11-Aug-22	-	100.00	-	1,000	7.94%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 3/2018	31-May-17	18-Aug-22	-	101.00	-	1,010	7.97%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 6/2018	19-Sep-17	10-Nov-22	-	340.00	-	3,400	7.73%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 5/2018	31-Aug-17	24-Nov-22	-	82.00	-	820	7.73%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 8/2018	18-Dec-17	14-Feb-23	-	215.50	-	2,650	8.08%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 9/2018	06-Feb-18	21-Feb-23	-	50.00	-	500	8.48%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 1/2019-Option I	18-Apr-18	26-May-23	-	-	-	600	8.37%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 10/2018	22-Mar-18	22-Aug-23	-	217.00	-	2,170	8.49%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 5/2019	12-Oct-18	23-Nov-23	-	-	-	120	9.12%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 4/2019	09-Jul-18	14-Aug-24	-	-	-	1,890	9.26%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 3/2019	27-Jun-18	27-Aug-24	-	-	-	470	9.21%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 7/2018	28-Nov-17	28-Nov-24	-	115.00	-	1,150	7.99%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 1/2019-Option II	18-Apr-18	27-May-25	-	-	-	440	8.42%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 2/2019	04-May-18	15-May-26	-	-	-	260	8.52%	Annually and on maturity	Bullet repayment at maturity
Total NCD's issued			-	3,321.50	1,915.00				
Less: Unamortized transaction cost			-	(0.69)	(0.45)				
Net NCD's outstanding			**-**	**3,320.81**	**1,914.55**				

c) Interest and repayment terms of Commercial Papers (‘CP’s’):

Series name	Issuance date	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	Coupon rate	Payment frequency-Interest	Payment frequency-Principal
IDFC IDF 87 CP 3/2017	24-Jan-17	21-Apr-17	-	-	50.00	7.25%	Upfront	At maturity
IDFC IDF 87 CP 4/2017	24-Jan-17	21-Apr-17	-	-	50.00	7.25%	Upfront	At maturity
IDFC IDF 87 CP 5/2017	22-Mar-17	22-May-17	-	-	25.00	7.00%	Upfront	At maturity
IDFC IDF 87 CP 6/2017	22-Mar-17	21-Jun-17	-	-	25.00	7.00%	Upfront	At maturity
IDFC IDF 87 CP 7/2017	29-Mar-17	12-May-17	-	-	40.00	6.75%	Upfront	At maturity
IDFC 9 CP 02 / 2017	29-Mar-17	07-Apr-17	-	-	200.00	9.15%	Upfront	At maturity
IDFC IFL 101 CP 9/2018	23-Jan-18	04-May-18	-	75.00	-	7.95%	Upfront	At maturity
IDFC IFL 88 CP 10/2018	01-Feb-18	30-Apr-18	-	50.00	-	8.15%	Upfront	At maturity
IDFC IFL 89 CP 11/2018	23-Feb-18	23-May-18	-	25.00	-	8.15%	Upfront	At maturity
IDFC IFL 89 CP 12/2018	28-Feb-18	28-May-18	-	25.00	-	8.05%	Upfront	At maturity
IDFC IFL 91 CP 13/2018	15-Mar-18	14-Jun-18	-	50.00	-	7.86%	Upfront	At maturity
IDFC IFL 91 CP 1/2019	25-Apr-18	24-Jul-18	-	-	-	7.15%	Upfront	At maturity
IDFC IFL 100 CP 2/2019	25-Apr-18	03-Aug-18	-	-	-	7.15%	Upfront	At maturity
IDFC IFL 91 CP 3/2019	24-May-18	23-Aug-18	-	-	-	8.65%	Upfront	At maturity
IDFC IFL 91 CP 4/2019	07-Jun-18	06-Sep-18	-	-	-	8.25%	Upfront	At maturity
IDFC IFL 116 CP 5/2019	07-Jun-18	25-Sep-18	-	-	-	8.35%	Upfront	At maturity
IDFC IFL 30 CP 6/2019	18-Dec-18	17-Jan-19	-	-	-	7.40%	Upfront	At maturity
IDFC IFL 87 CP 7/2019	18-Dec-18	15-Mar-19	-	-	-	7.50%	Upfront	At maturity
Total CP’s issued			-	225.00	390.00			
Less: Unexpired discount				(2.21)	(1.61)			
Net CP’s outstanding				222.79	388.39			

d) Ratings assigned by credit rating agencies and migration of ratings during the year

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited
Rating assigned	AAA	AAA	AAA	AAA	AAA	AAA
Date of rating	August 13, 2018	August 03, 2018	July 05, 2017	July 03, 2017	August 23, 2016	June 20, 2016
Rating valid upto	August 12, 2019	August 02, 2019	July 04, 2018	July 02, 2018	August 22, 2017	June 19, 2017

The validity of the rating is subject to periodical revalidation by rating agencies.

e) There is no Debenture Redemption Reserve (DRR) created as the Non Banking Financial Companies registered with Reserve Bank of India are not required to create DRR for the privately placed debentures.

f) Details about the nature of the security

The above debt securities are secured by way of mortgage of freehold land and a first floating pari passu charge by way of hypothecation of receivables of the company arising out of its investments, loans, current assets, loans and advances, both present and future, excluding investments in and other receivables from subsidiaries and affiliates of the IDFC group and lien marked assets.

In terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) no borrowings remained overdue as on March 31, 2019, March 31, 2018 and March 31, 2017.

18. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued but not due on debt securities	-	120.25	66.90
Unclaimed dividend	2.13	2.21	2.34
Security deposits	1.44	1.77	1.77
Retention money	-	-	0.05
Other payables	-	16.17	0.83
Total	3.57	140.40	71.89

19. INCOME TAX LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for income tax (net of advance tax)	18.31	22.46	21.50
Provision for fringe benefit tax (net of advance tax)	0.04	3.59	3.59
Total	18.35	26.05	25.09

20. PROVISIONS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for gratuity [Refer note 35(b)]	4.79	-	0.01
Loan commitment	9.65	31.43	37.70
Total	14.44	31.43	37.71

21. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Property, plant and equipments	7.00	9.40	17.93
Financial assets at fair value through profit or loss	0.17	24.67	7.40
Fair valuation of security deposits	6.89	(0.54)	(0.23)
Cash settled share based payments	(1.30)	-	-
Investment in associates	0.36	204.26	118.46
Total deferred tax liabilities	13.12	237.79	143.56

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Income and other amounts received in advance	0.21	16.75	11.17
Funds received for investor education	-	1.75	0.36
Liabilities for restricted grants*	3.44	1.36	-
Cash settled share based payments	4.47	1.67	-
Employee benefit payable	29.67	23.06	0.67
Statutory dues	16.47	17.94	17.35
Total	54.26	62.53	29.55

* Liabilities for restricted grants include ₹ 3.44 crore (March 31, 2018: ₹ 1.36 crore ; April 1, 2017: ₹ Nil) for the year ended March 31, 2019 pertaining to IDFC Foundation held for specified purposes.

23A EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹	Number	₹	Number	₹
Authorised shares						
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 10 each	100,000,000	1,000.00	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares						
Equity shares of ₹ 10 each	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94
Total	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94

a) Movements in equity share capital

(₹ in crore)

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹	Number	₹	Number	₹
Outstanding at the beginning of the year	1,596,354,566	1,596.35	1,595,941,570	1,595.94	1,594,020,668	1,594.02
Stock options exercised	-	-	-	-	-	-
Shares issued during the year	3,750	0.01	412,996	0.41	1,920,902	1.92
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94

b) Terms and rights attached to equity shares

The Group 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.

In the event of liquidation, the holders of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 51.

d) Details of shareholders holding more than 5% of the shares in the Group

(₹ in crore)

Equity shareholders	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	% holding	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47	151,145,989	9.47
First State Investments ICVC	-	-	-	-	94,016,080	5.89

23B RESERVES AND SURPLUS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Surplus in the statement of profit and loss	1,724.86	2,691.81	2,077.10
Securities premium	2,523.47	2,523.46	2,521.64
General reserve	314.55	314.55	312.37
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25	3,053.25
Share options outstanding account	22.61	13.51	16.92
FVOCI - equity investments	3.97	4.91	6.35
Foreign currency translation reserve	27.77	0.66	-
Statutory reserves	1,117.97	1,077.46	978.16
Total	8,788.45	9,679.61	8,965.79

a) Surplus in the statement of profit and loss (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	2,691.81	2,077.10
Net profit for the period	(839.18)	869.15
Other comprehensive income	(37.87)	(114.54)
Share based payments		
- *Options lapsed during the year*	2.74	2.37
Dividends paid	(119.73)	(39.90)
Dividend distribution tax	(10.97)	(12.41)
Adjustment on sale of subsidiary	32.53	-
Share of reserves of associates accounted using equity method of accounting net of deferred tax	78.57	9.34
Transfers to:		
- Special reserve u/s. 45-IC of the RBI Act, 1934	(73.04)	(99.30)
Closing Balance	1,724.86	2,691.81

b) Securities premium (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	2,523.46	2,521.64
Changes during the year	0.01	1.82
Closing balance	2,523.47	2,523.46

c) Capital reserve (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	314.55	312.37
Appropriations during the year	-	2.18
Closing balance	314.55	314.55

d) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934 (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	1,077.46	978.16
Appropriations during the year	40.51	99.30
Closing balance	1,117.97	1,077.46

f) Share options outstanding account (₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	13.51	16.92
Employee stock option expense for the year	13.78	0.89
Options exercised during the year	(0.62)	(0.45)
Options lapsed during the year	(2.74)	(3.85)
Options cancelled during the year	(1.32)	-
Closing balance	22.61	13.51

23C. OTHER RESERVES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
FVOCI - equity investments	3.97	4.91
Foreign currency translation reserve	27.77	0.66
Total	31.74	5.57

a) FVOCI - equity investments

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	4.91	6.35
Change in fair value of FVOCI - equity investments	(0.94)	(1.44)
Closing balance	3.97	4.91

b) Foreign currency translation reserve

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	0.66	-
Exchange differences on translation of foreign operations	27.11	0.66
Closing balance	27.77	0.66

23D. NATURE AND PURPOSE OF RESERVE

a) Securities premium

It is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

c) FVOCI - equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI - equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

d) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

e) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 51)

f) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

As per section 36(1)(viii) of Income tax act, 1961, deduction shall be allowed in respect of any special reserve created and maintained by specified entities, for an amount not exceeding twenty percent (20%) of the profits derived from eligible business (computed under the head “Profits and gains of business or profession” (before making any deduction under this clause) carried to such reserve account.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

g) Foreign currency translation reserve

Exchange difference arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy are accumulated in special reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

24. INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial assets measured at amortised costs:		
Interest on investments	8.21	5.73
Interest on deposits with banks	6.52	11.11
Total	14.73	16.84

25. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Net gain/(loss) on financial instruments at FVTPL		
On trading portfolio		
- Debt instrument at FVTPL	1.03	2.03
On financial instruments designated at FVTPL	30.29	126.01
Total (A)	31.32	128.04
Fair value changes:		
Realised	65.87	68.98
Unrealised	(34.55)	59.06
Total (B)	31.32	128.04

26. DIVIDEND INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from financial instruments at FVTPL	0.33	0.17
Total	0.33	0.17

27. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on income tax refund	-	6.56
Other interest	0.04	2.15
Corpus donations	20.82	15.88
Other donations	ß	0.06
Rental income	3.68	3.68
Gain on transfer of business (Refer note 37)	116.37	0.15
Restricted grants	2.27	1.24
Policy advocacy	-	0.71
Sitting fees	0.02	0.03
Gain on sale of property, plant and equipment	0.10	-
Sale of power	10.57	15.01
Miscellaneous income	8.80	4.95
Total	162.67	50.42

28 FINANCE COST

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial liabilities measured at amortised cost:		
- Interest on debt securities	-	0.32
Other borrowing costs	4.80	0.26
Total	4.80	0.58

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On Financial instruments measured at Amortised Cost:		
Loan commitment	8.95	5.07
Security deposit	(0.03)	0.55
Provision against non-performing loans and advances	2.74	4.78
Impairment on loans/ investments	27.14	5.98
Total	38.80	16.38

30 EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	110.11	139.13
Contribution to provident and other funds (Refer note 35(a))	4.79	5.53
Gratuity expense	1.63	2.49
Employee share based payment expense [Refer note 51(e])	19.20	1.03
Staff welfare expense	3.33	2.70
Total	139.06	150.88

31 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment	12.18	12.68
Amortisation of intangible assets	1.75	-
Total	13.93	12.68

32 OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	16.41	18.36
Rates and taxes	3.61	3.24
Electricity	1.59	1.50
Repairs and maintenance		
- Equipments	3.52	3.53
- Others	6.67	6.62
Insurance charges	0.91	0.42
Travelling and conveyance	7.17	8.80
Printing and stationery	2.28	2.46
Communication costs	3.53	4.88
Advertising and publicity	13.85	27.19
Professional fees	21.98	37.29
Directors' sitting fees	0.87	1.00
Commission to directors	1.20	0.57
Bad debts written off	0.04	-
Loss on disposal of property, plant and equipment (net)	0.11	0.05
Other operating expenses	40.83	72.77
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	0.10	0.27
Auditors' remuneration [refer note (a) below]	1.17	1.19
Shared service costs (net)	8.76	(2.34)
Grants to implementing partners	4.82	4.46
Financial inclusion and skill development	9.67	25.11
Fee for research fellows	1.81	1.53
Donations	0.05	0.03
Bank charges	0.03	0.03
Distribution fees	9.28	14.36
Miscellaneous expenses	15.64	11.32
Total	175.90	244.64

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Audit fees	0.71	1.01
Tax audit fees	0.04	0.04
Taxation matters	-	-
Other Services	0.12	0.13
Out-of-pocket expenses	0.30	0.01
Total	1.17	1.19

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the period ₹ 0.10 crore (March 31, 2018: ₹ 0.27 crore). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 0.10 crore (March 31, 2018: ₹ 0.27 crore), which comprise of following: (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.10	0.27
Total	0.10	0.27

There is no outstanding to be paid in cash out of total amount spent on Corporate Social Responsibility (CSR) related activities.

33 INCOME TAX

a) The components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are: (₹ In Crore)

	Year ended March 31, 2019	Year ended March 31, 2018
I. Tax expense recognised in statement of profit and loss		
Current tax		
Current tax on profit for the year	108.61	62.55
Adjustments for current tax of prior years	(29.39)	0.29
Total current tax expense	79.22	62.84
Deferred tax		
Decrease / (Increase) in deferred tax assets	15.31	(8.58)
(Decrease) / Increase in deferred tax liabilities	(207.80)	156.95
Total deferred tax expense/(benefit)	(192.49)	148.37
Total tax expense for the year	(113.27)	211.21
Income tax attributable to:		
- Profit from continuing operations	(148.46)	197.55
- Profit from discontinued operations	35.19	13.66
	(113.27)	211.21

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit from continuing operations before tax expense	(700.32)	977.22
Profit from discontinued operations before tax expense	(234.28)	118.58
Tax at India's statutory income tax rate of 29.12% (previous year 34.608%)	(272.16)	379.23
Tax effect of the amount which are not taxable in calculating taxable income	(30.54)	(35.04)
Effect for tax losses for which no deferred tax asset was recognised	12.51	8.07
Effect for tax profits for which no deferred tax liability was recognised	(6.84)	(2.76)
Effect of tax on income taxable under different tax rates	80.69	(118.95)
Changes in opening deferred tax asset/ liability due to changes in tax rates	0.00	(2.93)
Expenses not deductible for tax purposes	116.12	9.29
Adjustments for current tax of prior periods	(29.39)	0.29
Effect of reversal of opening deferred tax asset as utilization is not probable	5.99	(0.84)
Different statutory tax rates applied by the group entities	4.88	(13.47)
Other	5.47	(11.68)
Income tax expense at effective tax rate	(113.27)	211.21
Effective tax rate	16.17%	21.61%

e) Tax losses (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Unused tax losses for which no deferred tax asset has been recognised	63.99	73.82
Potential tax benefit at 29.12% (March 31, 2018: 34.608%)	18.63	25.55

f) Unrecognised temporary differences (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	319.86	499.71
- Undistributed earnings of joint venture**	200.36	169.41

* Certain subsidiaries of the Group have undistributed earnings of ₹ 319.86 crore (March 31, 2018: ₹499.71 Crore) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity has ability to control the timing of distributions from these subsidiaries.

The Group has not recognised deferred tax asset on accumulated losses of certain subsidiaries and associates, as the Group does not foresee a reasonable certainty of sufficient future income available against which these accumulated losses can be utilised.

** The joint ventures of the Group have undistributed earnings of ₹ 200.36 crore (March 31, 2018: ₹ 169.41 Crore) which will be remitted to IDFC Foundation having joint control over these joint venture .The IDFC Foundation is a Section 8 Company registered for specified purpose with an intention to prohibit payment of dividends to its shareholders i.e. IDFC Limited and hence no differed tax liability is recognised as the Group will not receive any distribution out of these profits in the foreseeable future.

34. OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

The Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. Rent includes gross rental expenses of ₹ 12.68 crore (March 31, 2018: ₹ 12.02 crore). The committed lease rentals in the future are:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Not later than one year	11.75	12.68	12.02
Later than one year and not later than five years	1.97	11.94	22.41
Later than five years	-	-	-

35 EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Provident fund	3.94	4.45
Pension fund	0.62	0.73
Superannuation fund	0.22	0.36

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance Sheet

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	8.61	8.60	0.01
Current service cost	1.75	-	1.75
Interest expense/(income)	0.70	0.37	0.33
Return on plan assets	-	0.31	(0.31)
Actuarial loss / (gain) arising from change in financial assumptions	(0.89)	(0.01)	(0.88)
Actuarial loss / (gain) arising from change in demographic assumptions	0.30	-	0.30
Actuarial loss / (gain) arising on account of experience changes	0.64	-	0.64
Actual return on plan assets less interest on plan assets	-	(0.05)	0.05
Employer contributions	-	4.46	(4.46)
Liabilities assumed / settled	0.79	-	0.79
Assets acquired / settled	-	0.16	(0.16)
Benefit payments	(0.22)	(2.14)	1.92
As at March 31, 2018	11.68	11.70	(0.02)
Current service cost	1.78	-	1.78
Interest expense/(income)	0.81	0.73	0.08
Return on plan assets	-	0.06	(0.06)
Actuarial loss / (gain) arising from change in financial assumptions	1.68	ß	1.68
Actuarial loss / (gain) arising from change in demographic assumptions	ß	-	ß
Actuarial loss / (gain) arising on account of experience changes	1.86	-	1.86
Actual return on plan assets less interest on plan assets	-	0.06	(0.06)
Reversal of the liability	-	0.08	(0.08)
Employer contributions	(0.77)	(0.32)	(0.45)
Benefit payments	(0.49)	(0.54)	0.05
As at March 31, 2019	16.56	11.77	4.79

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Present value of plan liabilities	16.56	11.68	8.61
Fair value of plan assets	11.77	11.70	8.60
Plan liability net of plan assets	4.79	(0.02)	0.01

ii) Statement of Profit and Loss

	Year ended March 31, 2019	Year ended March 31, 2018
Employee Benefit Expenses:		
Current service cost	1.78	1.76
Interest cost	(0.05)	0.11
(Gains) / losses on settlement	-	0.62
Total	1.73	2.49
Finance cost	-	-
Net impact on the profit before tax	1.73	2.49
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.07)	-
Actuarial gains/(losses) arising from changes in demographic assumptions	ß	0.06
Actuarial gains/(losses) arising from changes in financial assumptions	(1.68)	-
Actuarial gains/(losses) arising from changes in experience	(1.86)	-
Actual return on plan assets less interest on plan assets	0.06	-
Income tax relating to above	1.09	(0.02)
Net impact on the other comprehensive income before tax	(2.46)	0.04

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Insurer managed funds			
- Government securities	28.49%	36.36%	34.73%
- Deposit and money market securities	14.88%	5.00%	7.13%
- Debentures / bonds	54.84%	54.16%	53.69%
- Equity shares	1.79%	4.47%	4.47%
Total	100.00%	100.00%	100.00%

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Discount rate	6.70 to 7.90	7.35 to 8.20	6.55 to 7.10
Salary escalation rate*	9%	8%	8%

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Mortality in Service : Indian Assured Lives Mortality (2012-14)

vi) Sensitivity

(₹ in crore)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	-0.52%	0.56%
Salary escalation rate	0.50%	0.55%	-0.51%

As at March 31, 2018	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	-1.01%	1.06%
Salary escalation rate	0.50%	1.05%	-1.01%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity

The defined benefit obligations shall mature after year end as follows:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
within 12 months	3.55	2.89
Between 2-5 years	4.14	3.30
Between 5-10 years	8.59	2.78
Beyond 10 years	24.78	16.73

The weighted average duration to the payment of these cash flows is 1.09 years to 9.72 years (March 31, 2018: 2.07 years to 9.22 years).

36 Discontinued operation

a) IDFC Infrastructure Finance Limited

The Group had entered into a Share Purchase Agreement ("SPA") with National Infrastructure and Investment Fund II ('NIIF') on October 30, 2019, for sale of its entire investment in IDFC Infrastructure Finance Limited ("IIFL"). Pursuant to the said agreement, the sale is to be completed in two tranches. The Group had sold 278,000,000 shares (51.48%) in IIFL to NIIF on March 12, 2019 ("Tranche I") for a total consideration of ₹ 425.43 crore.

The remaining equity investment i.e. 162,000,000 shares (30%) of IDF ("Tranche II") has been considered as an investment in associate as the Group continues to exercise significant influence over IIFL. Under the SPA, the sale of Tranche II shares is subject to certain terms, conditions, and regulatory approvals. The Group expects the sale to be highly probable and will be completed within the next 12 months. Accordingly, the investment in the associate is classified as held for sale as on March 31, 2019.

Further, the fair value less cost to sale the investment is higher than the carrying value as on March 31, 2019, hence no impairment loss has been considered for recognition.

i) Financial performance and cash flow information (after inter-company eliminations) (In ₹ crore)

	Year ended March 31, 2019 *	Year ended March 31, 2018
Revenue	402.03	333.78
Expenses	308.31	249.35
Profit before tax	93.72	84.43
Tax expense	-	-
Profit after tax	93.72	84.43
Other comprehensive income	(0.14)	0.09
Total comprehensive income	93.58	84.52
Total comprehensive income attributable to owners	76.25	68.87
Gain on sale of the subsidiary after tax (refer note (ii) below)	(13.28)	-
Total profit from discontinued operation attributable to owners	62.97	68.87
Net cash inflow from operating activities	(251.80)	(1,459.25)
Net cash inflow (outflow) from investing activities	(0.68)	(0.91)
Net cash (outflow) from financing activities	228.03	1,488.95
Net increase in cash generated from discontinued operation	(24.45)	28.79

* includes figures for the period April 1, 2019 to Feb 28, 2019.

ii) Details of the sale of subsidiary (In ₹ crore)

	Year ended March 31, 2019 *
Cash consideration	388.91
Contingent consideration receivable (refer note iii below)	36.52
Fair value of retained interest of 30%	266.23
Less: Transaction cost	(7.36)
Net consideration received	684.30
Net assets disposed off	(667.39)
Gain on sale before tax	16.91
Income tax expense on gain	
- Current tax	30.19
Gain on sale after tax	(13.28)

iii) Significant estimate: Contingent consideration receivable

Under Tranche I, the total sale consideration was ₹ 452.15 crore for sale of 51.48% stake in IIFL, which comprised of combination of cash aggregating to ₹ 388.91 crore and contingent consideration aggregating to ₹ 63.24 crore.

The receipt of contingent consideration is conditional upon receipt of retrospective tax exemption notification for IIFL from CBDT under section 10(47) of Income Tax Act, 1961. In the event of retrospective receipt of tax exemption notification, additional consideration of ₹ 63.24 crore may be receivable in cash which has been deposited into an escrow account by NIIF.

A contractual right to receive cash when the contingency is resolved, meets the definition of financial asset. Consequently, a contingent asset of ₹ 36.52 crore has been recognised at fair value as on March 31, 2019 for the sale of 51.48% stake in IIFL. The fair value was estimated by calculating the present value of probability-weighted cash inflows. The estimates are based on pre-tax discount rate of 8%. It is expected that CBDT would have reached a decision regarding issuance of notification by September 2019. The subsequent changes in the fair value of contingent asset will be recognised as other gains/(losses) in statement of profit and loss.

iv) The carrying amounts of assets and liabilities as on date of sale (March 11, 2019):

	(In ₹ crore)
Cash and cash equivalents	7.55
Loans	4,612.98
Investments	77.12
Other financial assets	31.67
Income tax assets	72.95
Property, plant and equipment	1.30
Other non-financial assets	0.45
Total assets	4,804.02
Debt securities	3,823.20
Other financial liabilities	155.34
Provisions	1.29
Other non-financial liabilities	5.10
Total liabilities	3,984.93
Net assets derecognised	
- Attributable to IDFC Limited	667.39
- Non-controlling interest	151.71

b) IDFC Securities Limited

The Group had entered into a Share Purchase Agreement ("SPA") with TCG Advisory Services Private Limited ('TCG') on March 7, 2019, for sale of its entire investment in IDFC Securities Limited ("ISL"). Pursuant to the said understanding, the sale is to be completed in two tranches.

The Group would sell 6,361,740 shares (45%) ("Tranche I") and 7,775,460 shares (55%) ("Tranche II") in ISL to TCG for a total consideration of ₹ 161.72 crore resulting into loss on sale of ₹ 343.38 crore.

Under the SPA, the sale of Tranche I shares is subject to certain terms, conditions, and regulatory approvals. The Group expects the sale to be highly probable and will be completed within the next 12 months. Accordingly, the investment in the ISL is classified as held for sale as on March 31, 2019.

Further, the fair value less cost to sell of this investment is lower than the carrying value as on March 31, 2019 and hence, impairment loss of ₹ 343.38 crore has been recognized as loss from discontinued operations under the statement of profit and loss.

i) Financial performance and cash flow information (after intercompany eliminations) (In ₹ crore)

	Year ended March 31, 2019 *	Year ended March 31, 2018
Revenue	54.90	111.89
Expenses	(56.36)	(76.58)
Impairment loss [refer Note 12 (a)(ii)]	(343.38)	-
Profit/ (Loss) before tax	(344.84)	35.31
Tax expense (net)	5.03	13.65
Profit/ (Loss) after tax	(349.87)	21.66
Other comprehensive income	(2.13)	(0.89)
Total comprehensive income/ (loss) from discontinued operation attributable to owner	(352.00)	20.77
Net cash inflow from operating activities	1.83	33.06
Net cash inflow (outflow) from investing activities	(25.20)	(22.94)
Net cash (outflow) from financing activities	(25.79)	(0.75)
Net increase in cash generated from discontinued operation	(49.16)	9.37

ii) The carrying amounts of assets and liabilities as at March 31, 2019 are as follows:

(In ₹ crore)

	As at March 31, 2019
Cash and cash equivalents	10.02
Bank balances other than cash and cash equivalents	58.10
Receivables	4.67
Loans	0.02
Investments	50.90
Other financial assets	5.02
Income tax assets	16.23
Deferred tax assets	1.91
Property, plant and equipment	6.55
Goodwill	23.84
Intangible assets	0.36
Other non-financial assets	3.21
Total assets	180.83
Payables	1.59
Provisions	2.43
Income tax liabilities	0.35
Other non-financial liabilities	11.75
Total liabilities	16.12
Net assets	164.71

37. ASSET HELD FOR SALE DURING THE YEAR

IDFC Alternatives Limited, a wholly owned subsidiary of the Group, entered into a business transfer agreement with Global Infrastructure Partners India LLP (GIP) on April 27, 2018 and InvestCorp Asia Services PTE Ltd (InvestCorp) on July 26, 2018 to transfer investment management rights, identified assets and identified liabilities as a business undertaking on a going concern basis for a lump sum consideration without being values assigned to individual assets and liabilities. The transaction qualifies to be a slump sale u/s 2(42C) of the Income Tax Act, 1961. The business undertaking transferred comprises of:

a) The investment management rights for the following funds:

i) India Infrastructure Fund I (GIP)
ii) India Infrastructure Fund II (GIP)
iii) Real Estate Fund 1 (InvestCorp)
iv) Real Estate Fund 2 (InvestCorp)
v) Private Equity Fund 3 (InvestCorp)
vi) Private Equity Fund 4 (InvestCorp)

b) Transferred assets which are used or held for use specifically in relation to the business undertaking

c) Assumed liabilities incurred specifically in relation to the business undertaking

However the transfer of business undertaking specifically excludes other businesses of IDFC Alternatives Limited.

i) Transfer of business management rights for India Infrastructure Fund I &II

The business management rights of India Infrastructure Fund I (registered as Venture Capital Fund under VCF regulations) and India Infrastructure Fund II (registered as Alternate Investment Fund - Category I under AIF regulation) were transferred to Global Infrastructure Partners India LLP.

Subject to the terms and conditions of the slump sale agreement, the Global Infrastructure Partners India LLP has paid a consideration of USD 2.62 crore (₹ 178.87 crore) for the transfer of the business undertaking inclusive of any transfer tax payable. The net profit on sale was ₹ 111.36 crore.

ii) Transfer of business management rights for Real Estate Fund (1 &2) and Private Equity Fund (3&4)

The business management rights of Private equity and Real Estate Funds were transferred to InvestCorp Asia Services PTE limited. The consideration paid by the Invest Corp is USD 0.071 crore (₹ 5.01 crore). The net profit on sale was ₹ 5.01 crore.

38 SEGMENT INFORMATION

(In ₹ crore)

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended April 1, 2017
Segment revenues			
- Financing	77.38	271.46	
- Asset management	330.12	408.20	
- Others	1.32	4.69	
Total segment revenues	408.82	684.35	
Add: Unallocated revenues	-	-	
Less: Inter-segment adjustments	(53.35)	(64.63)	
Total Revenues	355.47	619.72	
Segment results			
- Financing	(43.08)	167.41	
- Asset management	191.31	92.97	
- Others	(2.58)	(15.40)	
Total segment results	145.65	244.98	
Add / (Less): Unallocated	-	-	
Add: Share of profit from associates and joint ventures accounted under equity method	(845.97)	732.24	
Profit before tax	(700.32)	977.22	
Segment assets			
- Financing	793.06	849.22	645.00
- Asset management	1,345.02	1,328.51	1,149.58
- Others	263.66	632.91	877.28
Total segment assets	2,401.74	2,810.64	2,671.86
Unallocated			
- Banking	7,516.60	8,040.85	7,616.21
- Others	192.41	114.32	76.37
- Disposal group held for sale	447.12	4,636.52	3,051.56
Total assets	10,557.87	15,602.33	13,416.00
Segment liabilities			
- Financing	26.50	2.33	195.67
- Asset management	64.13	150.58	35.73
- Others	5.37	22.12	89.85
Total segment liabilities	96.00	175.03	321.25
Unallocated			
- Others	32.42	250.69	168.65
- Disposal group held for sale	16.13	3,744.38	2,245.82
Total liabilities	144.55	4,170.10	2,735.72
Capital employed			
- Financing	766.56	846.89	449.33
- Asset management	1,280.89	1,177.93	1,113.85
- Others	258.29	610.79	787.43
Total segment capital employed	2,305.74	2,635.61	2,350.61
Unallocated			
- Banking	7,516.60	8,040.85	7,616.21
- Others	159.99	(136.37)	(92.28)
- Disposal group held for sale	430.99	892.14	805.74
Total capital employed	10,413.32	11,432.23	10,680.28

i) The Group identifies primary segments based on the dominant source, nature of risk and returns and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated by the Chief Operating Decision Maker.

ii) The Group has reorganised its segment structure on account of divestment of IDFC Infrastructure Finance Limited, IDFC Securities Limited and investment management rights of IDFC Alternatives. The new segment structure will enable an even more differentiated steering of the business, taking into account market-specific requirements and the competitive environment. It will further increase the transparency of the segment results. Previous period segment figures are regrouped in accordance with revised segment structure.

iii) Segment composition :
- Financing includes investing activity
- Asset Management segment includes portfolio management, mutual fund and other alternative funds.

39. DIVIDEND PAID AND PROPOSED DURING THE YEAR (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Declared and paid during the year		
Dividends on ordinary shares:		
- Final dividend for 2019: Nil per share (2018: 0.75 per share)	119.73	39.90
- Interim dividend for 2019: Nil per share (2018: Nil per share)	-	-
Total dividends paid	119.73	39.90
B. Proposed for approval at Annual General Meeting (not recognized as a liability as at March 31, 2019)		
Dividend on ordinary shares		
- Final dividend for 2019: Nil per share (2018: 0.75 per share)	-	119.73

40. EARNINGS PER SHARE

a) The basic earnings per share has been calculated based on the following: (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax available for equity shareholders	(821.33)	884.59
Weighted average number of equity shares	1,596,357,061	1,596,067,350

b) The reconciliation between the basic and the diluted earnings per share is as follows: (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Basic earnings per share	(5.15)	5.54
Effect of outstanding stock options	-	-
Diluted earnings per share	(5.15)	5.54

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2019	Year ended March 31, 2018
Weighted average number of shares for computation of Basic EPS	1,596,357,061	1,596,067,350
Dilutive effect of outstanding stock options	-	376,035
Weighted average number of shares for computation of Diluted EPS	1,596,357,061	1,596,443,385

41. CONTINGENT LIABILITIES (₹ in crore)

(i)	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Claims not acknowledged as debts in respect of:			
- Income-tax demands under appeal (net of provision)	4.98	4.63	4.26
- Other claims	1.50	1.50	1.30
Total	6.48	6.13	5.56

(ii) Provident Fund:

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamadir And Others Vs. The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

42. CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Uncalled liability on shares and other investments partly paid	64.27	175.15	345.64
Estimated amount of contracts remaining to be executed on capital account (net of advances)	6.47	2.19	1.71
Other commitments*	69.37	93.59	90.00
Total	140.11	270.93	437.35

*Jetpur Somnath Toll ways Private Limited ("JSTPL") had executed the concession agreement with National Highway Authority of India ("NHAI") for construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement.

Based on the interim order of Division Bench of Delhi High Court, NHAI has paid 90% of the total debt dues amounting to ₹ 348.60 crore. In such regard, JSTPL has provided a bank guarantee amounting to ₹ 348.60 crore for amount received from NHAI under the interim proceedings.

The Group has disclosed it's share of bank guarantee amounting to ₹ 69.37 crore as commitments for the year ended March 31, 2019.

43. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer note 39 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

44. The figures of ₹ 50,000 or less have been denoted by ß.

45(a) Financial statements of subsidiaries prepared on non-going concern basis

Certain subsidiaries of the Group had discontinued their business operations and don't have any defined plan for future commercial operations .Hence , the use of going concern assumption is inappropriate for preparation of the financial statements.

Following subsidiaries are consolidated on non going concern basis-

IDFC Trustee Company Limited

IDFC Projects Limited

IDFC Alternatives Limited

45(b) Consolidated financial statements of IDFC Foundation for FY 2017-18 were delayed for adoption by shareholders on account of non-availability of financials of Delhi Integrated Multi- Modal Transit System Limited (a joint venture between IDFC Foundation and Government of Delhi). The same were adopted by the Board of Directors on February 13, 2019 and approved by the shareholders on March 11, 2019. Subsequently, IDFC Foundation has made application for condonation of delay in holding their Annual General Meeting with the Regional Director on May 10, 2019.

45(c) On August 4, 2018 IDFC Financial Holding Company Limited ("FHCL") paid interim dividend of ₹ 120.99 crore to its holding company IDFC Limited on receipt of dividend from its subsidiaries. As per Section 123(3) of the Companies Act, 2013 the Company should have declared and paid this dividend on or after October 1, 2018 instead of paying the same on August 4, 2018. FHCL is taking necessary remedial measures to rectify the same.

45(d) FHCL had not appointed Key Managerial Personnel and Chief Financial Officer for the year ended March 31,2018 and March 31,2019. The Board of Directors of FHCL have appointed Chief Financial Officer and Company Secretary and has recommended appointment of Chief Executive Officer which is subject to approval of Reserve Bank of India in its meeting held on May 24, 2019.

45(e) The merger of Capital First Limited and its wholly owned subsidiaries, Capital Home Finance Limited and Capital First Securities Limited ("Merging entities") with erstwhile IDFC Bank Limited ("IDFC-CFL Merger") has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ("NCLT"), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme has been given effect to in the consolidated Ind-AS financial results of IDFC FIRST Bank Limited ("Bank") for the year ended March 31, 2019 and it includes results for the merging entities for the period October 1, 2018 to March 31, 2019.

The Board of Directors of the Bank at its meeting held on January 5, 2019 has approved the allotment of 1,377,109,057 equity shares of the face value of ₹ 10/- each, fully paid-up, to the equity shareholders of erstwhile Capital First Limited based on the record date of December 31, 2018 as per the share exchange ratio of 13.9:1 as approved in the scheme. Accordingly, issued and paid-up equity share capital of the Bank increased to ₹ 4,781.52 crore (4,781,521,604 equity shares of ₹ 10/- each)

The IDFC-CFL Merger has been accounted by the Bank under the applicable accounting standard to the Bank as per the specific provisions of the scheme approved by the NCLT and based on the clarification by Ind-AS Technical Facilitation Group ('ITFG'). Accordingly, the merger has been accounted under 'Purchase Method' – Accounting Standard 14 on 'Accounting for Amalgamations' and net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1. The Bank issued 1,377,109,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and the fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

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

Consequential impact arising on this account has been appropriately considered in the consolidated financial results of the Group.

45(f) IDFC Infratructure Finance Limited is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014. The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014.The Company has applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act and are in the process of receiving approval for the same. Accordingly, no income tax is payable on the company's income from October, 2014 and therefore no provision for tax & deferred tax asset / liabilities have been recognised.

46. CAPITAL MANAGEMENT

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and continue as a going concern entity.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The management monitors the return on capital as well as the level of dividends to the shareholders. The Group's goal is to continue to be able to provide return to the shareholders by continuing to distribute dividends in future period.

47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in crore)

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	150.09	-	150.09	307.05	-	307.05	598.27	-	598.27
Bank balance other than cash and cash equivalents above	46.85	67.08	113.93	20.83	68.21	89.04	25.35	63.30	88.65
Derivative financial instruments	1.66		1.66	0.32		0.32	-	-	-
Receivables			-			-			-
(I) Trade receivables	13.64	-	13.64	22.24	-	22.24	44.04	-	44.04
(II) Other receivables	2.94	-	2.94	4.43	-	4.43	4.88	-	4.88
Loans	-	-	-	225.22	3,965.09	4,190.31	97.91	2,559.49	2,657.40
Investments	1,045.27	7,628.00	8,673.27	1,239.08	8,139.99	9,379.07	843.12	7,708.25	8,551.37
Other financial assets	57.72	5.33	63.05	43.18	15.02	58.20	54.39	14.42	68.81
Non-financial assets						-			-
Income tax assets (Net)	-	81.69	81.69	-	114.28	114.28	-	69.63	69.63
Deferred tax assets (Net)	-	-	-	-	15.31	15.31	-	6.74	6.74
Property, plant and equipment	1.28	61.45	62.73	4.08	74.37	78.45	-	78.64	78.64
Intangible assets	-	-	-	-	0.43	0.43	-		-
Investment Property	39.90	-	39.90	41.97	-	41.97	-	42.79	42.79
Goodwill	-	779.17	779.17	367.22	779.17	1,146.39	-	1,146.39	1,146.39
Other intangible assets	-	3.07	3.07	0.02	3.52	3.54	-	2.66	2.66
Other non-financial assets	63.09	3.24	66.33	88.54	1.04	89.58	55.47	0.26	55.73
Contract assets	59.28	-	59.28	-	61.72	61.72	-	-	-
Disposal group held for sale	447.12	-	447.12	-	-	-	-	-	-
Total assets	1,928.84	8,629.03	10,557.87	2,364.18	13,238.15	15,602.33	1,723.43	11,692.57	13,416.00
Financial liabilities									
Derivative financial instruments	0.08	-	0.08	-	-	-	1.45	-	1.45
Payables									
(I) Trade payables			-				-		-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	0.02	-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20.97	-	20.97	119.17	-	119.17	104.94	-	104.94
(II) Other payables			-			-			-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3.63	-	3.63	9.13	-	9.13	18.55	-	18.55
Debt securities	-	-	-	222.79	3,320.81	3,543.60	388.39	1,714.85	2,103.24
Deposits	-	-	-			-			-
Other financial liabilities	3.57		3.57	140.40	-	140.40	71.89	-	71.89
Non-financial Liabilities									
Income tax liabilities (Net)	18.35	-	18.35	26.05	-	26.05	25.09		25.09
Deferred tax liabilities (Net)	-	13.12	13.12	-	237.79	237.79	-	143.56	143.56
Provisions	14.44	-	14.44	21.78	9.65	31.43	6.28	31.43	37.71
Other non-financial liabilities	49.79	4.47	54.26	60.86	1.67	62.53	29.55		29.55
Disposal group held for sale	16.13	-	16.13			-			-
Total liabilities	126.96	17.59	144.55	600.18	3,569.92	4,170.10	646.16	1,889.84	2,536.00
Net	1,801.88	8,611.44	10,413.32	1,764.00	9,668.23	11,432.23	1,077.27	9,802.73	10,880.00

48. FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

The following table provides categorization of all financial instruments at carrying value except non-current investments in joint venture and associates which are carried at cost.

As at March 31, 2019	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	658.35	-	-
- Venture capital fund units	309.46	-	-
- Equity instruments*	29.38	0.05	-
- Debt securities	47.09	-	-
- Alternate Investment Funds	0.93	-	-
- Trustee units #	0.01	-	-
Derivative financial assets	1.66	-	-
Cash and Cash Equivalents	-	-	150.09
Bank balances other than cash and cash equivalents	-	-	113.93
Trade receivables	-	-	16.58
Contingent consideration [Refer Note 48 (g)]	36.52	-	-
Other financial assets	-	-	26.53
Total financial assets	1,083.40	0.05	307.13
Financial Liabilities			
Derivative financial liabilities	0.08	-	-
Trade payables	-	-	24.60
Other financial liabilities	-	-	3.57
Total financial liabilities	0.08	-	28.17

As at March 31, 2018	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	924.40	-	-
- Venture capital fund units	278.03	-	-
- Equity instruments*	31.68	4.96	-
- Trustee units #	0.01	-	-
Loans			
- Term loans and debentures	-	-	4,190.17
- Loans and advances to employees	-	-	0.14
Derivative financial assets	0.32	-	-
Cash and Cash Equivalents	-	-	307.05
Bank balances other than cash and cash equivalents	-	-	89.04
Trade receivables	-	-	26.67
Other financial assets	-	-	58.20
Total financial assets	1,234.44	4.96	4,671.27
Financial Liabilities			
Borrowings			
- Debentures and bonds	-	-	3,320.81
- Commercial paper	-	-	222.79
Trade payables	-	-	128.31
Other financial liabilities	-	-	140.40
Total financial liabilities	-	-	3,812.31

As at April 1, 2017	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	675.73	-	-
- Venture capital fund units	155.52	-	-
- Equity instruments*	5.39	6.40	-
- Trustee units #	0.08	-	-

As at April 1, 2017	At FVTPL	At FVOCI	Amortised Cost
Loans			
- Term loans and debentures	-	-	2,656.69
- Loans and advances to employees	-	-	0.70
Cash and Cash Equivalents	-	-	598.27
Bank balances other than cash and cash equivalents	-	-	88.65
Trade receivables	-	-	48.92
Other financial assets	-	-	68.81
Total financial assets	836.72	6.40	3,462.04
Financial Liabilities			
Borrowings			
- Debentures and bonds	-	-	1,914.55
- Commercial paper	-	-	388.38
Derivative financial liabilities	1.45	-	-
Trade payables	-	-	123.53
Other financial liabilities	-	-	71.89
Total financial liabilities	1.45	-	2,498.35

Includes ₹ 10.93 crore (March 31, 2018: ₹ 16.66 crore; April 1, 2017: 7.52 crore) pertaining to IDFC Foundation held for specified purposes.

* The equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Group considered this to be more relevant.

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2019 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	7	658.35	-	-	658.35
- Venture capital fund units	7	-	-	309.46	309.46
- Equity shares	7	29.38	-	-	29.38
- Debt securities	7	-	47.09	-	47.09
- Alternative Investment Fund	7		-	0.93	0.93
- Trustee Units	7	0.01	-	-	0.01
Contingent consideration	8	-	-	36.52	36.52
Financial Investments at FVOCI					
- Equity shares	7	-	0.05	-	0.05
Derivative not designated as hedge					
Equity / Index option contracts	15	1.66	-	-	1.66
Total financial assets		689.40	47.14	346.91	1,083.45
Financial liabilities					
Derivative not designated as hedge					
Equity / Index futures contracts	15	0.08	-	-	0.08
Total financial liabilities		0.08	-	-	0.08

As at March 31, 2018

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	7	924.40	-	-	924.40
- Venture capital fund units		-	-	278.03	278.03
- Equity shares		25.88	-	5.80	31.68
- Trustee Units		0.01	-	-	0.01
Financial Investments at FVOCI					
- Equity shares	7	4.91	0.05	-	4.96
Derivative not designated as hedge					
Equity / Index option contracts	15	0.21	-	-	0.21
Equity / Index futures contracts		0.11	-	-	0.11
Total financial assets		955.52	0.05	283.83	1,239.40

As at April 1, 2017 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units		675.73	-	-	675.73
- Venture capital fund units	7	-	-	155.52	155.52
- Trustee Units		0.08	-	-	0.08
- Equity shares		0.01	-	5.38	5.39
Financial Investments at FVOCI					
- Equity shares	7	6.35	0.05	-	6.40
Total financial assets		682.16	0.05	160.90	843.12
Financial liabilities					
Derivative not designated as hedge					
Interest Rate swaps	15	-	1.45	-	1.45
Total financial liabilities		-	1.45	-	1.45

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes investment in listed equity instruments, mutual fund units and derivative contracts. The fair value of all equity and derivative instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not frequently traded in an active market (i.e. investments in units of traded bonds) is determined using valuation techniques which maximize the use of observable market data either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The instruments are valued based on quoted prices for the similar instruments but for which significant unobservable adjustments are required to reflect the difference between the instruments. This is the case for unlisted equity securities , contingent consideration and venture capital fund units included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019, 2018 and April 1, 2017.

c) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for listed equity instruments, future contracts and option contracts.
- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units is determined using NAV at the reporting date as declared by the issuer.
- the fair values of interest rate swaps is the present value of the estimated future cash flows based on the observable yield curves.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis, market comparable method and based on recent transactions.

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

d) Valuation Process

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team directly reports to the chief financial officer (CFO). Discussion on valuation processes and result are held between CFO and the team regularly in line with Group's quarterly reporting periods.

The main level 3 inputs for unlisted equity instruments and contingent consideration used by the Group are derived and evaluated as follows:

- Discount rates are determined specific to the counterparties (including assumptions about credit default rates) to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

  In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.
- Contingent Consideration - Discounted cash flow techniques is used to value contingent consideration as on March 31, 2019. The cash flows are based on estimated probability of outcome of notification based on managements assessment supported by legal advice.

e) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, other financial assets, trade and other payables, short term commercial papers and other financial liabilities. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

The Group considers the fair values of financial assets and financial liabilities measured at amortised cost approximates their carrying value, where fair values are calculated by discounting the future cash flows using rate adjusted for the counterparties credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

f) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended March 31, 2019 and March 31, 2018: (In ₹ crore)

	Venture capital units	Unlisted equity securities	Contingent Consideration	Total
As at April 1, 2017	155.52	5.38	-	160.90
Acquisitions/ (Disposal) during the year	54.89	-	-	54.89
Gains/(losses) recognised profit and loss	67.62	0.42	-	68.04
As at March 31, 2018	278.03	5.80	-	283.83
Acquisitions/ (Disposal) during the year	62.04	(5.80)	36.52	92.76
Gains/(losses) recognised profit and loss	(30.61)	-	-	(30.61)
As at March 31, 2019	309.46	-	36.52	345.98

g) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair value as at March 31, 2019	Fair value as at March 31, 2018	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Contingent consideration	36.52	-	Probability for outcome	51%-71%	Basis tax experts' opinion which states that "...fair chance more likely than not that the retrospective tax exemption from CBDT will be received", a 60% probability of favourable outcome is assigned to the outcome. The discount rate used for present value is 8% (risk free rate plus small spread for counterparty credit spread). Since the probability weighting of outcome is a significant accounting judgement, it has been disclosed in the financial statements that if the maximum probability level for "more likely than not" of 71% were used (in place of 60%), the receivable on Balance sheet and gain in P&L would be higher by ₹ 6.70 crore (keeping all other variables constant). In the same manner, if the minimum probability level for "more likely than not" of 51% were used, the receivable on Balance sheet and gain in P&L would be lower by ₹ 5.48 crore (keeping all other variables constant).
Venture capital fund units	309.46	278.03	Net asset value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Group's gain/(loss) by ₹ 22.04 crore (March 31, 2018 : ₹ 19.71 Crore).

* 100 basis points change in the unobservable input for unquoted equity instruments and alternative investment fund does not have a significant impact in its value.

49. FINANCIAL RISK MANAGEMENT

49.1 Introduction

Risk management is an integral part of the business practices of the Group. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The process of risk management is paramount to the Group and each employee is accountable for risks relating to his/her responsibilities. The key risk management tenets adopted by the Group includes maker-checker principle and three levels of defence (first level - employee, second level - risk team, third level - internal audit). The Group is exposed to credit risk, interest rate risk, liquidity risk, price risk and operations risk through its business operations.

49.2 Risk management structure

The Group has set up a robust risk governance framework based on the following key principles:

- The Board has ultimate responsibility for the Group's risk management framework. The board is principally responsible for approving the Group's risk related strategies and policies.
- To ensure that the Group has a sound system of risk management and internal controls in place, the board has established a risk committee. The risk committee assists the board in relation to the oversight and review of the Group's risk management principles and policies, strategies, appetite, processes and controls. The risk committee has direct access to the Group's management and has open communication with them.
- Policies, processes and systems are put in place for effective risk management.
- The Group's Resources team is primarily responsible for funding and liquidity risks and is guided by the asset liability management policy. The market risks of the Group are supervised by the asset liability committee.
- The Business team monitors project assets on regular basis and highlights pending compliances to senior management on quarterly basis. It also conducts annual site visits and monitors financial covenants.
- Annual review of financial and operational performance of projects and their re-rating is conducted by the risk team.
- Risk management processes are also audited quarterly by internal audit and findings and recommendations are provided to the audit committee.

49.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances arising from lending activities.

Credit risk is the single largest risk for the Group's business, management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a risk committee which reports regularly to the Board. The Group adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to a thorough assessment of promoters; group financial strength and leverage; operational & financial performance track record; cash flows; valuation of collateral.

The exposures are subjected to regular monitoring of (i.e. cash flows of the projects, security cover is regularly monitored). The Group manages and controls credit risk by setting limits on the amount of exposure at each sector/sub-sector level it is willing to accept the concentration of risk and by monitoring exposures in relation to each such limits.

49.3.1 Credit risk measurement - loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a loans and advances (including loan commitments) entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is similar to the approach used for the purpose of measuring expected credit loss (ECL) under Ind-AS 109.

The Group's concentration risk is managed at the sector/sub-sector level. These limits are approved by the risk committee and reviewed at regular intervals. The following table shows the risk concentration towards each sector/sub-sector.

Sector/sub-sector	Exposure limit as per risk policy	As at March 31, 2018	As at April 1, 2017
Energy Generation - Wind	40%	20.08%	20.79%
Energy Generation - Solar	25%	6.71%	2.04%
Energy Generation - Hydro	25%	5.00%	7.42%
Energy Generation - Captive	25%	4.25%	1.89%
Energy Transmission	40%	13.68%	7.69%
Transport - Roads	-	19.11%	25.52%
IT Parks & SEZs	40%	6.50%	9.64%
Hospitals	25%	11.71%	10.42%
Education Institutions	25%	1.89%	2.73%
Telecom Towers & Broadband network	25%	5.32%	7.89%
Other Infra Sub-Sector	25%	5.75%	3.97%
Total		100.00%	100.00%

a) Credit risk grading

The Group uses internal credit risk grading framework that reflects its assessment of the probability of default of individual counterparty. The Group use internal rating model tailored to various categories of counterparties. Borrower and loan specific information collected at the time of initial application and annual re-rating exercise is fed into risk rating model. This is supplemented by external data such as credit bureau scoring information.

The framework is robust and comparable to credit models used by premier credit rating bureaus. The credit rating model considers various parameters (such as promoter strength, operating risk, market risk, financial factors, etc.) and a score is assigned to each parameter between 1 (lowest) to 5 (highest). The internal rating grade is based on the final score derived from the credit rating model.

The Group's internal score scales and mapping of internal rating grades are set out below:

Internal score	Internal rating grades	Description of the grade
5.00 - 4.00	iAAA	Highest Safety
3.91 - 4.00	iAA+	High Safety
3.81 - 3.90	iAA	
3.71 - 3.80	iAA-	
3.61 - 3.70	iA+	Adequate Safety
3.51 - 3.60	iA	
3.41 - 3.50	iA-	
3.11 - 3.40	iBBB+	Moderate Safety
2.81 - 3.10	iBBB	
2.61 - 2.80	iBBB-	
2.25 - 2.60	iBB+, iBB & iBB-	Moderate Risk
1.00 - 2.24	iB, iC & iD	High Risk/ Very High Risk/ Default

As per risk rating policy, the Group does not finance the projects below having internal rating grade below iBBB-, arrived as per the above mentioned risk rating framework. In case of difference between internal rating grade and external credit rating (if any), then lower of the two ratings would be considered while evaluating the minimum rating criteria.

However, at the time of sanction, if the external credit rating is below internal rating grade, but is expected to improve due to various factors (including refinance loan terms), Group may provide financial assistance to such borrowers on the condition that the disbursement would be made only after the minimum investment grade rating as aforesaid is obtained.

An annual review of the loans / debentures (credit substitutes) would be conducted to determine the credit migration and rating of the portfolio. The analysis below summarises the credit quality of the Group's debt portfolio at March 31, 2018 and April 1, 2017.

Internal rating grades	% of total customer		% of total outstanding	
	As at March 31, 2018	As at April 1, 2017	As at March 31, 2018	As at April 1, 2017
iAAA	2%	3%	1%	2%
iAA+, iAA, iAA-	12%	9%	15%	11%
iA+, iA, iA-	47%	50%	43%	47%
iBBB+	27%	28%	31%	32%
iBBB	8%	1%	10%	3%
iBBB-	4%	9%	0%	5%
Total	100%	100%	100%	100%

b) Expected credit loss measurement

Ind-AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer note 49(b)(i) below for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer note 49(b)(ii) below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer note 49(b)(iii) below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with Ind-AS 109 is that it should consider forward-looking information.

The following diagram summarises the impairment requirements under Ind-AS 109:

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	**Lifetime expected credit losses**	**Lifetime expected credit losses**

i) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met

Quantitative criteria:

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due.

Qualitative criteria:

For all financial instruments held by the Group, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a regular basis for all financial instruments held by the Group. In relation to financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the risk committee.

Backstop:

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The Group has not used the low credit risk exemption for any financial instruments in the period ended March 31, 2019.

ii) Default and credit-impaired asset

The Group defines a financial asset as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- the borrower is in long-term forbearance
- the borrower is insolvent
- the borrower is in breach of financial covenant(s)
- concessions have been made by the lender relating to the borrower's financial difficulty
- it is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the Group's expected loss calculations.

iii) Upgradation from higher stage to lower stage

For upgradation from higher stage to lower stage (i.e. to have cured):
Loan and advances is not moved from higher stage to lower stage immediately after payment of overdue amount, following cooling off period is applied:
From Stage 2 to Stage 1
- Continues in lower than 30 dpd for at least six months
From Stage 3 to Stage 2
- Continues in lower than 90 dpd for at least six months or
- Moves to Zero dpd
This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

iv) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

PD Estimation:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The credit quality of the portfolio is assessed using internally developed credit rating model. The internal rating grade is determined for every initial application and annual re-rating is also performed for all existing counterparties. In the absence of default/SMA history and limited number of counterparties involved, credit rating data available in public domain has been used to assign PDs to Internal rating grades.

- For Stage 1, 12 month PD are calculated. CRISIL 1 year cumulative default rate data and GDP forecast estimates have been used to arrive at 12 month PD for base case, best case and worst case economic scenarios.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity. The PD is based on CRISIL average transition matrices based on corporates.
- For Stage 3, Lifetime PD is taken as 100%.

Internal rating grades – 12 month PD Mapping:

Internal rating grades		PD% Base Case	PD% Best Case	PD% Worst Case
Highest Safety	iAAA	0.03%	0.03%	0.11%
High Safety	iAA+	0.03%	0.03%	0.11%
	iAA	0.03%	0.03%	0.11%
	iAA-	0.03%	0.03%	0.11%
Adequate Safety	iA+	0.04%	0.03%	0.62%
	iA	0.04%	0.03%	0.62%
	iA-	0.04%	0.03%	0.62%
Moderate Safety	iBBB+	0.47%	0.04%	3.16%
	iBBB	0.47%	0.04%	3.16%
	iBBB-	0.47%	0.04%	3.16%
Moderate Risk	iBB+	2.76%	0.58%	9.49%
	iBB	2.76%	0.58%	9.49%
	iBB-	2.76%	0.58%	9.49%
High Risk	iB	7.29%	2.20%	18.53%
Very High Risk	iC	19.13%	7.68%	37.48%
Default	iD	100.00%	100.00%	100.00%

Exposure at default:

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a “credit conversion factor (CCF)” which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:

Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and security coverage.

- In case of re-financing of operating road project, the Group enters into a tripartite agreement with the concessionaire and NHAI/any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as nil since the entire credit exposure arising out of loan agreement is secured by way of tripartite agreement with Government authorities.
- In case of re-financing of other operating infrastructure project loans, the primary credit support is cash flow control and additional comfort is taken as project assets as collateral. In absence of actual instances of default and consequential recoveries, the LGD rates under "Foundation IRB approach" as prescribed by RBI, after considering the threshold level of collateralisation and required level of over collateralisation for full recognition of collateral, have been taken as a proxy measure.

ECL computation:

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

v) Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for portfolio.

Judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided on a regular basis and provide the best estimate view of the economy over the next five years.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group has identified the "GDP growth rate" as a key driver for the expected credit loss.

The following table sets out the assumptions used for base case, best case and worst case ECL scenarios, taking GDP growth rate as key driver for expected loss:

Year ended March 31, 2018

ECL Scenario	Assigned probabilities %	2019	2020	2021	2022	2023
Base case	50%	7.40%	7.70%	7.70%	7.70%	7.70%
Best case	20%	9.90%	10.20%	10.20%	10.20%	10.20%
Worst case	30%	4.92%	5.22%	5.22%	5.22%	5.22%

The GDP estimates are used to project the grade wise PD for base case, best case and worst case scenario. The final (weighted) ECL is arrived at by assigning 50%, 20% and 30% weights to the base case, best case and worst case ECL respectively.

	Year ended March 31, 2018		
	Base case	Best case	Worst case
Assigned probabilities %	50%	20%	30%
ECL (₹ in crore)	2.97	0.20	13.71

Scenario weighted ECL as on March 31, 2018 ₹ 16.88 crore and April 1, 2017 ₹ 10.73 crore.

vi) Financial assets measured on a collective basis

ECL is calculated on individual basis for all loan assets.

vii) Proposal appraisal

The Group collects relevant project/ corporate documents and initiate appraisal of the proposal. The evaluation process encompasses establishment of viability of proposal including borrower's ability to service the loan. The evaluation is undertaken through a combination of review of project/corporate documents, external rating rationales (if any), meetings with project promoters/key officials, site visits, etc.

Proposals shall be approved by the Board/ Committee of the Board post recommendation by the decision board.

Term loans /debentures can have fixed rate or floating rate of interest linked to the Group's benchmark rate or another agreed benchmark. There may be reset of spreads after defined intervals.

Below is the mix of assets with spread reset dates falling within 1 year and more than 1 year:

	As at March 31, 2018	As at April 1, 2017
Less than 1 year	25.13%	38.69%
More than 1 year	74.87%	61.31%

c) Credit risk exposure

i) Maximum exposure to credit risk - Loans and debenture measured at amortised subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Loans and debentures	As at March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Highest Safety	38.48	-	-	38.48
High Safety	630.96	-	-	630.96
Adequate Safety	1,830.16	-	-	1,830.16
Moderate Safety	1,708.24	-	-	1,708.24
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	4,207.84	-	-	4,207.84

Term loans and debentures	As at April 1, 2017			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Highest Safety	58.48	-	-	58.48
High Safety	295.43	-	-	295.43
Adequate Safety	1,262.35	-	-	1,262.35
Moderate Safety	1,051.16	-	-	1,051.16
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	2,667.42	-	-	2,667.42

ii) Maximum exposure to credit risk - Financial instruments not subject to impairment

The Group is exposed to credit risk from investments held in debt-oriented mutual fund units. These investments are measured at fair value through profit and loss. The following table contains an analysis of the maximum credit risk exposure from investment in mutual funds not subject to impairment (i.e. measured at FVTPL):

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in debt oriented mutual funds	650.97	917.19	669.55

iii) Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types are:

- charges over tangible assets such as property, plant and equipment; and
- charges over book debts, inventories, bank deposits, and other working capital items; and
- charges over financial instruments such as debt securities and equities.

The fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

	Gross exposure to credit risk	Impairment allowance	Carrying amount	Fair value of collateral held
As at March 31, 2018				
Loans to corporate entities/individuals:				
- Term loans	2,890.87	17.12	2,873.75	2,889.51
- Debentures and bonds	1,316.97	0.55	1,316.42	1,318.33
Total	4,207.84	17.67	4,190.17	4,207.84
As at April 1, 2017				
Loans to corporate entities/individuals:				
- Term loans	2,017.79	10.48	2,007.31	1,990.68
- Debentures and bonds	649.63	0.25	649.38	648.71
Total	2,667.42	10.73	2,656.69	2,639.39

iv) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- impacts on the measurement of ECL due to changes made to models and assumptions;
- financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

An analysis of change in the gross carrying amount of the loan portfolio and corresponding loss allowance:

i) The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed below:

Term loans and debentures	Year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2017	2,667.42	-	-	2,667.42
New assets originated or purchased	1,821.67	-	-	1,821.67
Assets derecognised or repaid	(281.25)	-	-	(281.25)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance as at March 31, 2018	4,207.84	-	-	4,207.84

Term loans and debentures	Year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2017	10.73	-	-	10.73
New assets originated or purchased	4.48	-	-	4.48
Assets derecognised or repaid	(0.93)	-	-	(0.93)
Net remeasurement of loss allowance	3.39	-	-	3.39
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance as at March 31, 2018	17.67	-	-	17.67

The origination of new loan assets is the primary factor that contributed to the change in the loss allowance during the period.

ii) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period in loan commitments due to various factors:

	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at April 1, 2017	-	-	37.70	37.70
- arising during the year	-	-	-	-
- utilised	-	-	(6.27)	(6.27)
Impairment allowance as at March 31, 2018	-	-	31.43	31.43

	Stage 1	Stage 2	Stage 3	Total
- arising during the year	-	-	-	-
- utilised	-	-	(21.78)	(21.78)
Impairment allowance as at March 31, 2019	-	-	9.65	9.65

Refer note 42 for details of financial guarantee provided to lenders of Jetpur Somnath Tollways Private Limited.

Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The following table explains the changes in the loss allowance on trade and other receivables between the beginning and at the end of the annual period due to various factors:

Particulars	In ₹ crore
Loss allowance as at April 1, 2017	7.89
Add/(less): changes during the year	0.36
Loss allowance as at March 31, 2018	8.25
Add/(less): changes during the year	(2.24)
Loss allowance as at March 31, 2019	6.01

49.3.2 Other financial assets

The Group has credit risk exposure in cash and cash equivalents, deposits with banks, and other financial assets. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low. The Group has no significant concentration of credit risk.

49.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows. The Group has developed internal control processes for managing liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Group maintains investments in highly marketable securities that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at March 31, 2019	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	24.60	-	24.60
Derivative liabilities (net settled)	0.08	-	0.08
Debt securities	-	-	-
Other financial liabilities	3.57	-	3.57
Total undiscounted financial liabilities	28.25	-	28.25

As at March 31, 2018	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	128.30	-	128.30
Derivative liabilities (net settled)	-	-	-
Debt securities	222.79	3,320.81	3,543.60
Other financial liabilities	140.40	-	140.40
Total undiscounted financial liabilities	491.49	3,320.81	3,812.30

As at April 1, 2017	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	123.53	-	123.53
Derivative liabilities (net settled)	1.45	-	1.45
Debt securities	199.70	2,103.24	2,302.94
Other financial liabilities	71.89	-	71.89
Total undiscounted financial liabilities	396.57	2,103.24	2,499.81

50.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and prices.

50.1.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk arises from investments in debt-oriented mutual funds and loans and debentures measured at amortised cost with variable interest rates.

Loans and debentures measured at amortised cost with fixed interest rates are not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group seeks to minimise the effects of these risks by using interest rate swaps to reduce its variable interest rate exposures. The use of interest rate swaps is governed by the Group's - risk management policy approved by the Board of Directors, which provide written principles on managing interest rate risk.

50.1.1.1 Interest rate risk exposure - Loans and debentures

i) Exposure

The exposure of the Group's towards interest rate changes arising from loans and debentures at the end of the reporting period are as follows:

	As at March 31, 2018	As at April 1, 2017
Variable rate debt securities	1,353.54	1,145.67
Fixed rate debt securities	2,854.31	1,529.10
Total	4,207.85	2,674.77

The Group had the following variable rate borrowings and interest rate swap contracts outstanding:

As at March 31, 2018	Weighted average interest rate	Balance	% of total loans
Loans	9.50%	1,353.54	32.24%
Net exposure interest rate risk	9.50%	1,353.54	32.24%

As at April 1, 2017	Weighted average interest rate	Balance	% of total loans
Loans	10.05%	1,145.67	39.71%
Interest rate swaps	7.28%	(85.00)	-
Net exposure interest rate risk	10.05%	1,060.67	39.71%

An analysis by maturities is provided in note 17. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of debt securities.

ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from debt securities as a result of changes in interest rates.

	Impact on profit after tax*
	Year ended March 31, 2018
Interest rates – increase by 100 basis points	13.5
Interest rates – decrease by 100 basis points	(13.5)

* The sensitivity is derived holding all other variables constant

50.1.1.2 Investment in debt oriented mutual funds

i) Exposure

The exposure of the Group towards interest rate changes arising from investment in following securities at the end of the reporting period are as follows:

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in debt oriented mutual funds	650.97	917.19	669.55
Investment in debt securities	47.09	-	-
Total	698.06	917.19	669.55

ii) Sensitivity*

The Groups' investments in debt-oriented mutual funds are in highly rated schemes and financial institutions. The Group's objective is to invest in debt-oriented mutual fund scheme which which further make investments in high quality debt and money market instruments.

The table summarises the impact of the increase/(decrease) of the benchmark on the Group's profit for the period. The analysis is based on the assumption that the relevant benchmark has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Group's investments moved in line with the benchmark.

	Impact on profit after tax	
	Year ended March 31, 2019	Year ended March 31, 2018
Benchmark: Increase 100 bps (previous year 100 bps)	9.73	6.91
Benchmark: Decrease 100 bps (previous year 100 bps)	(9.73)	(6.91)

* Group has made investments in various debt securities which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to their respective benchmarks.

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to these investments, the Group has indirect exposure to interest rate changes on Net Asset Value of mutual fund units.

50.1.2 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices caused by factor affecting all similar instruments traded in the market.

The price risk arises due to uncertainties about the future Net Asset Values (NAV)/market price of investments. To manage its price risk arising from investments, the Group diversifies its investment portfolio. Diversification is done in accordance with the guidelines set by the Group's-Risk Management Policies as approved by the Board of Directors.

The Group's exposure to the price risk arises from investment in equity instrument classified as FVTPL or FVOCI, investments in units of equity-oriented mutual funds, venture capital funds, debt securities and derivative contracts (i.e. equity options and futures) measured at FVTPL as at March 31. The following table explains Group's exposure to price risk is as follows:

50.1.2.1 Exposure (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in equity instruments (at FVTPL)	29.38	31.68	5.39
Investment in equity instruments (at FVOCI)	0.05	4.96	6.40
Investment in equity-oriented mutual fund	7.37	7.21	6.18
Investment in venture capital fund units	309.46	278.03	155.52
Investment in Alternate Investment Fund	0.93	-	-
Equity / Index option contracts	1.66	0.21	-
Equity / Index futures contracts	(0.08)	0.11	-
Total	348.77	322.20	173.49

50.1.2.2 Sensitivity

The table below summarises the impact of increases/decreases of the benchmark on the Group's equity and profit for the period:

	Impact on profit after tax(4)		Impact on OCI(4)	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Investment in equity-oriented mutual fund units(1)				
- Increase 1% (previous year 1%)	0.07	0.07	-	-
- Decrease 1% (previous year 1%)	(0.07)	(0.07)	-	-
Investment in equity instruments including derivatives contracts (at FVTPL)(2)				
- Increase by 15% (previous year 14%)	1.52	1.19	-	-
- Decrease by 15% (previous year 14%)	(1.52)	(1.19)	-	-
Investment in equity instruments (at FVOCI)(3)				
- Increase 16 % (previous year 22 %)	-	-	-	0.35
- Decrease 16 % (previous year 22 %)	-	-	-	(0.35)
Investment in venture capital fund units				
- Increase 10% (previous year 10%)	22.04	19.71	-	-
- Increase 10% (previous year 10%)	(22.04)	(19.71)	-	-

(1) The Group has investments in equity oriented mutual funds which are tracked with different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.

(2) Investment in equity instruments (including derivatives) at FVTPL are tracked to BSE 200 Index or Nifty 50 Index. The analysis is based on the assumption that the BSE 200 Index or Nifty 50 has increased by 15% or decreased by 15% with all other variables held as constant, and that all the Group's investments moved in line with the index.

(3) Investment in equity instruments (at FVOCI) are tracked to NSE Small cap 100 Index. The analysis is based on the assumption that the NSE Small Cap 100 index has increased by 16% or decreased by 16% with all other variables held constant, and that all the Group's investments moved in line with the index.

(4) Profit for the period would increase/ (decrease) as a result of gains/(losses) on investments classified as at fair value through profit or loss. Other components of equity would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value though other comprehensive income.

50.1.3 Foreign currency risk:

The Group does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date. This mitigates the foreign currency risk exposure for the Group.

51. EMPLOYEE SHARE BASED PAYMENTS

a) IDFC Limited - Employee stock option scheme (equity settled):

The Group has introduced IDFC Employee Stock Option Scheme to enable the employees of the all the Group companies 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 [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Group under the ESOS is recognised as an employee benefits expense with a corresponding increase in share option outstanding account under other equity. However, the fair value of options granted to the employees of associate of the Group is recognised as an increase in the investment in associate and a credit to share option outstanding account under other equity as per the Group share based payment guidance under Ind-AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary equity share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	73.80	26,917,685	72.52	36,477,254
Granted during the year	55.75	8,400,000	63.25	244,200
Exercised during the year	43.40	(3,750)	43.42	(412,996)
Forfeited during the year	70.89	(7,001,350)	69.51	(8,357,198)
Lapsed/expired during the year	82.60	(1,096,500)	73.09	(1,033,575)
Closing balance	68.52	27,216,085	73.80	26,917,685
Vested and exercisable	74.69	18,500,593	75.85	22,525,471

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 43.40 (March 31, 2018 ₹ 43.42).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
27-Aug-09	27-Aug-17	79.48	-	-	20,000
17-Dec-09	17-Dec-17	92.65	-	-	20,000
26-Feb-10	30-Nov-17	96.68	-	-	10,000
10-May-10	18-Apr-17 to 10-May-17	70.22	-	-	831,248
14-Oct-10	14-Oct-17 to 14-Oct-18	128.79	-	10,000	17,500
14-Feb-11	14-Feb-18 to 14-Feb-19	81.96	-	160,000	280,000
01-Mar-11	1-Mar-18 to 1-Mar-19	87.96	-	4,000	7,000
06-Jun-11	26-Apr-17 to 1-Apr-19	81.96	7,350,000	11,350,000	14,450,000
29-Nov-11	29-Nov-17 to 31-Oct-18	68.76	-	70,000	100,000

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	30,000	52,500	75,000
08-Jun-12	08-Jun-19	129.70	200,000	200,000	200,000
08-Mar-13	31-May-18	93.23	-	133,000	133,000
20-May-13	20-May-19 to 31-Jan-19	99.26	66,667	116,667	116,667
01-Aug-13	01-Aug-19 to 01-Aug-21	66.33	200,000	200,000	200,000
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	46,000	46,000	46,000
01-Oct-13	01-Oct-19 to 01-Oct-21	53.34	400,000	400,000	400,000
03-Mar-14	03-Mar-20 to 03-Mar-22	56.97	1,250,000	1,250,000	1,250,000
01-Jul-14	01-Jul-20 to 01-Jul-22	81.84	1,000,000	1,000,000	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	600,000	600,000	600,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	1,000,000	1,000,000	1,000,000
03-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000	2,500,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	3,889,364	7,516,464	8,423,714
03-Nov-15	03-Nov-21 to 03-Nov-23	58.40	325,000	325,000	325,000
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	304,200	304,200	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	175,000	187,500	654,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	158,754	158,754	3,371,325
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	100,000	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	178,500	191,000	-
27-Apr-18	27-Apr-23	55.40	8,400,000	-	-
Total			27,216,085	26,917,685	36,477,254
Weighted average remaining contractual life of options outstanding at end of period			2.47	2.08	2.49

Fair value of options granted:

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended March 31, 2019 included:

Assumptions	Year ended March 31, 2019	Year ended March 31, 2018
Expected - Weighted average volatility *	39%	39%
Expected dividends	0.45%	0.40%
Expected term (In years)	3	3.05
Risk free rate	7.44%	6.68%
Market price	55.4	63.25
Grant date	27-Apr-18	09-May-17
Expiry date	27-Apr-22	09-May-23
Fair value of the option at grant date	18.87	21.24

* The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) IDFC AMC - Employee stock option scheme (cash settled):

IDFC Asset Management Company Limited (“IDFC AMC”), a subsidiary of IDFC group, introduced Employee Stock Option Scheme, 2017 (“ESOS - 2017) to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind-AS 102 - Group share based payments, the said employee stock option scheme is classified as “Cash settled share based payments” in the consolidated financial statements of the Group.

The fair value of the options was determined using the Black-Scholes model using the following inputs as at the grant date:-

Grants made during the year ended March 31, 2019:

	11-Apr-18	
	As at March 31, 2019	As at March 31, 2018
Stock Price (₹)	6,345.54	-
Volatility	47.75%	-
Risk-free Rate	7.01%	-
Exercise Price (₹)	9,646.93	-
Time To Maturity (In Years)	4.53	-
Dividend yield	1.89%	-
Option Fair Value	1,936.22	-

Grants made during the year ended March 31, 2018:

	1-Feb-18		6-Nov-17		9-Sep-17	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Stock Price (₹)	6,345.54	6,345.54	6,345.54	6,345.54	6,345.54	6,345.54
Volatility	47.75%	35.15%	47.75%	35.15%	47.75%	35.15%
Risk-free Rate	6.95%	7.07%	6.88%	7.01%	6.88%	7.01%
Exercise Price (₹)	9,646.93	9,646.93	9,646.93	9,646.93	9,646.53	9,646.93
Time To Maturity (In Years)	4.34	5.34	4.10	5.10	3.94	4.94
Dividend yield	3.59%	3.59%	3.59%	3.59%	3.59%	3.59%
Option Fair Value	1,624.44	1,253.90	1,562.21	1,208.21	1,521.90	1,179.69

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	9,646.93	44,389	-	-
Granted during the year	9,646.93	1,000	9,646.93	44,389
Exercised during the year	-	-	-	-
Forfeited during the year	9,646.93	(1,814)	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	9,646.93	43,575	9,646.93	44,389

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 2,042.59 (March 31, 2018: ₹ 1,997.82).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
09-Sep-17	09-Sep-25	9,646.93	41,093	42,907	-
06-Nov-17	06-Nov-25	9,646.93	942	942	-
01-Feb-18	01-Feb-26	9,646.93	540	540	-
11-Apr-18	11-Apr-26	9,646.93	1,000	-	-
Total		38,587.72	43,575	44,389	

c) IDFC Infrastructure Finance Limited - Employee stock option scheme (equity settled):

Pursuant to the resolution passed by the members at the EGM held on February 01, 2016, IDFC Infrastructure Finance Limited ("Company"), a subsidiary of IDFC Group, had introduced Employee Stock Option Scheme ("the ESOS- 2016") to enable the employees of IDFC Infrastructure Finance Limited to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

Further, certain grants under ESOS - 2016 will vest only upon the fulfillment of performance conditions as specified in the scheme of the grant. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

The options granted for will vest upon the completion of service condition and performance condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	10.00	4,043,000	10.00	6,443,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	10.00	(4,043,000)	-	-
Lapsed/expired during the year	-	-	10.00	(2,400,000)
Closing balance	-	-	10	4,043,000
Vested and exercisable			10	1,010,750

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
14-Mar-16	14-Mar-21 to 14-Mar-24	10	-	3,901,000	3,901,000
09-May-16	09-May-21 to 09-May-24	10	-	8,500	8,500
31-May-16	31-May-21 to 31-May-25	10	-	-	2,400,000
15-Jun-16	15-Jun-21 to 15-Jun-24	10	-	125,000	125,000
14-Jul-16	14-Jul-21 to 14-Jul-24	10	-	8,500	8,500
Total			-	4,043,000	6,443,000
Weighted average remaining contractual life of options outstanding at end of year			-	4.47	3.54

Fair value of options granted:

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options granted for no consideration and will vest upon the completion of service condition and performance condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. There are no options granted during the year ended March 31, 2019 and March 31, 2018.

d) IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an associate of the Group, got demerged from the IDFC Limited under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted certain employee stock option over its shares to the employees of the IDFC Group. The employee share based payments arrangement between the Group and its associate is outside the scope of Ind-AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind-AS 8, the Group has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind-AS 102.

Applying Ind-AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Group is recognised as an employee benefits expense with a corresponding decrease in investment in associate.

e) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
IDFC Limited - Employee stock option scheme (equity settled)	14.70	(0.92)
IDFC AMC - Employee stock option scheme (cash settled)	4.49	0.96
IDFC Infrastructure Finance Limited - Employee stock option scheme (equity settled)	-	-
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	0.01	0.99
Total	19.20	1.03

52 INTEREST IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)			Ownership interest held by non-controlling interests (%)		
			As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
IDFC Alternatives Limited	Fund Management Services	India	100%	100%	100%	-	-	-
IDFC AMC Trustee Company Limited	Trusteeship services	India	100%	100%	100%	-	-	-
IDFC Asset Management Company Limited	Asset management services	India	100%	100%	100%	-	-	-
IDFC Projects Limited	Project management services	India	100%	100%	100%	-	-	-
IDFC Securities Limited	Stock broking	India	100%	100%	100%	-	-	-
IDFC Trustee Company Limited	Trusteeship services	India	100%	100%	100%	-	-	-
IDFC Infrastructure Finance Limited (till March 11, 2019)	Infrastructure lending	India	-	81%	81%	-	19%	19%
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	100%	-	-	-
IDFC Capital (Singapore) Pte Ltd	Asset management services	Singapore	100%	100%	100%	-	-	-
IDFC Capital (USA) Inc.	Asset management services	USA	100%	100%	100%	-	-	-
IDFC Securities Singapore Pte Ltd	Stock broking	Singapore	100%	100%	100%	-	-	-
IDFC Investment Managers (Mauritius) Limited	Asset management services	Mauritius	100%	100%	100%	-	-	-
IDFC IEH Conservative Fund	AIF Category III Fund	India	61%	61%	-	39%	39%	-
IDFC IEH Tactical Fund	AIF Category III Fund	India	78%	-	-	22%	-	-
India Multi Avenues Fund Limited	Investing	India	100%	100%	100%	-	-	-
IDFC Foundation*	Not-for-profit organization	India	100%	100%	100%	-	-	-

* The subsidiary is limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹ 63 crore (March 31, 2018: ₹ 59 Crore and April 1, 2017: ₹ 74 crore).

(i) Significant judgement: Consolidation of IDFC Foundation

Under Ind-AS 110, an investor controls an investee if it has power over investee, exposure to variable return and an ability to use its power to affect investee's returns. IDFC Foundation is wholly owned subsidiary of IDFC Limited. The variable returns under Ind-AS do not need to be financial in nature, it can be either in the form of synergistic benefits or enhanced reputation. Since IDFC Foundation's CSR activities are promoted in the name of IDFC Group under Ind-AS 110, it can reasonably help IDFC Group to developed its reputation and get synergistic benefits out of it.

b) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at March 31, 2019 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest	Relationship	Accounting Method	Quoted fair value			Carrying value		
				As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
IDFC FIRST BANK LIMITED (REFER NOTE (I) BELOW)	40.00%	Associate	Equity Method	10,615.32	8,520.21	10,659.25	7,511.05	8,037.72	7,614.47
IDFC Infrastructure Finance Limited (w.e.f March 12, 2019)	30.00%	Associate	Equity Method	- *	- *	- *	266.23	-	-
Novopay Solutions Private Limited#	23.83%	Associate	Equity Method	- *	- *	- *	2.73	-	-
Jetpur Somnath Tollways Private Limited	26.00%	Associate	Equity Method	- *	- *	- *	-	-	-
IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class C (till April 27, 2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	1.63	2.06
IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class F (till April 27, 2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	0.85	0.95
Emerging Markets Private Equity Fund LP	0.00%	Associate	FVTPL	- *	- *	- *	-	133.00	101.36
IDFC Private Equity Fund IV (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	63.01	33.56
IDFC Score Fund - Class A3 (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	26.48	-
IDFC Private Equity Fund II - Class C (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	0.01	-
IDFC Score Fund - Class B (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	9.79
IDFC Private Equity Fund III - Class B (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
IDFC Private Equity Fund III - Class E (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
India Infrastructure Fund - Class B (till June 30,2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
India Infrastructure Fund II - Class B (till June 30,2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	32.50	-
IDFC Real Estate Yield Fund - Class B (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
Delhi Integrated Multi - Modal Transit System Limited	49.49%	Joint Venture	Equity Method	- *	- *	- *	57.95	51.58	46.66
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	49.49%	Joint Venture	Equity Method	- *	- *	- *	50.03	47.56	45.37
Total equity accounted investments				10,615.32	8,520.21	10,659.25	7,887.99	8,394.34	7,854.22

\# The year end in respect of this entity is December 31, 2018.

* Note: Unlisted entity - no quoted price available

i) Significant judgement: existence of significant influence

IDFC FIRST Bank Limited is in the banking business and offers financial solutions using technology and a service-oriented approach to corporate and private customers in India.

Under previous GAAP, as the Group held 52.88% in IDFC First Bank Limited (formerly IDFC Bank Limited), it was consolidated as a subsidiary as per AS-21. Accordingly, the assets, liabilities, incomes and expenses of IDFC FIRST Bank Limited were consolidated line by line. Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC First Bank Limited.

Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind-AS 28.

ii) Commitments and contingent liabilities in respect of associates and joint ventures (In ₹ crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Contingent liabilities – associates			
Derivative and non-fund based exposure	117,123.60	112,071.04	106,311.22
Income Tax	0.04	0.04	0.04
Bank Guarantee from PNB (submitted to NHAI)	90.64	90.64	-
Other Bank Guarantee	15.25	15.26	-
Total commitments and contingent liabilities	117,229.53	112,176.98	106,311.26

iii) Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not IDFC Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(In ₹ crore)

Summarised balance sheet	IDFC FIRST Bank Limited		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Financial assets	169,387.90	126,743.41	112,894.73
Financial liabilities	154,380.70	114,295.85	101,347.44
Net financial assets	15,007.20	12,447.56	11,547.29
Non-financial assets	4,663.18	3,139.68	3,201.72
Non-financial liabilities	238.58	55.42	59.85
Provisions	858.30	310.23	290.58
Net Non-financial Asset	3,566.30	2,774.03	2,851.29
Net Assets	18,573.50	15,221.59	14,398.58

(In ₹ crore)

Reconciliation to carrying amounts	IDFC FIRST Bank Limited	
	As at March 31, 2019	As at March 31, 2018
Opening Net Assets	15,221.59	14,398.58
Profit during the year	(1,497.34)	1,369.78
Other comprehensive income for the year	(92.69)	(272.69)
Dividends paid (including DDT)	(307.79)	(307.05)
Equity shares issued during the year (including share premium)	5,140.93	25.03
Other reserve movement	108.80	7.94
Closing net assets	18,573.50	15,221.59
Group's Share in %	40%	53%
Group's Share in ₹	7,429.40	8,037.72
Employee share based payment charge	0.01	3.13
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	81.64	-
Carrying Amount	7,511.05	8,040.85

(In ₹ crore)

Summarised statement of profit and loss	IDFC FIRST Bank Limited	
	As at March 31, 2019	As at March 31, 2018
Total Income	4,846.47	3,697.10
Profit for the year	(1,497.34)	1,369.78
Other comprehensive income	(92.69)	(272.69)
Total comprehensive income	(1,590.03)	1,097.09

(In ₹ crore)

Breakup of Other Comprehensive Income	IDFC FIRST Bank Limited	
	As at March 31, 2019	As at March 31, 2018
Other Comprehensive Income to the extent not to be reclassified to Profit or Loss	76.86	1.56
Other Comprehensive Income/ (Loss) to the extent that may be reclassified to Profit or Loss	(169.55)	(274.25)
Total Other Comprehensive Income/ (Loss)	(92.69)	(272.69)

iv) Individually immaterial associates

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates that are accounted for using the equity method. (In ₹ crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Aggregate carrying amount of individually immaterial associates	-	-
Aggregate amounts of the Group's share of:		
- Profit/(loss) from continuing operations	-	-
- Gain on dilution is stake	2.73	-
- Other comprehensive income	-	-
Total comprehensive income	2.73	-

v) Amount recognised in the statement of profit and loss (In ₹ crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Share of profits from associates	(664.90)	608.83
Gain/(loss) on dilution in stake in IDFC FIRST Bank Limited	(225.67)	1.31
Gain on dilution in stake in Novopay Solutions Private Limited	2.73	-
Share of profits from joint ventures	8.85	7.62
Total share of profits from associates and joint ventures	(878.99)	617.76

vi) Unrecognized share of loss of an associate (In ₹ crore)

	As at March 31, 2019	As at March 31, 2018
Unrecognised share of loss of an associate:		
-Novopay Solutions Private Limited		
Opening balance of unrecognised share of loss	(1.62)	(0.96)
Share in Profit/ (loss) during the period	-	(0.66)
Closing balance of unrecognised share of loss	(1.62)	(1.62)
-Jetpur Somnath Tollways Private Limited		
Opening balance of unrecognised share of loss	(134.59)	(127.81)
Share in Profit/ (loss) during the period	(2.34)	(6.78)
Closing balance of unrecognised share of loss	(136.93)	(134.59)

The Group has absorbed the share of losses in Novopay Solutions Private Limited only to the extent of its investment value.

53 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2019

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Parent company								
IDFC Limited	93.91	9,778.74	(15.57)	127.89	0.59	(0.23)	(14.84)	127.66
Indian subsidiary companies								
IDFC Alternatives Limited	3.81	397.10	(9.28)	76.20	-	-	(8.86)	76.20
IDFC AMC Trustee Company Limited	0.00	0.25	(0.01)	0.06	-	-	(0.01)	0.06
IDFC Asset Management Company Limited	2.82	293.23	(5.54)	45.51	4.79	(1.86)	(5.07)	43.65
IDFC Projects Limited	(0.89)	(93.05)	3.32	(27.27)	-	-	3.17	(27.27)
IDFC Securities Limited	1.33	138.09	1.14	(9.35)	5.48	(2.13)	1.33	(11.48)
IDFC Trustee Company Limited	0.07	7.51	(0.12)	0.98	-	-	(0.11)	0.98
IDFC Financial Holding Company Limited	86.49	9,006.87	(0.91)	7.44	-	-	(0.86)	7.44
IDFC Foundation	0.61	63.18	(0.59)	4.83	0.95	(0.37)	(0.52)	4.46
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited (till 11th March 2019)	6.49	675.80	(10.24)	84.07	0.42	(0.16)	(9.75)	83.91
IDFC IEH Conservative fund (w.e.f 31st Jan 2018)	0.35	36.91	0.11	(0.87)	(3.41)	1.32	(0.05)	0.45
IDFC IEH Tactical fund (w.e.f 01st March 2019)	0.19	19.88	0.03	(0.26)	(0.71)	0.27	(0.00)	0.02
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	2.18	226.62	0.22	(1.79)	-	-	0.21	(1.79)
IDFC Capital (USA) Inc.	0.06	6.76	(0.01)	0.09	-	-	(0.01)	0.09
IDFC Securities Singapore Pte Ltd	0.01	0.84	0.58	(4.80)	-	-	0.56	(4.80)
IDFC Investment Managers (Mauritius) Limited	0.01	1.06	0.04	(0.32)	-	-	0.04	(0.32)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	72.13	7,511.05	76.93	(631.87)	87.82	(34.11)	77.42	(665.98)
IDFC Infrastructure Finance Limited (w.e.f 12th March 2019)	-	-	-	-	-	-	-	-
Novopay Solutions Private Limited	0.03	2.73	(0.33)	2.73	-	-	(0.32)	2.73
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture companies								
Delhi Integrated Multi - Modal Transit System Limited	0.56	57.95	(0.77)	6.33	(0.11)	0.04	(0.74)	6.38
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.48	50.03	(0.28)	2.32	(0.42)	0.16	(0.29)	2.48
Total (A)	270.63	28,181.55	38.73	(318.08)	95.44	(37.07)	41.29	(355.15)
a) Adjustment arising out of consolidation Intercompany Eliminations	(170.90)	(17,796.74)	63.45	(521.10)	4.56	(1.77)	60.79	(522.87)
b) Non-controlling interests								
- IDFC Infrastructure Finance Limited	-	-	(2.09)	17.14	-	-	(1.99)	17.14
- IDFC IEH Conservative Fund	0.22	22.75	(0.09)	0.71	-	-	(0.08)	0.71
- IDFC IEH Tactical Fund	0.06	5.76	-	-	-	-	-	-
Total (B)	(170.63)	(17,768.23)	61.27	(503.25)	4.56	(1.77)	58.71	(505.02)
Total (A) + (B)	100.00	10,413.32	100.00	(821.33)	100.00	(38.84)	100.00	(860.17)

53 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2018

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Parent company								
IDFC Limited	85.38	9,760.60	20.80	184.00	(0.12)	0.14	23.96	184.14
Indian subsidiary companies								
IDFC Alternatives Limited	2.81	320.81	(1.21)	(10.70)	-	-	(1.39)	(10.70)
IDFC AMC Trustee Company Limited	0.00	0.20	0.01	0.05	-	-	0.01	0.05
IDFC Asset Management Company Limited	2.49	284.42	11.78	104.19	0.12	(0.14)	13.54	104.05
IDFC Projects Limited	(1.03)	(117.28)	(1.14)	(10.06)	-	-	(1.31)	(10.06)
IDFC Securities Limited	1.52	174.15	2.51	22.22	0.77	(0.89)	2.78	21.33
IDFC Trustee Company Limited	0.06	6.53	0.11	0.97	-	-	0.13	0.97
IDFC Infrastructure Finance Limited	5.18	592.65	7.67	67.86	(0.06)	0.07	8.84	67.94
IDFC Financial Holding Company Limited	79.78	9,120.42	22.65	200.40	-	-	26.07	200.40
IDFC Foundation	0.51	58.72	(1.71)	(15.10)	(0.05)	0.06	(1.96)	(15.04)
IDFC IEH Conservative fund (w.e.f 31st Jan 2018)	0.32	36.09	0.04	0.33	0.58	(0.68)	(0.05)	(0.35)
IEH Tactical Fund	-	-	-	-	-	-	-	-
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
Foreign subsidiary companies					-			
IDFC Capital (Singapore) Pte Ltd	1.74	199.20	0.15	1.32	-	-	0.17	1.32
IDFC Capital (USA) Inc.	0.05	6.28	0.01	0.10	-	-	0.01	0.10
IDFC Securities Singapore Pte Ltd	0.02	2.74	(0.08)	(0.67)	-	-	(0.09)	(0.67)
IDFC Investment Managers (Mauritius) Limited	0.01	1.30	(0.02)	(0.21)	-	-	(0.03)	(0.21)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	70.31	8,037.72	78.52	694.62	100.00	(115.95)	75.29	578.67
Novopay Solutions Private Limited	-	-	-	-	-	-	-	-
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture companies								
Delhi Integrated Multi - Modal Transit System Limited	0.45	51.57	0.60	5.29	0.32	(0.38)	0.64	4.92
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.42	47.56	0.15	1.35	0.12	(0.14)	0.16	1.21
Total (A)	250.03	28,583.68	140.85	1,245.96	101.69	(117.91)	146.76	1,128.05
a) Adjustment arising out of consolidation Intercompany Elimination	(151.39)	(17,307.72)	(3.16)	(361.37)	(1.69)	1.96	(46.76)	(359.41)
b) Non-controlling interests								
IEH Conservative Fund	0.19	22.25	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	1.17	134.02	-	-	-	-	-	-
Total (B)	(150.03)	(17,151.45)	(3.16)	(361.37)	(1.69)	1.96	(46.76)	(359.41)
Total (A) + (B)	100.00	11,432.23	137.69	884.59	100.00	(115.95)	100.00	768.64

54. RELATED PARTY TRANSACTIONS

a) Subsidiaries

Direct:

IDFC Foundation

IDFC Financial Holding Company Limited

IDFC Projects Limited

Through subsidiaries:

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC Infrastructure Finance Limited (till March 11, 2019)

IDFC Securities Limited

IDFC Capital (USA) Inc.

IDFC Capital (Singapore) Pte. Ltd.

IDFC Investment Managers (Mauritius) Limited

IDFC Securities Singapore Pte. Limited

IDFC AMC Trustee Company Limited

IDFC Trustee Company Limited

India Multi Avenues Fund Limited

IDFC IEH Tactical Fund (w.e.f March 01, 2019)

IDFC IEH Conservative Fund (w.e.f January 31, 2018)

b) Joint ventures

Through subsidiaries:

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

c) Associates

Direct:

IDFC FIRST Bank Limited (earlier known as "IDFC Bank Limited")

IDFC Infrastructure Finance Limited (w.e.f March 12, 2019)

Novopay Solutions Private Limited

Jetpur Somnath Tollways Private Limited

IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class C (till April 27, 2018)

IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class F (till April 27, 2018)

Emerging Markets Private Equity Fund LP

IDFC Private Equity Fund III (upto January 31, 2019)

India Infrastructure Fund (upto June 30, 2018)

India Infrastructure Fund II (upto June 30, 2018)

IDFC Real Estate Yield Fund (upto January 31, 2019)

IDFC Score Fund (upto January 31, 2019)

IDFC Private Equity Fund IV (upto January 31, 2019)

d) Key management personnel

Mr. Sunil Kakar	Managing Director & CEO (w.e.f July 16, 2017)
Mr. Bipin Gemani	Chief Financial Officer (w.e.f December 19, 2018)
Mr. Vikram Limaye	Managing Director & CEO (upto July 15, 2017)

I) The nature and volume of transactions of the Group with the above mentioned related parties are as summarised below:

(In ₹ crore)

	Associates / JV's / Others 2019	Associates / JV's / Others 2018	Associates / JV's / Others 2017	Key Management Personnel 2019	Key Management Personnel 2018
INCOME					
Interest	5.11	11.16	-	-	-
Fee income	270.20	338.65	-	-	-
Shared service recovery	22.22	38.94	-	-	-
Brokerage received	0.04	0.15	-	-	-
Rental Income	3.95	-	-	-	-
Corpus donation received	20.82	14.23	-	-	-
Income from Contract assets	-	61.72	-	-	-
Sitting fees received	0.02	0.03	-	-	-
EXPENDITURE					
Remuneration paid	-	-	-	5.58	8.78
Shared service cost	5.20	7.30	-	-	-
License Fees	0.16	-	-	-	-
Fees on Cancellation of Forward Contract	4.65	-	-	-	-
Expenses related to contract assets	2.44	-	-	-	-
Lease rent	0.11	0.04	-	-	-
ASSETS / TRANSACTIONS					
Purchase / subscription of investments	969.23	344.74	404.37	-	-
Amount received on sale proceeds of investment	560.96	372.72	421.40	-	-
Security deposit o/s	1.77	-	-	-	-
Transfer of fixed assets	0.57	-	-	-	-
Current account balance	8.11	8.24	399.58	-	-
Fixed deposits placed	1,415.99	418.34	400.79	-	-
Fixed deposits matured	1,515.51	378.12	495.70	-	-
Fixed deposits - Balance outstanding	59.79	159.25	137.22	-	-
Interest accrued on deposits	4.07	4.48	5.33	-	-
Other receivables	95.49	29.70	-	-	-
Contract assets	59.28	61.72	-	-	-
Outstanding Investment in Mutual Fund	157.08	244.44	230.84	-	-
Outstanding Preference investment	88.74	61.59	54.93	-	-
Outstanding Equity investment	7,587.54	7,108.33	7,108.33	-	-
LIABILITIES / TRANSACTIONS					
Other payables- balance outstanding	0.07	0.05	1.15	-	-
Trade payables- balance outstanding	5.09	4.03	5.43	-	-

55. FIRST-TIME ADOPTION OF IND-AS

Transition to Ind-AS

The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the year ended March 31, 2019, the comparative information for the year ended March 31, 2018 and in the preparation of an opening consolidated Ind-AS balance sheet at April 1, 2017 (the Group's date of transition). In preparing its opening consolidated Ind-AS balance sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from Previous GAAP to Ind-AS has affected the Group's consolidated financial position, financial performance and cash flows is set out in the following tables and notes.

a) Optional exemptions availed

Set out below are applicable Ind-AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind-AS.

i) Deemed cost

Ind-AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind-AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities, capital grant if applicable. This exemption can also be used for intangible assets covered by Ind-AS 38 Intangible Assets.

The Group has elected to measure all property, plant and equipment, and intangible assets at their Previous GAAP carrying value.

ii) Designation of previously recognised financial instruments

Ind-AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind-AS. The Group has elected to apply this exemption for its investment in equity instruments.

iii) Share - based payment transactions

nd AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind-AS 102 to:

(i) equity instruments that vested before the date of transition to Ind-AS, and

(ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind-AS.

The Group has not applied the requirement of Ind-AS 102 to equity instruments that vested before the date of transition to Ind-AS and liabilities arising from share-based payments transactions that were settled before the date of transition to Ind-AS.

iv) Business combinations

Ind-AS 101 provides the option to apply business combination accounting under Ind-AS prospectively from transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would otherwise require full restatement of all business combinations prior to the transition date. The Group has elected to apply Ind-AS 103 prospectively to business combination occurring after its transition date. Business combinations occurring prior to transition date have not been restated. The Group has applied same exemption is availed for investments in associates and joint ventures.

v) Cumulative translation differences

Ind-AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind-AS 21 from the date a subsidiary was formed or acquired.

The Group has elected to reset all cumulative translation differences to zero by transferring it to retained earnings at its transition date.

b) Ind-AS mandatory exceptions

The Group has applied the following exceptions from full retrospective application of Ind-AS mandatorily required under Ind-AS 101:

i) Estimates

An entity's estimates in accordance with Ind-AS at the date of transition to Ind-AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind-AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Group made estimates for following items in accordance with Ind-AS at the date of transition as these were not required under Previous GAAP.

• Investment in equity instruments measured at FVOCI;

• Investment in debt instruments measured at FVTPL;

• Impairment of financial asset based on expected credit loss model.

ii) De-recognition of financial assets and liabilities

Ind-AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind-AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind-AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind-AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind-AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind-AS 109 prospectively from the date of transition to Ind-AS.

iii) Classification and measurement of financial assets

Ind-AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind-AS.

c) Reconciliations between Previous GAAP and Ind-AS

Ind-AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind-AS.

i) Reconciliation of Other equity between Previous GAAP and Ind-AS: (In ₹ crore)

	Notes	As at March 31, 2018	As at April 1, 2017
Total equity (shareholder's funds) as per Previous GAAP		11,322.99	10,819.86
Adjustments:			
Consolidation of IDFC Foundation	(i)	58.72	73.76
Consolidation of IDFC IEH Conservative Fund	(ii)	(1.35)	-
Deconsolidation of IDFC FIRST Bank Limited	(iii)	(13.43)	(198.83)
Fair valuation of investments	(iv)	81.59	10.09
Fair valuation of derivatives	(v)	-	(1.45)

i) Reconciliation of Other equity between Previous GAAP and Ind-AS: (In ₹ crore)

	Notes	As at March 31, 2018	As at April 1, 2017
Amortisation of front end fees on loan assets at EIR	(vi)	(12.42)	(8.06)
Fair valuation of security deposits	(vii)	(2.18)	(1.60)
Provision for expected credit losses on loan and loan commitments	(viii)	(31.43)	(37.70)
Reversal of lease equalisation liability	(ix)	1.41	0.95
Amortisation of loan origination expenses on borrowings at EIR	(x)	0.69	0.45
ESOP reserve on awards to employees of IDFC FIRST Bank Limited at fair value (net)	(xi)	3.13	1.74
ESOP expense on cash-settled awards of IDFC Asset Management Company Limited	(xii)	(0.96)	-
Carried interest income on asset management	(xiii)	61.72	-
Ind-AS transition impact on carrying value of associates other than IDFC FIRST Bank Limited	(xiv)	33.31	26.21
Reclassification of non-controlling interests	(xv)	158.78	120.53
Tax impact of Ind-AS adjustments	(xvi)	(228.35)	(125.67)
Total adjustments		109.23	(139.58)
Total equity as per Ind-AS		11,432.22	10,680.28

ii) Reconciliation of profit as per Ind-AS with profit reported under Previous GAAP: (In ₹ crore)

	Notes	Year ended March 31, 2018
Net profit after tax as per Previous GAAP		971.76
Adjustments:		
Consolidation of IDFC Foundation	(i)	(15.10)
Consolidation of IDFC IEH Conservative Fund	(ii)	(0.72)
Deconsolidation of IDFC FIRST Bank Limited	(iii)	(50.47)
Fair valuation of investments	(iv)	72.95
Fair valuation of derivatives	(v)	1.45
Amortisation of front end fees on loan assets at EIR	(vi)	(4.37)
Fair valuation of security deposits	(vii)	(0.01)
Provision for expected credit losses	(viii)	5.71
Reversal of lease equalisation liability	(ix)	0.46
Amortisation of loan origination expenses on borrowings at EIR	(x)	0.25
ESOP expense on awards to employees of the Company and subsidiaries at fair value	(xi) and (xii)	(2.08)
Carried interest income on asset management	(xiii)	61.72
Remeasurements of post employment benefit obligations	(xvii)	(0.95)
Equity pick-up of DIMMTS and iDeCK		7.61
Tax impact on above items	(xvi)	(163.62)
Profit after tax as per Ind-AS		884.59
Other Comprehensive Income:		
Remeasurements of post employment benefit obligations	(xvi)	0.73
Fair valuation of equity investments at FVOCI	(iv)	(1.44)
Other comprehensive income arising from consolidation of IDFC Foundation	(i)	0.06
Share of OCI of associates and joint ventures accounted using equity method		(144.51)
Tax impact on above items	(xvi)	29.21
Total comprehensive income as per Ind-AS		768.64

iii) Impact of Ind-AS adoption on the consolidated statements of cash flows for the year ended March 31, 2018:

Except for changes detailed in notes (d)(i) and (d)(iii) below, the transition from Previous GAAP to Ind-AS has not had a material impact on the statement of cash flows.

iv) Analysis of change in cash and cash equivalents for the purpose of consolidated statement of cash flows under Ind-AS:

Except for changes detailed in notes (d)(i) and (d)(iii) below, the transition from Previous GAAP to Ind-AS has not had a material impact on consolidated cash and cash equivalents.

d) Notes to first-time adoption:

i) Consolidation of IDFC Foundation

Under Previous GAAP, the investing entity controls an investee when it has the ownership of more than one-half of the voting power of the other entity or control of the composition of the board of directors so as to obtain economic benefits from its activities. However, under Previous GAAP, IDFC Foundation was not consolidated despite being IDFC Limited having 100% voting power due to IDFC Foundation operating in a legal restriction that significantly impair its ability to transfer funds to IDFC Limited.

Based on the control assessment carried out by the Group under Ind-AS 110, IDFC Foundation has been assessed as a subsidiary of the Group and requires line by line consolidation of its assets, liabilities, incomes and expenses. Also, IDFC Foundation's investees i.e. Delhi Integrated Multi-Modal Transit System Limited (DIMMTS) and Infrastructure Development Corporation (Karnataka) Limited (iDeCK) over which IDFC Foundation has joint control along with Government of National Capital Territory of Delhi and Government of the State of Karnataka respectively, have been accounted for using equity method of accounting.

Consolidated balance sheet (Summarised) after intercompany eliminations (In ₹ crore)

	As at March 31, 2018	As at April 1, 2017
ASSETS		
Financial assets	75.92	70.40
Non-financial assets	4.32	30.22
Total assets	80.24	100.62
LIABILITIES		
Financial liabilities	20.75	26.03
Non-financial Liabilities	0.77	0.83
Total liabilities	21.52	26.86
Net assets recognised	58.72	73.76

Consolidated statement of profit and loss (Summarised) after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Total income	24.00
Total expenses	39.10
Loss for the period	(15.10)
Other comprehensive income	0.06
Total comprehensive income for the period	(15.04)

Consolidated statement of cash flows (Summarised) after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Cash and cash equivalents April 1, 2017	0.08
Cash flow from operating activities	6.59
Cash flow from investing activities	(6.39)
Cash flow from financing activities	-
Cash and cash equivalents March 31, 2018	0.28

ii) Consolidation of IDFC IEH Conservative Fund

Based on the control assessment carried out by the Group, IDFC IEH Conservative Fund has been assessed as a subsidiary of the Group under Ind-AS 110 considering the principal-agency guidance. The asset manager of IDFC IEH Conservative Fund, which holds power over its relevant activities is a wholly-owned subsidiary of the Company and cannot be removed without approval from 75% unitholders. The Group holds 63.64% units in the fund, which constitutes exposure to variability in returns. Accordingly, the assets, liabilities, income and expenses of IDFC IEH Conservative Fund have been consolidated with the Group on line by line basis.

Summarised balance sheet after intercompany eliminations	(In ₹ crore)
	As at March 31, 2018
ASSETS	
Financial assets	20.64
Non-financial assets	0.13
Total assets	20.77
LIABILITIES	
Financial liabilities	0.09
Non-financial Liabilities	0.03
Total liabilities	0.12
Net assets recognised	(1.35)
Non-controlling interests recognised	22.25

Summarised statement of profit and loss after intercompany eliminations	(In ₹ crore)
	Year ended March 31, 2018
Total income	(0.34)
Total expenses	0.35
Loss for the period	(0.69)

Summarised statement of cash flow after intercompany eliminations	(In ₹ crore)
	Year ended March 31, 2018
Cash and cash equivalents April 1, 2017	
Cash flow from operating activities	(32.90)
Cash flow from investing activities	-
Cash flow from financing activities	57.25
Cash and cash equivalents March 31, 2018	24.35

iii) Deconsolidation of IDFC FIRST Bank Limited

Under Previous GAAP, as the Group held 52.88% in IDFC FIRST Bank Limited (formerly IDFC Bank Limited), it was consolidated as a subsidiary as per AS-21. Accordingly, the assets, liabilities, incomes and expenses of IDFC FIRST Bank Limited were consolidated line by line.

Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC FIRST Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind-AS 28.

Consolidated balance sheet (Summarised) under Previous GAAP after intercompany eliminations		(In ₹ crore)
	As at March 31, 2018	As at April 1, 2017
ASSETS		
Financial assets	115,609.14	101,331.39
Non-financial assets	3,628.33	3,288.99
Total assets	119,237.47	104,620.38
LIABILITIES		
Financial liabilities	110,473.97	96,448.71
Non-financial Liabilities	7,742.42	7,388.44
Total liabilities	118,216.39	103,837.15
Net assets derecognised	1,021.08	783.23
Carrying value of investment in IDFC FIRST Bank Limited under Ind-AS [refer note 52(b)]	8,037.72	7,614.47
Carrying amount as per standalone financial statements at purchase cost (or deemed cost)	7,030.07	7,030.07
Net impact of deconsolidation on equity	(13.43)	(198.83)

Consolidated statement of profit and loss (Summarised) under Previous GAAP after intercompany eliminations	(In ₹ crore)
	Year ended March 31, 2018
Total income	10,511.71
Total expenses	9,391.55
Profit before tax	1,120.16
Profit for the period	640.29

Consolidated statement of cash flows (Summarised) under Previous GAAP after intercompany eliminations	(In ₹ crore)
	Year ended March 31, 2018
Cash and cash equivalents April 1, 2017	5,183.17
Cash flow from operating activities	(4,767.82)
Cash flow from investing activities	(10,941.23)
Cash flow from financing activities	15,470.09
Cash and cash equivalents March 31, 2018	4,944.21

iv) Fair valuation of investments

Under the Previous GAAP, investments in equity instruments, mutual fund units, venture capital fund units were classified as long term or current based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind-AS, these investments are required to be measured at fair value and classified as fair value through profit and loss or other comprehensive income. The resulting fair value changes of such investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2018.

Fair value changes of investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2018.

v) Fair valuation of derivatives

Under the Previous GAAP, interest rate swaps are recorded on accrual basis and not marked-to-market. Any resultant profit or loss on termination of such swaps was amortised over the life of the swap or underlying liability, whichever was shorter. Under Ind-AS, derivatives that are not in a designated hedging relationship as per Ind-AS 109 are fair valued with resulting changes recognised in the statement of profit and loss.

vi) Amortisation of front end fees on loan assets at EIR

Ind-AS 109 requires transaction costs received towards origination of loans assets to be deducted from the carrying amount of loan assets on initial recognition. These costs are recognised in the profit or loss over the tenure of the loan asset as part of the interest income by applying the effective interest rate method.

Under Previous GAAP, these transaction costs were recognised in profit or loss as and when received. Accordingly, loan assets as at April 1, 2017 have been reduced with a corresponding adjustment to retained earnings. The total equity decreased by an equivalent amount. The profit for the year ended March 31, 2018 decreased by amortisation of loan origination cost over the tenure of the loan.

vii) Fair valuation of security deposits

Under the Previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind-AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind-AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent which is amortised over the expected term of the security deposit. The profit or loss and total equity has changed by the net impact of (i) amortisation of prepaid rent, and (ii) notional interest income on security deposits.

viii) Provision for expected credit losses

Under Ind-AS, Group is required to apply expected credit loss model for recognising the impairment for financial assets viz. security deposits, loans and loan commitments. This has resulted in higher provision and a consequential reduction in profit or loss and total equity.

ix) Reversal of lease equalisation liability

Under Previous GAAP, lease rentals on operating leases were required to be recognised as expense on straight-line basis over the lease term by recognising corresponding lease equalisation liability. However, under Ind-AS, if the escalation of lease rentals is in line with the expected general inflation to compensate the lessor for expected inflationary cost, the increases in the rentals shall not be straight-lined. Accordingly, other financial liabilities have been reduced with corresponding adjustment to retained earnings as at April 1, 2017. The rent expense for the year ended March 31, 2018 has also decreased.

x) Amortisation of loan origination expenses on borrowings at EIR

Ind-AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under Previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at April 1, 2017 have been reduced with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended March 31, 2018 increased as a result of the additional interest expense recognised in previous years reversed on transition date and being charged over the tenure of the borrowing instead of being charged upfront.

xi) Employee stock option expense - IDFC Limited, IDFC FIRST Bank Limited and IDFC Infrastructure Finance Limited

Under the Previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind-AS, the cost of equity-settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account has increased with a corresponding adjustment to retained earnings. For options granted to the employees of the Company and subsidiaries, there is no impact on the total equity. However, the amount recognised as a charges in the statement of profit and loss for the year ended March 31, 2018 has increased.

Pursuant to the demerger scheme in October 2015, IDFC Limited's share based options were retained by employees that were transferred to IDFC FIRST Bank Limited in addition to they receiving replacement IDFC FIRST Bank Limited's share based options on a 1:1 basis. In addition, employees retained by IDFC Limited were awarded compensatory share based options of IDFC FIRST Bank Limited on a 1:1 basis due to value split. The accounting for such share based awards is outside the scope of Ind-AS 102 as associates are not part of the Group. However, under Ind-AS 8, the Group has considered to account for these awards in a manner similar to the provisions of Ind-AS 102. As a result, the Group accounts for these awards using grant date fair value. For awards held by employees of IDFC FIRST Bank Limited, the carrying value of the associate in the consolidated balance sheet is increased with a corresponding impact in the share option outstanding account. For IDFC FIRST Bank Limited's awards held by employees of IDFC Limited, the carrying value of the associate in the consolidated balance sheet is decreased to account for in-specie return of capital with a corresponding charge in the statement of profit and loss.

xii) Employee stock option expense - IDFC Asset Management Company Limited

Under the previous GAAP, the cost of cash-settled employee share-based plan was recognised using the intrinsic value method. Under Ind-AS, the cost of cash-settled share-based plan is recognised based on the fair value of the options as at the reporting date. Consequently, the amount recognised as a charge in the statement of profit and loss has increased.

xiii) Carried interest income on asset management

Under Previous GAAP, revenue recognition from performance linked fees or return based fees was postponed until it was not "unreasonable to expect ultimate collection" and "measurement of revenue is reasonably determinable". This was often only at the end of the performance period, once the outcome was known. Under Ind-AS 115, Revenue from Contracts with Customers, performance linked fees or return based fees are in the nature of 'variable consideration'. Ind-AS 115 requires recognition of such variable consideration to the extent it is highly probable that revenue would not reverse in future. Further, the standard requires use of "expected value method" or "most likely method" depending on facts and circumstances to determine the amount of revenue to be recognised. In the instant case, revenue for carried interest has been recognised basis fair value of the underlying assets under management as of the reporting date. However, since the right to collect such revenue is conditioned upon sale of underlying securities and at an amount that does not result in loss of value, the statement of profit and loss for the financial year March 31, 2018 has been increased with corresponding adjustment to "contract asset" on the balance sheet.

xiv) Ind-AS transition impact on carrying value of associates other than IDFC FIRST Bank Limited

Pursuant to Companies (Indian Accounting Standards) (Amendment) Rules, 2016, Rule 4(1)(iv), where an NBFC parent is preparing consolidated financial statements under Ind-AS, its subsidiaries, joint ventures and associates are required to provide the relevant financial statement data in accordance with the accounting policies followed by IDFC Limited for consolidation purpose under Ind-AS. The impact on total equity pertains to Ind-AS transition impact on carrying value of Novopay Solutions Private Limited and Jetpur Somnath Tollways Limited.

xv) Reclassification of non-controlling interests

Under Previous GAAP, minority interests (non-controlling interests) were presented in the consolidated balance sheet separately from liabilities and equity of the parent's shareholders (mezzanine presentation). Under Ind-AS, non-controlling interests are presented in the consolidated balance sheet within total equity apart from parent's equity. The balance represents reclassification of amounts attributable to non-controlling interests in IDFC Infrastructure Finance Limited for total equity as of April 1, 2017 and March 31, 2018, and IDFC IEH Conservative Fund as of March 31, 2018.

xvi) Deferred tax

Under Previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustments to tax expense was made on consolidation. Under Ind-AS, deferred taxes are also recognised on undistributed profits of associates and joint ventures if the Group has no control over timing and likelihood of distribution. Also, deferred tax has been recognised on the adjustments made on transition to Ind-AS.

xvii) Remeasurements of post-employment benefit obligations

Under Ind-AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these remeasurements formed part of statement of profit and loss for the year.

xviii) Other comprehensive income

Under Ind-AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under Previous GAAP.

xix) Foreign currency translation reserve

The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 1, 2017. Accordingly, translation reserve balance under Previous GAAP has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.

xx) Retained earnings

Retained earnings as at April 1, 2017 has been adjusted consequent to the above Ind-AS transition adjustments.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, May 29, 2019

IDFC LIMITED

IDFC LIMITED

Corporate Identity Number: L65191TN1997PLC037415 info@idfc.com; www.idfc.com

Regd. Office: KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. **Tel:** + 91 44 4564 4201/4202/4223 **Fax:** +91 44 4564 4222

Corp. Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. **Tel:** + 91 22 4222 2000 **Fax:** +91 22 2421 5052

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting (**"AGM"**) of the Members of IDFC Limited (**"IDFC"** or **"the Company"**) will be held on **Monday, September 30, 2019 at 11:30 a.m.** at The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:

a. the audited standalone financial statements of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon; and

b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the Report of the Auditors thereon.

SPECIAL BUSINESS

2. Appointment of Mr. Anshuman Sharma as a Nominee Director representing Government of India

To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Anshuman Sharma (DIN : 07555065), who was appointed as an Additional Director of the Company w.e.f. August 08, 2018 and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose the candidature of Mr. Anshuman Sharma for the office of a Director of the Company, be and is hereby appointed as a Non-Executive Nominee Director representing the Government of India, Ministry of Finance and who shall be liable to retirement by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company and Mr. Mahendra N Shah, Company Secretary, be and are hereby severally authorized to sign and file the requisite forms and returns and other documents with the statutory/regulatory authority/ies and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

3. Appointment of Ms. Ritu Anand as an Independent Director

To consider, and if thought fit, to pass the following as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and other applicable Rules, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, Ms. Ritu Anand (DIN: 05154174) in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose Ms. Ritu Anand as a candidate for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three (3) consecutive years w.e.f. August 16, 2019 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Ms. Ritu Anand be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits prescribed by the Companies Act, 2013 and as approved by the Members at the 21st AGM of the Company held on July 31, 2018.

RESOLVED FURTHER THAT the Board of Directors and Mr. Mahendra N. Shah, Company Secretary be and are hereby severally authorised to sign and file the requisite forms and returns and other documents with statutory / regulatory authorities and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

4. Offer and Issue of Non-Convertible Securities through Private Placement

To consider, and if thought fit, to pass the following as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and subject to all the applicable laws and regulations, including but not limited to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; SEBI (Issue and Listing of Debt Securities) Regulations, 2008; Foreign Exchange Management Act, 1999; the Reserve Bank of India Act, 1934, including any amendment, modification, variation or re-enactment thereof and the Memorandum and Articles of Association and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee thereof) to borrow from time to time, by issuance of Non-Convertible Securities, including but not limited to Non-Convertible Debentures ("NCDs") and Commercial Papers ("CPs"), on Private Placement basis, with a view to augment the business of the Company, up to an amount not exceeding ₹ 500 crore (Rupees Five Hundred crore only), under one or more shelf disclosure documents, for the period of one year from the conclusion of 22nd (Twenty Second) Annual General Meeting ("AGM") on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be.

RESOLVED FURTHER THAT the said limit of ₹ 500 crore (Rupees Five Hundred crore only) shall be within the overall borrowing limit of ₹ 10,000 crore (Rupees Ten Thousand crore only) as approved by the Members at its 19th (Nineteenth) AGM under Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors and Mr. Mahendra N Shah, Company Secretary be and are hereby severally authorised to sign all such forms and returns and other documents with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

By order of the Board of Directors

Mahendra N Shah
Company Secretary

Mumbai | August 14, 2019

NOTICE (continued)

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed hereto.

2. **PROXIES:**

   a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. ONLY DULY FILLED, SIGNED AND STAMPED PROXY FORM WILL BE CONSIDERED VALID.**

   b) A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total share capital of the Company. A Member who is holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or Shareholder. The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, it shall be under its seal and be signed by an officer or an attorney duly authorised by it.

   c) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged, during the business hours at the Registered Office, provided that not less than three days of notice in writing is given to the Company.

   d) Members / Proxies / Representatives are requested to bring their copies of the Annual Report and the Attendance Slip sent herewith to attend the AGM.

3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the AGM. The documents are required to be sent to the Company Secretary at the Registered Office of the Company or by sending an email on shivangi.mistry@idfc.com.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. Brief resume and other details of Director proposed to be appointed / reappointed as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 ("SEBI LODR Regulations") are given in the Exhibit to the Notice.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Company and at the AGM.

7. The Register of Contracts or Arrangements, in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Company and at the AGM.

8. Members desirous of getting any information about the accounts and/ or operations of the Company are requested to write to the Company Secretary at least seven days before the date of the AGM to enable the Company to keep information ready at the AGM.

9. All the documents referred to in the accompanying Notice and Statement pursuant to Section 102 of the Companies Act, 2013, are open for inspection in both physical and electronic form during business hours on all working days at 2nd Floor, Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai – 400020 and at the Registered Office i.e. KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and will also be available at the venue of the AGM.

10. The Certificate from the Statutory Auditors of the Company certifying that the Company's Employee Stock Option Scheme is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and in accordance with the resolutions passed by the Members at the General Meetings, will be available for inspection by the Members at the AGM.

11. Members are requested to address all correspondence, including change in address / bank account details, to Karvy Fintech Private Limited [Unit: IDFC Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, India ("Karvy"). Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository Participants ("DP").

12. SEBI vide its circular dated April 20, 2018 has made it mandatory for the Company to collect copy of Income Tax Permanent Account Number (PAN) and bank account details of all security holders holding securities in physical form. Accordingly, all Shareholders holding shares in physical form are requested to submit duly attested documents to Karvy.

13. Pursuant to the applicable provisions of Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (Seven) years from the date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the request for unclaimed dividend in respect of FY13 must reach the Company or Karvy on or before August 29, 2020, failing which it would be transferred to IEPF after that date.

14. The shares in respect of the Members who have not claimed the Dividend for consecutive period of 7 (seven) years, i.e. till FY12 were transferred to IEPF. Members who have not claimed the Dividend since FY13 are requested to claim the same to avoid their shares being transferred to IEPF.

15. GREEN INITIATIVE:

   a In support of the Green Initiative, the Annual Report for FY19, Notice and instructions for E-Voting along with the Attendance Slip and Proxy Form are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company /DP for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report FY19 are being sent by the permitted mode. Members may also note that Notice and the Annual Report are also available for download from the website of the Company: www.idfc.com.

b Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / Company's Registrar and Transfer Agents, i.e. Karvy.

16. E-VOTING:

a In terms of Sections 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI LODR Regulations, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date i.e. Monday, September 23, 2019, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice ("Remote e-voting"). The Remote e-voting commences on Wednesday, September 25, 2019 at 9:00 a.m. and ends on Sunday, September 29, 2019 at 5:00 p.m. E-voting module shall be disabled by Karvy for voting thereafter. A person who is not a Member as on the cut-off date should treat this notice for information purpose only.

b In terms of the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Company is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the AGM shall note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through physical ballot for all the businesses specified in this Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not be eligible to vote at the AGM and their vote, if cast at the Meeting, shall be treated as invalid. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. September 23, 2019.

c The Company has engaged the services of Karvy as the Agency to provide e-voting facility.

d The Board of Directors has appointed M/s BN & Associates, Company Secretaries, as the Scrutinizer to scrutinize the voting through Remote e-voting and voting process at the AGM in a fair and transparent manner.

e Attendance Slip containing the e-voting USER ID & PASSWORD along with the detailed instructions for Remote e-voting are enclosed with this Notice.

17. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.idfc.com) and on the Service Provider's website (evoting.karvy.com) and communication of the same will be sent to BSE Limited and the National Stock Exchange of India Limited and shall also be displayed on the Notice Board of the Registered and Corporate office of the Company within 48 hours from the conclusion of the AGM.

18. The route map of the venue of the Meeting forms part of this Notice.

19. Attendance Registration:

a. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.

b. Alternatively, to facilitate smooth registration / entry, the Company has also provided web check-in facility, which would help the Shareholders to enter the AGM hall directly without going through the registration formalities at the registration counters.

c. The online registration facility will be available from Wednesday, September 25, 2019 at 9:00 a.m. and ends on Sunday, September 29, 2019 at 5:00 p.m.

The procedure of web check-in is as follows:

i. Log in to https://karisma.karvy.com and click on tab

"Web check-in for General Meeting"

ii. Select the Company name

iii. Pass through the security credentials viz, DP ID, Client ID / Folio No., and 'CAPTCHA' as directed by the system and click on the submit button.

iv. The system will validate the credentials. Click on the 'Generate my attendance slip' button that appears on the screen.

v. The attendance slip in PDF format will appear on the screen. Select the 'PRINT' option for direct printing or download and save for printing.

The Shareholders needs to furnish the printed Attendance slip along with a valid identity proof such as the PAN card, Passport, Aadhaar card or Driving License to enter the AGM hall.

NOTICE (continued)

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out all material facts:

Item no. 2

Appointment of Mr. Anshuman Sharma as a Nominee Director representing Government of India

Mr. Anshuman Sharma was appointed as Additional Directors of the Company on August 08, 2018 representing Government of India, which holds 16.38% of equity stake of the Company. Pursuant to Section 161 of the Companies Act, 2013, he holds the office of Additional Director up to the date of ensuing AGM

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from Member proposing the candidature of Mr. Anshuman Sharma for appointment as Nominee Directors representing Government of India.

Profile of Mr. Anshuman Sharma is given in the Exhibit to this Notice.

Except Mr. Anshuman Sharma and Mr. Soumyajit Ghosh, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in the resolution set out in Item No. 2. The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 2 for approval of the Shareholders.

Item no. 3

Appointment of Ms. Ritu Anand as an Independent Director

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of IDFC appointed Ms. Ritu Anand as an Additional Director, in the category of Independent Director ("ID") to hold office for consecutive period of 3 years w.e.f. August 16, 2019. Pursuant to Section 161 of the Companies Act, 2013, she holds the office of Director up to the date of ensuing AGM.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Ms. Ritu Anand for appointment as an ID of the Company.

Ms. Ritu Anand has given a declaration of Independence pursuant to Section 149(6) and 149(7) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 along with his affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013.

Profile of Ms. Ritu Anand has been given in the Exhibit to this Notice.

The Board considers that his wide experience of Ms. Ritu Anand would be of immense benefit to the Company. In the opinion of the Board, Ms. Ritu Anand fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is Independent of the Management.

Ms. Ritu Anand is proposed to be appointed as ID for a period of 3 (Three) consecutive years w.e.f August 16, 2019 and she shall not be liable to retire by rotation. She will be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits prescribed by the Companies Act, 2013 and as approved by the Members at the 21st AGM of the Company held on July 31, 2018.

Except Ms. Ritu Anand, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in the resolution set out in Item No. 3.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 3 for approval of the Shareholders.

Item no. 4

Offer and Issue of Non-Convertible Securities through Private Placement

IDFC has been borrowing through issue of Secured Redeemable Non-Convertible Debentures ("NCDs") and Commercial Papers ("CPs") on Private Placement ("PP") basis, from time to time. Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, lays down the provisions subject to which a company is allowed to issue securities on PP basis. Every proposed offer of securities or invitation to subscribe to securities on PP basis requires prior approval of the Shareholders of the Company by way of Special Resolution. However, in case of offer / issuance of NCDs, passing of a Special Resolution by the Shareholders for all such offers / invitation for such debentures, once in a year is sufficient.

In view of the aforesaid provisions and in order to augment the business of the Company, it is proposed to seek approval of the Shareholders for borrowing, from time to time, by issuance of Non-Convertible Securities, on PP basis, including but not limited to NCDs and CPs up to an amount not exceeding ₹ 500 crore (Rupees Five Hundred crore only) under one or more shelf disclosure documents, for the period of one year from the conclusion of 22nd (Twenty Second) AGM on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be. The said limit of ₹ 500 crore shall be within the overall borrowing limit of ₹ 10,000 crore (Rupees Ten Thousand crore only) as approved by the Shareholders at its 19th (Nineteenth) AGM under Section 180(1)(c) of the Companies Act, 2013.

The pricing of the NCDs and CPs will depend primarily upon the then prevailing market conditions and the regulatory scenario. The pricing for each of the issuance would be approved by the Board of Directors or any of its Committee duly authorized in this regard.

None of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of a Special Resolution as set out in Item No. 4 of this Notice.

By order of the Board of Directors

Mahendra N Shah
Company Secretary

Mumbai | August 14, 2019

EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of Directors proposed to be appointed / reappointed.

Name of the Director	**Mr. Anshuman Sharma**	**Ms. Ritu Anand**
Date of Birth	January 21, 1979	November 12, 1953
Age	40 years	65 years
Detailed profile Including nature of Expertise	Mr. Anshuman Sharma is an IRS officer of 2005 Batch and has experience of around 12 years. He had been actively involved in Administration, Transfer Pricing and Tax Assessment. At present, he is posted as Deputy Secretary at Department of Financial Services, Ministry of Finance looking after portfolio of Industrial Finance. He is a post Graduate in Management and has a multifarious personality. He is currently on the Board of IFCI Ltd and India Post Payments Bank (IPPB). He has also served on the Board of Allahabad Bank for a period of one year.	Ms. Ritu Anand has served as Group Head, Chief Economist and Principal Advisor at IDFC Limited up to 2013. Ms. Anand has over 35 years of extensive experience in working with financial institutions, multilateral development agencies and government and regulatory authorities in the areas of economics and public policy. She served as Chief Economic Advisor and Deputy Managing Director of State Bank of India. Ms. Anand served as the Lead Economist at World Bank, Washington DC, U.S.A. Ms. Anand holds a Masters degree in Economics from the London School of Economics and Bachelor degree in Arts from Wellesley College, Massachusetts and St. Xavier's College, Mumbai.
Date of Appointment	August 08, 2018	August 16, 2019
No. of Board Meetings attended during 2018-19	2 out of 5	N.A.
Directorships held in all other companies	1. IFCI Limited 2. India Post Payments Bank Limited	1. NIIF Infrastructure Finance Limited
Memberships / Chairmanships of Committees of the Board of all companies	**Membership in the Committees** 1. Audit Committee – IFCI Limited 2. Stakeholders' Relationship Committee – IFCI Limited	**Membership in the Committee** 1. Audit Committee - NIIF Infrastructure Finance Limited
Number of Equity Shares held in the Company	NIL	NIL
Inter-se relationship with other Directors / Manager / KMP	No relationship	No relationship
Details of Remuneration sought to be paid	NIL	Sitting fees and Commission*
Remuneration last drawn by the Director	NIL	NIL

* Refer Table 3 of the Corporate Governance Report which forms part of this Annual Report.

NOTES

IDFC LIMITED

IDFC LIMITED

Corporate Identity Number: L65191TN1997PLC037415 info@idfc.com; www.idfc.com
Regd. Office: KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. Tel: + 91 44 4564 4201/4202/4223 Fax: +91 44 4564 4222
Corp. Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. Tel: + 91 22 4222 2000 Fax: +91 22 2421 5052

PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

22nd ANNUAL GENERAL MEETING – MONDAY, SEPTEMBER 30, 2019

Name of the Member(s) :	
Registered address :	
E-mail Id:	
Folio No. / DP ID No. Client ID No.:	

I/We, being the holder(s) of ____________________________ equity shares of IDFC Limited, hereby appoint :

1. Name :____ E-mail Id :______________________________
   Address:____
   ____ Signature: _________________ or failing him/her

2. Name :____ E-mail Id :______________________________
   Address:____
   ____ Signature: _________________ or failing him/her

as my / our proxy to attend and vote for me / us and on my / our behalf at the 22nd Annual General Meeting of the Company, to be held on **Monday, September 30, 2019 at 11:30 am at The Music Academy, T.T.K Auditorium (Main Hall),** Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Particulars	Vote (Optional[2]) (Please put a (✓) mark or please mention no. of shares)		
ORDINARY BUSINESS		**For**	**Against**	**Abstain**
1.	To consider and adopt: a. the audited standalone financial statements of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon; and b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the Report of the Auditors thereon.			
SPECIAL BUSINESS				
2.	Appointment of Mr. Anshuman Sharma (DIN: 07555065) as a Nominee Director representing Government of India, Ministry of Finance			
3.	Appointment of Ms. Ritu Anand (DIN: 05154174) as an Independent Director			
4.	Offer and Issue of Non-Convertible Securities through Private Placement			

Signed this __________________ day of __________________ 2019

AFFIX Revenue Stamp of ₹ 1

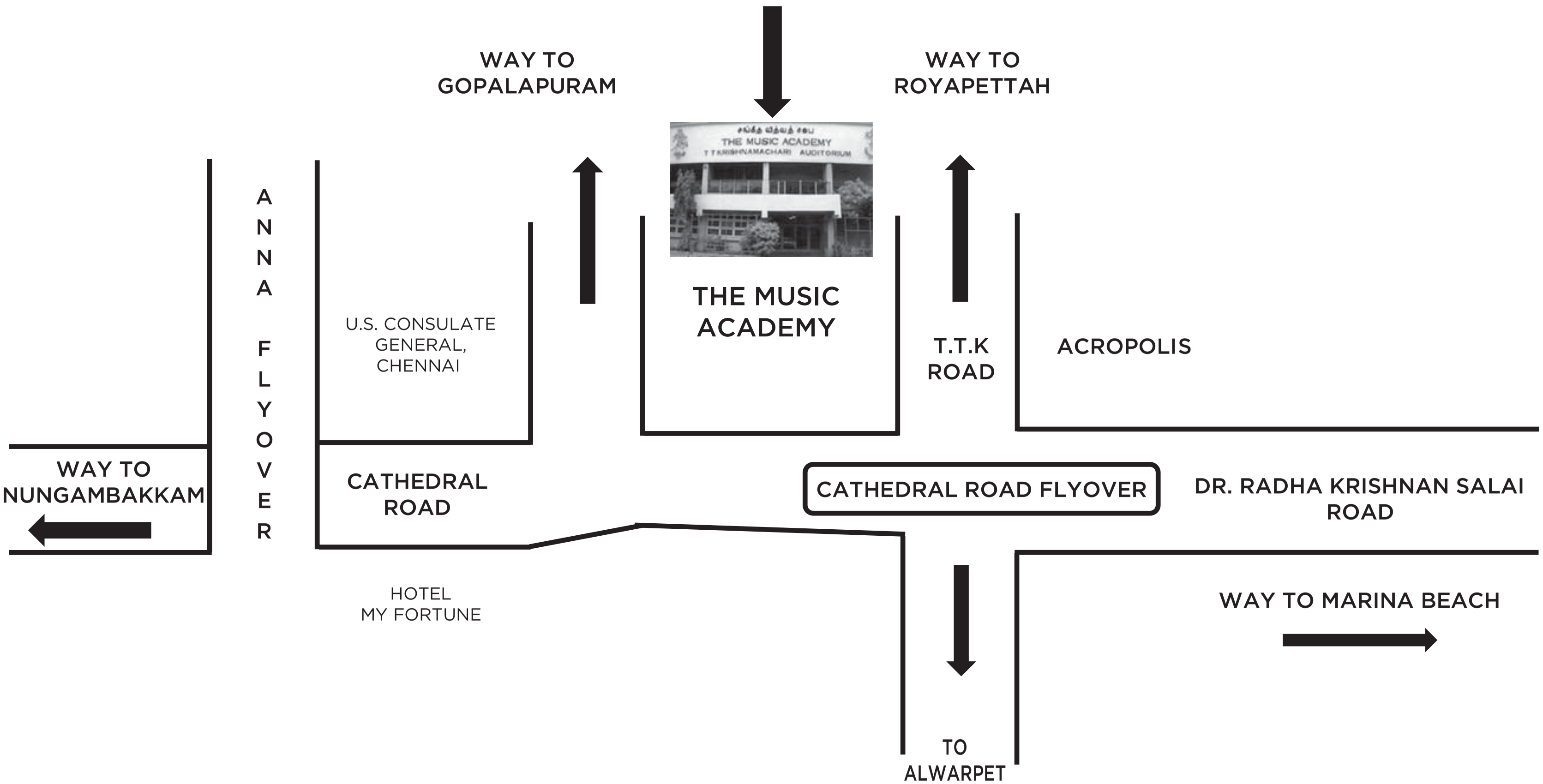
Signature of Shareholder ___________________________ Signature of Proxy holder(s) ____________________________

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to indicate your preference. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

22nd AGM of IDFC LIMITED

THE MUSIC ACADEMY, T.T.K. Auditorium (MAIN HALL),
NEAR ACROPOLIS BUILDING, NEW NO. 168 (OLD NO. 306),
T.T.K. ROAD, ROYAPETTAH, CHENNAI - 600 014, TAMIL NADU.



ROUTE MAP FOR IDFC LIMITED AGM VENUE

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IDFC LIMITED
www.idfc.com | info@idfc.com

REGISTERED OFFICE

KRM Towers, 7th floor
No.1 Harrington Road
Chetpet
Chennai 600 031

TEL +91 (44) 4564 4201/4202/4223
FAX +91 (44) 4564 4222

CORPORATE OFFICE

Naman Chambers, C-32, G-Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

TEL +91 (22) 4222 2000
FAX +91 (22) 2421 5052