

July 29, 2017

The Manager – Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (E)  
Mumbai-400051

The Manager – Listing Department  
BSE Limited  
1<sup>st</sup> Floor, P.J. Towers,  
Dalal Street  
Mumbai -400 001

**Re: Outcome of 20<sup>th</sup> Annual General Meeting- IDFC Limited**

Dear Sir,

In continuation to our letter dated July 1, 2017, we wish to inform you that at the 20<sup>th</sup> Annual General Meeting of the Shareholders of IDFC Limited (“the Company”) which was held on Friday, July 28, 2017 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, at 2:00 p.m., the business mentioned in the Notice dated June 24, 2017 were transacted.

In this regard, please find enclosed the following-

- (1) Summary of proceedings as required under Regulation 30, Part-A of Schedule -III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure – I**
- (2) Report of Scrutinizer dated July 28, 2017, pursuant to Section 108 of the Companies Act, 2013 and Rule 20(4) (xii) of the Companies (Management and Administration) Rules, 2014 as **Annexure – II**.
- (3) Annual Report for the financial year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members as per the provisions of the Companies Act, 2013- as **Annexure – III**.
- (4) Voting results as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – **is being sent separately**

This is for your information and records.

For IDFC Limited

*K.S.Kulkarni*

Ketan Kulkarni  
Company Secretary



**Summary of proceedings of the 20<sup>th</sup> Annual General Meeting:**

The 20<sup>th</sup> Annual General Meeting (AGM) of the Members of IDFC Limited ('the Company') was held on Friday, July 28, 2017 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, at 2:00 p.m.

Mr. Vinod Rai chaired the meeting. The requisite quorum being present, the Chairperson called the meeting to order. He introduced the members of the Board seated on the dais. Mr. Soumyajit Ghosh and Mr. Manish Kumar, the Nominees of the Ministry of Finance, Government of India could not attend the AGM due to their prior commitments. Chairperson of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee were present at the Meeting. The representatives of the Statutory Auditors and Secretarial Auditors were also present at the Meeting.

The Notice of the AGM was taken as read with the permission of the shareholders.

The auditors' report was free from any qualifications, observations or comments on financial transactions or matters which have an adverse effect on the functioning of the company, accordingly, the Chairperson requested the members, if the said report could be taken as read. The members present confirmed the same. Accordingly, the Auditors Report was taken as read with the permission of the shareholders.

The Chairperson delivered his speech and invited members to ask their queries, if any, give suggestions, seek clarifications. The Chairperson requested Mr. Sunil Kakar, Managing Director & CEO to respond to the queries raised at the AGM.

The Chairperson informed that the Company had provided the Members the facility to cast their vote electronically, on all resolutions set forth in the Notice. Members who were present at the AGM and had not cast their votes electronically were provided an opportunity to cast their votes at the end of the meeting by way of physical ballot form.

The following items of business, as per the Notice of AGM dated June 24, 2017, were transacted at the meeting.

1.	To consider and adopt: a. the audited financial statements of the Company for the financial year ended March 31, 2017 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, 2017 and the Report of the Auditors thereon.;
2.	To declare dividend on equity shares of the Company.
3.	To appoint a director in place of Mr. Chintamani Bhagat (DIN - 07282200), who retires by rotation and being eligible, offers himself for reappointment
4.	To appoint Auditors and to fix their remuneration.
5.	Appointment of Mr. Manish Kumar (DIN - 07379535) as a Nominee Director representing Government of India
6.	Appointment of Mr. Soumyajit Ghosh (DIN - 07698741) as a Nominee Director representing Government of India
7.	Appointment of Mr. Sunil Kakar (DIN - 03055561) as a Director of the Company



8.	Appointment of Mr. Sunil Kakar (DIN - 03055561) as Managing Director & CEO of the Company
9.	Reappointment of Mr. S. S. Kohli (DIN - 00169907) as an Independent Director of the Company
10.	Reappointment of Ms. Marianne Økland (DIN - 03581266) as an Independent Director of the Company
11.	Offer and Issue of Non-Convertible Securities through Private Placement

The Board of Directors had appointed Mr. B Narasimhan, of BN & Associates as the Scrutinizer to supervise the e - voting and ballot voting process.

It was informed that the combined voting results (Evoting and Ballot voting) will be announced by next day i.e. July 29, 2017.

The Chairperson thanked the members for attending the AGM and declared the meeting as concluded.



**Combined Scrutinizer's Report on Remote E-voting & Voting by Physical Ballot  
 Conducted at the 20th AGM of IDFC Limited held at Chennai on  
 Friday July 28, 2017**

To,

The Independent Non-Executive Chairman,  
 IDFC Limited

Regd. Office: KRM Tower, 7<sup>th</sup> Floor,  
 No.1 Harrington Road,  
 Chetpet, Chennai - 600 031,

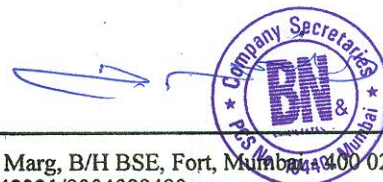
Corp. Office: Naman Chambers, C-32, G Block,  
 Bandra Kurla Complex,  
 Bandra (East), Mumbai 400051

20th Annual General Meeting of the Equity Shareholders of IDFC Limited held on Friday, July 28, 2017 at 2.00 P. 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.

**Sub: Passing of Resolution(s) through Remote E-voting process as well as Physical Ballot voting process conducted at the venue of the AGM pursuant to Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The Board of Directors of IDFC Limited (*hereinafter referred to as the 'IDFC' or 'the Company'*) at its meeting held on April 28, 2017 had appointed me as the Scrutinizer for the Remote E-voting process as well as to scrutinize the Physical Ballot voting conducted at the venue of the AGM pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and in accordance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. I say, I am familiar and well versed with the concept of Remote E-voting and Physical Ballot voting system as prescribed under the said Rules.

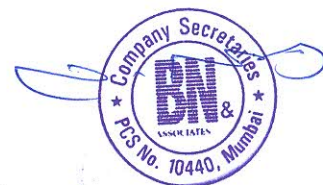
**Report on Scrutiny:**



C/O. Karvy Computershare Pvt. Ltd. 24-B Raja Bahadur Mansion, Ground Floor, Ambabai Doshi Marg, B/H BSE, Fort, Mumbai - 400 023.  
 T : 91 22 6623 5454 D: 91 22 6623 5411 Fax: 91 22 6633 1135 Cell : 9820142331/9004089490  
 E-mail : narasimhan.b8@gmail.com // bn@karvy.com

Resi : 601/602, B-wing, Cosmic Heights, Bhakur Park, Infratech Theater Compound, Wadala (E), Mumbai - 400 037.  
 (T) : 91 22 2403 6596

- IDFC had appointed Karvy Computershare Private Ltd. ('KARVY' or 'KCPL') as the service provider, for the purpose of extending the facility of Remote E-voting to the Members of the Company. KCPL are also the Registrar and Share Transfer Agents ('RTA') of the Company.
- The Service Provider had provided a system for recording the votes of the Members electronically through Remote E-voting on all the items of the business (both Ordinary and Special businesses) sought to be transacted at the 20th Annual General Meeting ('AGM') of the Company, which was held on Friday, July 28, 2017.
- The Service Provider had set up electronic voting facility on their website, <https://evoting.karvy.com>. The Company had uploaded all the items of the business to be transacted at the AGM on the website of the Company and also its Service Provider to facilitate their Members to cast their vote through Remote E-voting.
- The internal cut-off date for the dispatch of the Notice of the AGM was June 16, 2017 and as on that date, there were 455,573 Members of the Company. The service provider had sent the Notices of the AGM along with Annual Report and E-voting details by email to 334,810 Members whose email Ids were made available by the Depositories and for those members, holding in physical form, who had registered their email Ids with the RTA by June 16, 2017. In respect of 120,763 Members, whose Email Ids were not available, the Notices were sent by courier from June 28, 2017 to June 30, 2017. Additionally, notices along with Annual Report were sent by courier to 13,080 Members residing at Chennai (To whom the Notices were already sent through email).
- The Notices sent (both through email and physical form) contained the detailed procedure to be followed by the Members who were desirous of casting their votes electronically as provided in the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended.
- The **Cut-off date** for the purposes of identifying the Members who will be entitled to vote on the resolutions placed for approval of the Members was **Friday, July 21, 2017**.
- As prescribed in the aforesaid Rules, the Remote E-voting facility was kept open for five days from **Sunday, July 23, 2017 at 9:00 A.M. to Thursday, July 27, 2017 at 5:00 P.M.**
- The Company completed the dispatch of the notices to the members by June 30, 2017.
- As prescribed in clause (v) of sub rule 4 of the Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company also released an advertisement, which was published more than 21 days before the date of the AGM in English in 'Hindu Business Line' newspaper having country-wide circulation dated July 1, 2017 and in Tamil in 'Makkal Kural' newspaper dated July 1, 2017. The



notice published in the newspaper carried the required information as specified in sub rule 4(v) (a) to (h) of the said Rule 20.

- At the end of the voting period on July 27, 2017 at 5.00 P.M., the voting portal of the Service Provider was blocked forthwith.
- At the venue of the 20th AGM of the Company held on Friday, July 28, 2017, the facility to vote through Physical Ballot was provided to facilitate those members present in the meeting but who could not participate in the Remote E-voting to record their votes.
- After the voting at the AGM was concluded, two (2) ballot boxes kept for the purpose of casting of votes were locked in my presence with due identification marks placed by me. The locked ballot boxes were subsequently opened in my presence and in presence of two witnesses, as mentioned below, and ballot papers were diligently scrutinized. The ballot papers were reconciled with the records maintained by the Registrar and Transfer Agents of the Company and the authorizations / proxies lodged with the Company. The ballot paper, which were incomplete and / or which were otherwise found defective have been treated as invalid and kept separately.
- On July 28, 2017, after tabulating the votes conducted at the venue of the AGM through Physical Ballot, the votes cast through Remote E-voting facility were duly unblocked by me as a Scrutinizer in the presence of Mr. M R V Subrahmanyam and Mr. V Rajendra Prasad who acted as the witnesses, as prescribed in sub rule 4(xii) of the said Rule 20.
- Thereafter, I as a Scrutinizer duly compiled details of the Remote E-voting carried out by the Members and the voting done by Physical Ballot at the venue of the AGM, the details of which are as follows:

Details	Remote E-voting	Voting through Physical Ballot at AGM	Total voting
Number of members who cast their votes	486	19	505
Total number of Shares held by them	613,811,872	412,577,703	1,026,389,575



Valid votes	As per details provided under each one of the Resolution(s) mentioned hereunder
Abstained / Invalid Votes	As per details provided under each one of the Resolution(s) mentioned hereunder

**Note:**

1. Percentages of votes cast in favour or against the resolutions are calculated based on the Valid Votes cast through Remote E-voting and voting through Physical Ballot at the venue of the AGM.
2. Break up votes cast through remote e-voting and through voting at the meeting through physical ballot is given in a separate sheet attached.

**ORDINARY BUSINESS**

**I) Item No. 1 of the Notice (As an Ordinary Resolution):**

- a) To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2017 and the Reports of the Board of Directors and the Auditors thereon.
- b) To receive consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2017 and the Reports of the Auditors thereon.

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,018,057,772	99.999	211	0.001	8,331,592

**Item 1 of Notice stands passed with the requisite majority**



**II) Item no 2 of the Notice (As an Ordinary Resolution)**

**To declare dividend on Equity Shares**

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,018,406,283	99.999	522	0.001	7,982,770

Item 2 of the Notice stands passed with the requisite majority

**III) Item No. 3 of the Notice (As an Ordinary Resolution):**

**To appoint a Director in place of Mr. Chintamani Bhagat (DIN 07282200), who retires by rotation and being eligible offers himself for re-appointment**

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,013,470,773	99.531	4,779,497	0.469	8,139,305

Item 3 of the Notice stands passed with the requisite majority

**IV) Item No. 4 of the Notice (As an Ordinary Resolution):**

**To appoint Auditors and to fix their remuneration**

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,018,083,455	99.984	166,815	0.016	8,139,305

Item 4 of Notice stands passed with the requisite majority





SPECIAL BUSINESS

V) Item No. 5 of the Notice (As an Ordinary Resolution):

Appointment of Mr. Manish Kumar (DIN 07379535) as a Nominee Director representing the Government of India.

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,013,470,569	99.531	4,779,585	0.469	8,139,421

Item 5 of Notice stands passed with the requisite majority

VI) Item No. 6 of the Notice (As an Ordinary Resolution):

Appointment of Mr. Soumyajit Ghosh (DIN 07698741) as a Nominee Director representing the Government of India.

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,013,470,599	99.531	4,779,555	0.469	8,139,421

Item 6 of Notice stands passed with the requisite majority

VII) Item No. 7 of the Notice (As an Ordinary Resolution):

Appointment of Mr. Sunil Kakar (DIN 03055561) as a Director of the Company

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,005,217,011	98.705	13,189,673	1.295	7,982,891



Item 7 of Notice stands passed with the requisite majority

VIII) Item No. 8 of the Notice (As an Ordinary Resolution):

Appointment of Mr. Sunil Kakar (DIN 03055561) as Managing Director & CEO of the Company

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,004,986,955	98.682	13,419,729	1.318	7,982,891

Item 8 of Notice stands passed with the requisite majority

IX) Item No. 9 of the Notice (As a Special Resolution):

Reappointment of Mr. S S Kohli (DIN 00169907) as an Independent Director of the Company

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	
Total votes through Remote e-voting and voting at meeting through Physical Ballot	751,930,831	99.949	384,969	0.051	274,073,775

Item 9 of Notice stands passed with the requisite majority



**X) Item No. 10 of the Notice (As a Special Resolution):**

**Reappointment of Ms. Marianne Økland (DIN 03581266) as an Independent Director of the Company**

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,018,405,031	99.999	1,769	0.001	7,982,775

Item 10 of Notice stands passed with the requisite majority

**XI) Item No. 11 of the Notice (As a Special Resolution):**

**Offer and Issue of Non-Convertible Securities through Private Placement**

Manner of voting	Votes in favour of the resolution		Votes against the resolution		Invalid votes
	Nos.	%age	Nos.	%age	Nos.
Total votes through Remote e-voting and voting at meeting through Physical Ballot	1,017,419,737	99.903	986,863	0.097	7,982,975

Item 11 of Notice stands passed with the requisite majority

All the Resolutions mentioned in the AGM Notice dated June 24, 2017 as per the details above and as per the break up provided in the annexure attached stand passed under Remote E-voting and voting conducted at AGM through Physical Ballot paper with the requisite majority and hence deemed to be passed as on the date of the AGM.



A Compact Disc (CD) containing a list of equity shareholders who voted "FOR", "AGAINST" and those whose votes were declared "INVALID/ABSTAINED", for each resolution is being delivered to the Company Secretary separately.

I hereby confirm that I am maintaining the Registers received from the Service Provider both for votes cast through Remote E-voting and voting conduct at AGM by way of Physical Ballot means by the Members of the Company. All other relevant records relating to Remote E-voting and Physical Ballot voting is under my safe custody and will be handed over to the Company Secretary for safe keeping, after the Non-Executive Chairman signs the Minutes.

Thanking you,

Yours faithfully

For B.N. & Associates  
COMPANY SECRETARIES




CS B Narasimhan  
(Proprietor)  
(FCS no 1303 COP no 10440)



Place: Chennai

Date: July 28, 2017

The following were the witnesses to the unblocking the votes cast through Remote E-voting.

  
1. H.R.V. SUBRAHMANYAM

  
2. V. R. AJENDRA PRASAD.

I have received the report:

Signature 

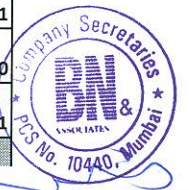
Signed by Mr. Ketan Kulkarni authorized  
by the Independent Non-Executive Chairman

Place: Chennai

Date: July 28, 2017

**Break up of voting done by the shareholders of IDFC Ltd on the matters placed for their approval at the 20th AGM held on July 28 2017**

Details	Ordinary/ Special	Res No	Mode of voting	TOTAL VOTES CAST		FAVOUR			AGAINST			VALID VOTES POLLED		Abstained Less/not voted/Invalid	
				No of Share holders	Total Shares	No of Share holders	Shares	% age	No of Share holders	Shares	% age	No of Share holders	shares	No Of Share Holders	Shares
Adoption of the audited financial statements (standalone and Consolidated) for the year ended 31, 2016 and the reports of the Board of Directors and Auditors thereon	Ordinary	1	Remote evoting	486	613811872	478	605480071	99.999	2	209	0.001	480	605480280	6	8331592
			Voting at AGM	19	412577703	18	412577701	100.000	1	2	0.000	19	412577703	0	0
			TOTAL	505	1026389575	496	1018057772	99.999	3	211	0.001	499	1018057983	6	8331592
To declare dividend on Equity Shares	Ordinary	2	Remote evoting	486	613811872	479	605828582	99.999	2	520	0.000	481	605829102	5	7982770
			Voting at AGM	19	412577703	18	412577701	100.000	1	2	0.000	19	412577703	0	0
			TOTAL	505	1026389575	497	1018406283	99.999	3	522	0.001	500	1018406805	5	7982770
To appoint a Director in place of Mr. Chintamani Bhagat, (DIN No. 07282200) who retires by rotation and being eligible offers himself for re-election	Ordinary	3	Remote evoting	486	613811872	469	600893072	99.211	8	4779495	0.789	477	605672567	9	8139305
			Voting at AGM	19	412577703	18	412577701	100.000	1	2	0.000	19	412577703	0	0
			TOTAL	505	1026389575	487	1013470773	99.531	9	4779497	0.469	496	1018250270	9	8139305
To appoint Auditors and fix their remuneration	Ordinary	4	Remote evoting	486	613811872	473	605505754	99.972	5	166813	0.028	478	605672567	8	8139305
			Voting at AGM	19	412577703	18	412577701	100.000	1	2	0.000	19	412577703	0	0
			TOTAL	505	1026389575	491	1018083455	99.984	6	166815	0.016	497	1018250270	8	8139305
Appointment of Mr. Manish Kumar (DIN 07379535) as a Nominee Director representing the Government of India	Ordinary	5	Remote evoting	486	613811872	466	600892866	99.211	10	4779585	0.789	476	605672451	10	8139421
			Voting at AGM	19	412577703	19	412577703	100.000	0	0	0.000	19	412577703	0	0
			TOTAL	505	1026389575	485	1013470569	99.531	10	4779585	0.469	495	1018250154	10	8139421
Appointment of Mr.Soumyajit (DIN 07698741) as a Nominee Director representing the Government of India	Ordinary	6	Remote evoting	486	613811872	466	600892896	99.211	10	4779555	0.789	476	605672451	10	8139421
			Voting at AGM	19	412577703	19	412577703	100.000	0	0	0.000	19	412577703	0	0
			TOTAL	505	1026389575	485	1013470599	99.531	10	4779555	0.469	495	1018250154	10	8139421



			No of Share	Total Shares	No of Share	Shares	% age	No of Share	Shares	% age	No of Share	shares	No Of Share	Shares	
Appointment of Mr. Sunil Kakar (DIN 03055561) as a Director of the Company	Ordinary	7	Remote evoting	486	613811872	465	592639308	97.823	14	13189673	2.177	479	605828981	7	7982891
			Voting at AGM	19	412577703	19	412577703	100.000	0	0	0.000	19	412577703	0	0
			TOTAL	505	1026389575	484	1005217011	98.705	14	13189673	1.295	498	1018406684	7	7982891
Appointment of Mr. Sunil Kakar (DIN 03055561) as Managing Director & CEO of the Company	Ordinary	8	Remote evoting	486	613811872	463	592409252	97.785	16	13419729	2.215	479	605828981	7	7982891
			Voting at AGM	19	412577703	19	412577703	100.000	0	0	0.000	19	412577703	0	0
			TOTAL	505	1026389575	482	1004986955	98.682	16	13419729	1.318	498	1018406684	7	7982891
Reappointment of Mr. S S Kohli (DIN 00169907) as an Independent Director of the Company	Special	9	Remote evoting	486	613811872	467	600753128	99.936	12	384969	0.064	479	601138097	7	12673775
			Voting at AGM	19	412577703	18	151177703	100.000	0	0	0.000	18	151177703	1	261400000
			TOTAL	505	1026389575	485	751930831	99.949	12	384969	0.051	497	752315800	8	274073775
Reappointment of Ms. Marianne Okland (DIN 03581266) as an Independent Director of the Company.	Special	10	Remote evoting	486	613811872	472	605827328	99.999	8	1769	0.001	480	605829097	6	7982775
			Voting at AGM	19	412577703	19	412577703	100.000	0	0	0.000	19	412577703	0	0
			TOTAL	505	1026389575	491	1018405031	99.999	8	1769	0.001	499	1018406800	6	7982775
Offer and Issue of Non Convertible Securities through Private Placement	Special	11	Remote evoting	486	613811872	463	604842036	99.837	17	986861	0.163	480	605828897	6	7982975
			Voting at AGM	19	412577703	18	412577701	100.000	1	2	0.000	19	412577703	0	0
			TOTAL	505	1026389575	481	1017419737	99.903	18	986863	0.097	499	1018406600	6	7982975

Note. Voting at AGM was done through physical ballots



Date of the AGM/EGM	IDFC LIMITED
Total number of shareholders on record date	28-07-2017
No. of shareholders present in the meeting either in person or through proxy:	459204
Promoters and Promoter Group:	0
Public:	1586
No. of Shareholders attended the meeting through Video Conferencing	
Promoters and Promoter Group:	Not Applicable
Public:	Not Applicable

Resolution No.	1							
Resolution required: (Ordinary/ Special)	ORDINARY - To receive, consider and adopt: a. the audited financial statements of the Company for the financial year ended March 31, 2017 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, 2017 and the Report of the Auditors thereon.							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0.0000
Public- Institutions	E-Voting	1117757098	531555342	47.5555	531555342	0	100.0000	0.0000
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944101331	84.4639	944101331	0	100	0
Public- Non Institutions	E-Voting	478197468	73924938	15.4591	73924729	209	99.9997	0.0002
	Poll		31714	0.0066	31712	2	99.9936	0.0063
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73956652	15.4657	73956441	211	99.9997	0.0003
Total	1595954566	1018057983	63.7899	1018057772	211	99.9999	0.0001	

Resolution No.	2							
Resolution required: (Ordinary/ Special)	ORDINARY - To declare dividend on equity shares of the company							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0.0000
Public- Institutions	E-Voting	1117757098	531904124	47.5867	531904124	0	100.0000	0.0000
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	944450113	0	100	0
Public- Non Institutions	E-Voting	478197468	73924978	15.4591	73924458	520	99.9992	0.0007
	Poll		31714	0.0066	31712	2	99.9936	0.0063
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73956692	15.4657	73956170	522	99.9993	0.0007
Total	1595954566	1018406805	63.8118	1018406283	522	99.9999	0.0001	



Resolution No.	3							
Resolution required: (Ordinary/ Special)	ORDINARY - To appoint a director in place of Mr. Chintaman Bhagat (DIN: 07282200), who retires by rotation and being eligible, offers himself for reappointment							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - In favour (4)	No. of Votes - against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0
Public- Institutions	E-Voting	1117757098	531904124	47.5867	527125988	4778136	99.1016	0.8983
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	939671977	4778136	99.4941	0.5059
Public- Non Institutions	E-Voting	478197468	73768443	15.4264	73767084	1359	99.9981	0.0018
	Poll		31714	0.0066	31712	2	99.9936	0.0063
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73800157	15.433	73798796	1361	99.9982	0.0018
Total		159594566	1018250270	63.8020	1013470773	4779497	99.5306	0.4694

Resolution No.	4							
Resolution required: (Ordinary/ Special)	ORDINARY - To appoint Auditors and to fix their remuneration.							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - In favour (4)	No. of Votes - against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0
Public- Institutions	E-Voting	1117757098	531904124	47.5867	531738020	166104	99.9687	0.0312
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	944284009	166104	99.9824	0.0176
Public- Non Institutions	E-Voting	478197468	73768443	15.4264	73767734	709	99.9990	0.0009
	Poll		31714	0.0066	31712	2	99.9936	0.0063
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73800157	15.433	73799446	711	99.999	0.001
Total		1595954566	1018250270	63.8020	1018083455	166815	99.9836	0.0164





Resolution No.	5								
Resolution required: (Ordinary/ Special)	ORDINARY - Appointment of Mr. Manish Kumar (DIN: 07379535) as a Nominee Director representing Government of India								
Whether promoter/ promoter group are interested in the agenda/resolution?	No								
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes - In favour (4)	No. of Votes - against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000	
	Poll		0	0.0000	00	0	0.0000	0.0000	
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000	
	Total		0	0.0000	00	0	0.0000	0.0000	
Public- Institutions	E-Voting	1117757098	531904124	47.5867	527125988	4778136	99.1016	0.8983	
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000	
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000	
	Total		944450113	84.4951	939671977	4778136	99.4941	0.5059	
Public- Non Institutions	E-Voting	478197468	73768327	15.4263	73766878	1449	99.9980	0.0019	
	Poll		31714	0.0066	31714	0	100.0000	0.0000	
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000	
	Total		73800041	15.4329	73798622	1449	99.9981	0.0019	
	Total		1595954566	1018250154	63.8020	1013470569	4779585	99.5306	0.4694

Resolution No.	6								
Resolution required: (Ordinary/ Special)	ORDINARY - Appointment of Mr. Soumyajit Ghosh (DIN: 07698741) as a Nominee Director representing Government of India								
Whether promoter/ promoter group are interested in the agenda/resolution?	No								
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes - In favour (4)	No. of Votes - against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000	
	Poll		0	0.0000	00	0	0.0000	0.0000	
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000	
	Total		0	0.0000	00	0	0.0000	0.0000	
Public- Institutions	E-Voting	1117757098	531904124	47.5867	527125988	4778136	99.1016	0.8983	
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000	
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000	
	Total		944450113	84.4951	939671977	4778136	99.4941	0.5059	
Public- Non Institutions	E-Voting	478197468	73768327	15.4263	73766908	1419	99.9980	0.0019	
	Poll		31714	0.0066	31714	0	100.0000	0.0000	
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000	
	Total		73800041	15.4329	73798622	1419	99.9981	0.0019	
	Total		1595954566	1018250154	63.8020	1013470569	4779585	99.5306	0.4694



Resolution No.		7						
Resolution required: (Ordinary/ Special)		ORDINARY - Appointment of Mr. Sunil Kakar (DIN: 03055561) as a Director of the Company						
Whether promoter/ promoter group are interested in the agenda/resolution?		No						
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]* 100	% of Votes against on votes polled (7)=[(5)/(2)]* 100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0.0000	00	0	0.0000	0.0000
Public- Institutions	E-Voting	1117757098	531904124	47.5867	518715810	13188314	97.5205	2.4794
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	931261799	13188314	98.6036	1.3964
Public- Non Institutions	E-Voting	478197468	73924857	15.4591	73923498	1359	99.9981	0.0018
	Poll		31714	0.0066	31714	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73956571	15.4657	73955212	1359	99.9982	0.0018
Total		1595954566	1018406684	63.8118	1005217011	13189673	98.7049	1.2951

Resolution No.		8						
Resolution required: (Ordinary/ Special)		ORDINARY - Appointment of Mr. Sunil Kakar (DIN: 03055561) as Managing Director & CEO						
Whether promoter/ promoter group are interested in the agenda/resolution?		No						
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]* 100	% of Votes against on votes polled (7)=[(5)/(2)]* 100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0.0000	00	0	0.0000	0.0000
Public- Institutions	E-Voting	1117757098	531904124	47.5867	518486074	13418050	97.4773	2.5226
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	931032063	13418050	98.5793	1.4207
Public- Non Institutions	E-Voting	478197468	73924857	15.4591	73923178	1679	99.9977	0.0022
	Poll		31714	0.0066	31714	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73956571	15.4657	73954892	1679	99.9977	0.0023
Total		1595954566	1018406684	63.8118	1004986955	13419729	98.6823	1.3177



Resolution No.	9							
Resolution required: (Ordinary/ Special)	SPECIAL - Reappointment of Mr. S. S. Kohl (DIN: 00169907) as an Independent Director of the Company							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0.0000
Public- Institutions	E-Voting	1117757098	527218124	47.1675	526835324	382800	99.9273	0.0726
	Poll		151145989	13.5223	151145989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		678364113	60.6898	677981313	382800	99.9436	0.0564
Public- Non Institutions	E-Voting	478197468	73919973	15.4580	73917804	2169	99.9970	0.0029
	Poll		31714	0.0066	31714	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73951687	15.4646	73949518	2169	99.9971	0.0029
Total	1595954566	752315800	47.1369	751930831	384969	99.9488	0.0512	

Resolution No.	10							
Resolution required: (Ordinary/ Special)	SPECIAL - Reappointment of Ms. Marianne Økland (DIN: 03581266) as an Independent Director of the Company							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes In favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0.0000
Public- Institutions	E-Voting	1117757098	531904124	47.5867	531904124	0	100.0000	0.0000
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	944450113	0	100	0
Public- Non Institutions	E-Voting	478197468	73924973	15.4591	73923204	1769	99.9976	0.0023
	Poll		31714	0.0066	31714	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73956687	15.4657	73954918	1769	99.9976	0.0024
Total	1595954566	1018406800	63.8118	1018405031	1769	99.9998	0.0002	

Resolution No.	11							
Resolution required: (Ordinary/ Special)	SPECIAL - Offer and Issue of Non-Convertible Securities through Private Placement							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – In favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	0	0	0.0000	00	0	0.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		0	0	0	0	0	0.0000
Public- Institutions	E-Voting	1117757098	531904124	47.5867	530919549	984575	99.8148	0.1851
	Poll		412545989	36.9084	412545989	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		944450113	84.4951	943465538	984575	99.8958	0.1042
Public- Non Institutions	E-Voting	478197468	73924773	15.4590	73922487	2286	99.9969	0.0030
	Poll		31714	0.0066	31712	2	99.9936	0.0063
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		73956487	15.4656	73954199	2288	99.9969	0.0031
Total	1595954566	1018406800	63.8118	1017419732	986863	99.9031	0.0969	





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A large, isometric graphic of a cube-like structure composed of smaller, interconnected cubes. The top surfaces of several cubes are highlighted in different colors: purple, yellow, red, and orange, matching the IDFC logo colors. The rest of the cubes are a light gray with a subtle gradient and shadow effect, giving a three-dimensional appearance.

**TWENTIETH  
ANNUAL REPORT  
2016 - 2017**

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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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COMPANY**

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INFRASTRUCTURE  
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**IDFC  
FOUNDATION**

# AWARDS & RECOGNITION

## IDFC SECURITIES

The Highest  
Standard of  
Excellence, Across the Globe  
The Thomson Reuters  
Analyst Awards

Research Team  
ranked 7<sup>th</sup>  
in the Institutional  
Investor List

## IDFC AMC

Best Brand /  
Product website  
IAMAI Digital Awards

'Best User  
Experience'  
Creative Abby Awards

'Best Brand /  
Product Microsite'  
Creative Abby Awards

**IDFC BANK**

**Excellence in  
Social Media-  
People Practices**  
SHRM India HR Awards

**Brandon Hall Group  
Gold Award 2016**

**Best  
Innovative Bank**  
At Digi-dhan Mela

**Visual  
Merchandising  
& Retail Design  
Award**

**One  
of the Most  
Beautiful Brand Identities  
in Banking**  
The Financial  
Brand

**National  
Payments Excellence  
Awards 2016**

**L&D League  
Awards 2016**  
People Matters

**Innovator & Disruptor  
in HR Technology**  
by SHRM

**Finnoviti  
Awards 2017**

**#Banking Nibhao  
wins Effies 2016**

**Innovative  
microATM Award**  
Business mobility  
summit 2016

**Best  
Simulation  
Solution & Best Training  
Initiative for Banking Sector**  
BY World HRD  
Congress

**Domestic  
Bond Award Honour**  
by IFR Asia

**Bharat Banking  
services recognised** by  
Telengana & Andhra Pradesh  
Local Government





## CHAIRMAN'S STATEMENT



The global and local macroeconomic environment saw significant events in FY17. Events such as BREXIT and President Trump's election created an impact on global economic activity. In India the demonetisation of ₹ 1,000 and ₹ 500 denomination currency notes, was a key initiative by the Government. Though this caused inconvenience and distress to many people, the general public accepted it stoically and even seemed to support the announcement. While it was claimed that demonetisation had slowed down growth, it needs to be acknowledged that growth had begun to decelerate in the first two quarters of FY17. The Central Statistical Organisation ("CSO") has put the advance estimate for real Gross Value Added growth in FY17 at

6.7%. This is lower than 7.8% achieved in FY16. The trajectory of headline CPI inflation remained southbound for most part of FY17. In April 2016, headline CPI was at 5.5% and it moderated to 3.7% in February 2017. Led by a surge in the low cost current and savings accounts with the banking sector on account of demonetization, monetary policy transmission was stronger in the second half of FY17. Banks dropped their term deposit rates, thereby creating space for a reduction in the marginal cost of funds based lending rates ("MCLR"). The 1-year median MCLR declined by 70bps post November 2016 (with no reduction in Repo rate), against a decline of just about 15bps during April-October 2016 (with 50bps reduction in Repo rate). Asset quality

continued to deteriorate for the banking sector in 2016-17. The GNPA (gross non-performing advances) ratio of Scheduled Commercial Banks increased to 9.1% in September 2016 from 7.8% in March 2016, pushing the overall stressed advances ratio to 12.3% in September 2016 from 11.5% in March 2016. The large borrowers registered significant deterioration in their asset quality. Government of India and RBI have taken certain steps to reduce and resolve the stress levels in the banking system. The Current Account Deficit ("CAD") remained comfortable with the first three quarters of FY17 showing a deficit of 0.7% CAD/GDP. On a comparative basis, in a similar period in FY16, the CAD was at 1.4% of GDP. Hence we believe domestic macro-economic conditions continue

to be stable, with inflation coming down, CAD being largely under control and the government meeting its fiscal deficit target. Given that private capital expenditure shows little scope of improvement in the near term, we hope to see higher government investment expenditure to drive further growth in economic activity.

In the last few years, India has taken several steps to ensure long term economic growth. Long term economic progress is possible only with a strong policy framework and we have seen numerous positive steps underway to build the same. Recent policy amendments including the implementation of GST, implementation of the bankruptcy code and the banking sector reforms are being seen as big drivers of the economy, while the demonetization drive was a bold political move. Also, India being a young country, with over 600 million people under the age of 35 years, provides us with a great demographic advantage. This huge population, powered with digital connectivity and technological innovation is proving to be a formidable force in driving the nation forward.

In the backdrop of a thriving domestic economy, we have taken our mandate to form a stronger and more relevant 'Bank of Now' for the masses. In the last eighteen months of operations, IDFC Bank has acquired an active customer base of approx. 14 lacs. It's spreading its wings both digitally and through 'Points of Presence', catering to 20 states, 150 districts and 33,000 villages in rural India, including the North-East. The strong and steady progress of this new age Bank is a testament of the perseverance and commitment of our dedicated work force. Ours is the only Bank that allows smart-phone customers with Aadhaar cards to open a Savings or Fixed Deposit Account through a completely digital process (without paperwork) within 4 minutes.

The Mutual Fund industry has shown a clear surge in AUM especially in the last twelve months. A healthy trend is the substantial increase in retail investors through Systematic Investment Plans (SIPs). Overall, mutual fund AUM climbed to ₹ 19.3 trn and equity to ₹ 5 trn in April 2017, both new highs. This rally has been further boosted by FII flows. Riding the wave of positivity, IDFC AMC has seen good traction in the last year; we hold the 10<sup>th</sup> rank in the industry in terms of AUM. The company has launched several new products, increased distribution width and partner engagement, pushed for technological innovations to better service customers and has been hiring key talent. The efforts of the fund house have been recognized through various awards and recognitions.

IDFC Alternatives, the alternative asset management business of IDFC has been very active both in terms of new investments, as also exiting some of its prior investments resulting in good returns for investors. The company has raised funds both in the Private Equity and Real Estate verticals. The Infrastructure vertical has been focused on building the roads and renewable energy platforms. It has also forayed into the 'Start-up' investing space with anchor commitment to the 'IDFC Parampara' Fund.

Our institutional broking business - IDFC Securities, has delivered strong performance during the year. It has increased its global outreach, increasing market share across domestic and foreign institutional clients. It was involved in several marquee capital market transactions and has received various accolades from leading institutional investor surveys for its equity research and distribution capabilities.

IDFC Infrastructure Finance Ltd., which provides loans to operational infrastructure projects that have completed one year post construction,

has been steadily building its business. The Company has established a strong risk management practice and conducts regular reviews of all project assets.

Overall, all our businesses are doing well and remain on track to achieving the long-term business goals and aspirations. The Bank will further expand to service both corporate and retail customers in urban communities as well as the rural household with equal focus. Given its digital and technology focus, the bank will keep innovating to drive the financial inclusion and digital agenda of the government. IDFC AMC is poised for faster growth, expanding both products, distribution and new businesses for customers. Our Institutional Securities business will focus on further growing market share and our infrastructure lending business will focus on disciplined growth in refinancing operating infrastructure assets.

To conclude, on behalf of the IDFC Group, I wish to put on record our sincere appreciation for the long association and valuable services rendered by the outgoing Managing Director & CEO, Mr. Vikram Limaye during his tenure upto July 15, 2017, with the Company. I am confident that Mr. Sunil Kakar, the new Managing Director & CEO will take IDFC to greater heights.

We continue to be committed towards creating value for all our stakeholders and adhering to the highest standards of corporate governance. I wish to thank you all for your trust and continued support.



**Vinod Rai**

Independent Non-Executive Chairperson



# COMPANY INFORMATION

## BOARD OF DIRECTORS

**MR. VINOD RAI**

Independent Non-Executive Chairperson

**MR. GAUTAM KAJI**

Independent Director

**MR. S. S. KOHLI**

Independent Director

**MR. DONALD PECK**

Independent Director

**MS. MARIANNE ØKLAND**

Independent Director

**MRS. SNEHLATA SHRIVASTAVA**

Nominee-Government of India  
(Till November 29, 2016)

**MR. MANISH KUMAR**

Nominee-Government of India  
(w.e.f. January 11, 2017)

**MR. SOUMYAJIT GHOSH**

Nominee-Government of India  
(w.e.f. January 11, 2017)

**MR. CHINTAMANI BHAGAT**

Nominee-Domestic & Foreign  
Institutional Shareholders

**MR. VIKRAM LIMAYE**

Managing Director & CEO  
(Till July 15, 2017)

**MR. SUNIL KAKAR**

Managing Director & CEO  
(w.e.f. July 16, 2017)

## OFFICES

### REGISTERED OFFICE

#### CHENNAI

KRM Tower, 7<sup>th</sup> Floor,  
No. 1 Harrington Road, Chetpet,  
Chennai 600 031, Tamil Nadu, India.  
TEL : +91 44 4564 4000  
FAX : +91 44 4564 4022

### 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 2654 0354

## CORPORATE INFORMATION

CIN: L65191TN1997PLC037415  
[www.idfc.com](http://www.idfc.com)  
[info@idfc.com](mailto:info@idfc.com)

### COMPANY SECRETARY

Mr. Ketan S. Kulkarni

### PRINCIPAL BANKER

IDFC Bank Limited

### STATUTORY AUDITORS

Deloitte Haskins & Sells LLP  
Chartered Accountants

### REGISTRAR AND SHARE TRANSFER AGENT

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](mailto:einward.ris@karvy.com)



# BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report on the business and operations of the Company together with the audited financial statements for the financial year ended March 31, 2017.

## OPERATIONS REVIEW

During FY16, your Company transferred its financing undertaking into IDFC Bank Limited ("**IDFC Bank**") effective October 1, 2015, post receipt of approval from Hon'ble High Court of Madras to demerger scheme and on fulfilment of all conditions mentioned in the demerger scheme and receipt of Universal Banking License by IDFC Bank.

From October 1, 2015, your Company is operating as NBFC – Investment Company, mainly holding investment in IDFC Financial Holding Company Limited ("**IDFC FHCL**") (Non Operative Financial Holding Company), which in turn holds investments in IDFC Bank, IDFC Asset Management Company Limited, IDFC Alternatives Limited, IDFC Securities Limited and IDFC Infrastructure Finance Limited (formerly IDFC Infra Debt Fund Limited).

During the year under review, IDFC Limited ("**IDFC**" or "**the Company**") infused additional equity in IDFC FHCL which has been dealt with in detail in the paragraph on Subsidiary companies.

Balance sheet size increased from ₹ 9,620 crore as at March 31, 2016 to ₹ 9,878 crore as at March 31, 2017. Profit After Tax for the year was ₹ 55.75 crore as compared to loss of ₹ 1,162.14 crore in previous year ended March 31, 2016. Net worth of the Company as at March 31, 2017 was ₹ 9,650 crore as compared to ₹ 9,589 crore as at March 31, 2016.

During the year, the Company transferred ₹ 11.20 crore to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934. The details of amount transferred to reserves are given in note no. 5 of the notes forming part of standalone financial statements.

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 Annual Report.

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
<b>Domestic Subsidiaries</b>			
i.	IDFC Financial Holding Company Limited	Direct Subsidiary	100
ii.	IDFC Foundation (a Company within the meaning of Section 8 of the Act)	Direct Subsidiary	100
iii.	IDFC Projects Limited	Direct Subsidiary	100
iv.	IDFC Bank Limited	Indirect Subsidiary through IDFC FHCL	52.88
v.	IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	Indirect Subsidiary through IDFC Bank	52.88
vi.	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	Indirect Subsidiary through IDFC FHCL	81.48
vii.	IDFC Alternatives Limited	Indirect Subsidiary through IDFC FHCL	100
viii.	IDFC Trustee Company Limited	Indirect Subsidiary through IDFC FHCL	100
ix.	IDFC Securities Limited	Indirect Subsidiary through IDFC FHCL	100
x.	IDFC Asset Management Company Limited	Indirect Subsidiary through IDFC FHCL	100
xi.	IDFC AMC Trustee Company Limited	Indirect Subsidiary through IDFC FHCL	100
<b>Foreign Subsidiaries</b>			
i.	IDFC Capital (Singapore) Pte. Limited	Indirect Subsidiary through IDFC Alternatives	100
ii.	IDFC Securities Singapore Pte. Limited	Indirect Subsidiary through IDFC Securities	100
iii.	IDFC Capital (USA) Inc.	Indirect Subsidiary through IDFC Securities	100
iv.	IDFC Investment Managers (Mauritius) Ltd.	Indirect Subsidiary through IDFC AMC	100

## DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.25 per equity share of ₹ 10 each (i.e. 2.5%) for the year ended March 31, 2017.

The Register of Members and Share Transfer Books will remain closed from July 22, 2017 to July 28, 2017 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2017.

Dividend will be paid to those Members whose names appear in the Register of Members as on July 21, 2017. In respect of shares held in dematerialised form, it will be paid to those Shareholders whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

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

## DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), IDFC has 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](http://www.idfc.com/investor_relations/corporate_governance_policies.htm).

## SUBSIDIARY COMPANIES

The Company has eleven domestic direct / indirect subsidiaries and four foreign indirect subsidiaries, as on March 31, 2017, details of which are given in **Table 1**.

During the year under review, the following changes took place in the group corporate structure of your Company:

### 1. Merger of IDFC Finance Limited with IDFC Projects Limited

A petition was filed with the Hon'ble High Court of Judicature at Bombay on July 1, 2016 for the merger of IDFC Finance Limited with IDFC Projects Limited, which was approved by the Hon'ble High Court vide its Order dated November 18, 2016.

The said merger became effective from April 1, 2016.

### 2. Acquisition of Stake in IDFC Bharat Limited by IDFC Bank

On October 13, 2016, IDFC Bank acquired 100% equity stake of Grama Vidiyal Micro Finance Limited (now renamed as IDFC Bharat Limited) making it a wholly owned subsidiary of IDFC Bank.

In view of the acquisition, IDFC Bharat Limited ("IDFC Bharat") surrendered its NBFC-MFI Licence issued by the Reserve Bank of India

("RBI") and has discontinued its micro finance business. IDFC Bharat is presently acting as a Business Correspondent to IDFC Bank for distribution of the products of IDFC Bank.

### 3. Acquisition of Stake of Natixis Global Asset Management in IDFC Asset Management Company Limited ("IDFC AMC") and IDFC AMC Trustee Company Limited ("IDFC AMC Trustee")

IDFC FHCL, wholly owned subsidiary of IDFC held approximately 75% equity stake of IDFC AMC and IDFC AMC Trustee and the balance stake (approximately 25%) was held by Natixis Global Asset Management ("NGAM"). In March 2017, IDFC FHCL acquired the stake held by NGAM in both IDFC AMC and IDFC AMC Trustee, thereby making them its wholly owned subsidiaries.

To give effect to the aforesaid transaction with NGAM, IDFC infused funds in IDFC FHCL by subscribing to the equity shares of IDFC FHCL at par.

## JOINT VENTURES

IDFC Foundation, a Section 8 Company within the meaning of the Companies Act, 2013 ("Act") and a wholly owned subsidiary of the Company has following three Joint Ventures:

- Delhi Integrated Multi-Modal Transit System Limited ("DIMTS")
- Infrastructure Development Corporation (Karnataka) Limited ("iDeCK")
- Uttarakhand Infrastructure Development Company Limited ("UDeC") - under liquidation

Additionally, iDeCK has one Joint Venture - Rail Infrastructure Development Company (Karnataka) Limited.

## ASSOCIATES

IDFC Bank has two associate companies namely Feedback Infra

Private Limited and Millennium City Expressways Private Limited.

In addition, IDFC Projects Limited, a wholly owned subsidiary of the Company, has one associate company namely Jetpur Somnath Tollways Private Limited.

## CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of IDFC 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 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](http://www.idfc.com).

Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources and IDFC Foundation activities, has been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 10 employees as on March 31, 2017 and 4,294 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 1,920,902 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, 2017, the total paid up capital of IDFC was 1,595,941,570 equity shares of ₹ 10/- each.

## EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced 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 Company has used the intrinsic value method to account for the compensation cost of stock 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.

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

## **MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE**

In compliance with the provisions of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information form 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](http://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 Secretary of the Company by sending an e-mail on [ketan.kulkarni@idfc.com](mailto:ketan.kulkarni@idfc.com).

## **PUBLIC DEPOSITS**

During FY17, 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 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 behaviour, 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 Vigil Mechanism are posted on the website of the Company: [www.idfc.com](http://www.idfc.com)

## **FOREIGN EXCHANGE**

There were no foreign exchange earnings during the year. The particulars regarding foreign exchange expenditure are furnished at Item No. 26 in the Notes forming part of the Standalone Financial Statements.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

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

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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 and being eligible, offers himself for reappointment.

During the year, Mrs. Snehlata Shrivastava (DIN: 06478173) who was on the Board of the Company as a nominee of the Government of India, resigned as a Director w.e.f. November 29, 2016. The Board places on record its sincere appreciation for the valuable contribution and services rendered by her.

The Ministry of Finance nominated Mr. Soumyajit Ghosh (DIN: 07698741) and Mr. Manish Kumar (DIN: 07379535) as Nominees of the Government of India on the Board of IDFC. Based on the recommendation of NRC, the said Directors were appointed by the Board as Additional Directors in the category of Nominee Directors w.e.f. January 11, 2017. Their appointment is up to the conclusion of the ensuing AGM. Accordingly, the approval of Shareholders is sought for their appointment at the ensuing AGM.

Mr. S. S. Kohli (DIN: 00169907) and Ms. Marianne Økland (DIN: 03581266) were appointed as Directors in the category of Independent Director ("ID") to hold office till the conclusion of the ensuing AGM. Considering that their continued association would be of immense benefit to the Company,



the Board of Directors, based on recommendation of NRC approved the reappointment of Mr. S. S. Kohli and Ms. Marianne Økland as Directors of the Company in the category of ID, for a period of two years, to hold office from the conclusion of the ensuing AGM till the conclusion of the 22<sup>nd</sup> AGM to be held for FY19. Approval of Shareholders is sought for the reappointment of Mr. S. S. Kohli and Ms. Marianne Økland at the ensuing AGM.

The Board of Directors of National Stock Exchange of India Limited (“NSE”) at its meeting held in January 2017 selected Mr. Vikram Limaye as Managing Director & CEO of NSE, subject to approval of SEBI and Shareholders of NSE. The Shareholders of NSE accorded their approval in March 2017 and in June 2017, SEBI granted conditional approval for the said appointment of Mr. Limaye, subject to he being relieved from the Committee of Administrators of the Board of Control for Cricket in India (“BCCI”). The said appointment of Mr. Limaye on the Committee of Administrators of the BCCI was as per the Order passed by the Hon’ble Supreme Court of India in January 2017. The Hon’ble Supreme Court will reopen after vacation in first week of July 2017 and it is expected that it would grant its approval for relieving him by July 14, 2017. In view of the same, Mr. Vikram Limaye has tendered his resignation from the Board of IDFC as Managing Director & CEO with effect from July 15, 2017.

The Board of Directors of IDFC at its meeting held on June 24, 2017 took note of the resignation of Mr. Vikram Limaye as Managing Director & CEO of the Company w.e.f. July 15, 2017. Mr. Vikram Limaye has been associated with IDFC since 2005. He joined the Board of IDFC as a Whole-time Director in 2008 and took over the post of Managing Director & CEO of the Company in May 2013. He was pivotal in the

growth and development of various business verticals of IDFC Group, including Mutual Fund, Institutional Broking, Investment Banking, Alternatives Business, etc. and was also instrumental in establishing the IDFC Brand. He also played a very vital role in setting up of IDFC Bank. The Company places on record its gratitude for the immense contribution made by Mr. Limaye during his tenure with IDFC Group.

The Board of the Company had earlier met in February 2017 to discuss about the probable candidate in place of Mr. Vikram Limaye to be appointed as Managing Director & CEO of the Company. After taking into consideration the views of all the Directors, the Board was of the opinion that an internal candidate who is well conversant not only with the existing businesses but also with the people, policies, procedures and work culture would be a better choice to avoid any incoherence. Accordingly, the NRC and the Board, at their meetings held on June 24, 2017, recommended the appointment of Mr. Sunil Kakar, who is currently Chief Financial Officer (“CFO”) of IDFC Bank, as the Managing Director & CEO of IDFC for a period of three years with effect from July 16, 2017. The appointment is subject to the approval of the Shareholders, on the terms and conditions as set out in the Notice of ensuing AGM circulated along with this Report. Mr. Kakar was the former CFO of IDFC, before setting up of IDFC Bank and is well acquainted with the group and subsidiary businesses. A brief profile of Mr. Kakar is set out in the Exhibit to Notice of the ensuing AGM. Consequently, Mr. Sunil Kakar will resign as CFO of IDFC Bank.

The Board recommends the appointment / reappointment of the above Directors at the ensuing AGM.

## DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules 2014, for holding the position of ID and that they shall abide by the “Code for Independent Directors” as per Schedule IV of the Act.

## SPECIAL BUSINESS

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

- a. Appointment of Mr. Manish Kumar (DIN: 07379535), as Nominee Director.
- b. Appointment of Mr. Soumyajit Ghosh (DIN: 07698741) as Nominee Director.
- c. Appointment of Mr. Sunil Kakar (DIN: 03055561) as a Director of the Company.
- d. Appointment of Mr. Sunil Kakar (DIN: 03055561) as Managing Director & CEO of the Company.
- e. Reappointment of Mr. S. S. Kohli (DIN: 00169907) as an ID.
- f. Reappointment of Ms. Marianne Økland (DIN: 03581266) as an ID.
- g. Offer and Issuance of Non-Convertible Securities through Private Placement basis.

## BOARD AND ITS COMMITTEES

During the year, 7 (seven) Board Meetings and 4 (four) Audit Committee Meetings were held.

Audit Committee comprises of Mr. Gautam Kaji (DIN: 02333127) - Chairperson, Mr. Vinod Rai (DIN: 01119922) and Ms. Marianne Økland (DIN: 03581266).

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 Chairperson, 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 ("NRC") / 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 their approval.

## **AUDITORS STATUTORY AUDITORS**

In terms of Section 139(2) of the Act, all listed companies are required to mandatorily rotate their auditors once they have served office as an auditor for a consecutive period of 10 years or more. A moratorium period of three years is provided, which has ended on March 31, 2017. The term of Deloitte Haskins & Sells LLP, Chartered Accountants ("DHS") (Registration No. 117366W / W-100018), the Statutory Auditors of the Company, will end at the ensuing AGM. DHS, the retiring auditors, have completed their term of 10 years and a new audit

firm is proposed to be appointed from FY18 onwards.

The Board of Directors of the Company at their meeting held on January 31, 2017 appointed Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E/ E300009) ("PWC") as Statutory Auditors of the Company. The approval of the Shareholders is requested, by passing an Ordinary Resolution, to appoint PWC as Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of the ensuing AGM till the conclusion of AGM to be held for FY22. The Company has received a certificate from PWC to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Act.

The Board recommends the appointment of PWC at the ensuing AGM.

## **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 FY17. The Secretarial Audit Report is appended as **Annexure 3**.

There are no qualifications or observations or other remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

## **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 i.e. KPMG, along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

KPMG 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. Our Company has Board approved Group Operational Risk Management Policy which endeavours 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 FY17 and the date of the Board's report.

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

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

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

During the period 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.

## **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the applicable provisions of the Act, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government and no claim shall lie against the Company once such unpaid / unclaimed amounts are transferred by the Company.

Accordingly, an amount of ₹ 1,712,540 being unclaimed / unpaid dividend for FY09 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the IEPF.

The Company regularly updates the details of unclaimed / unpaid dividend

on the Company's website (www.idfc.com) and on Ministry of Corporate Affairs ("MCA") website (www.mca.gov.in).

Further, the unclaimed / unpaid dividend amount pertaining to the FY10 will be transferred to IEPF during FY18.

## **TRANSFER OF SHARES TO IEPF**

The MCA has notified the IEPF Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 and the amendments thereto ("the Rules"). As per the Rules, all the shares in respect of which dividend has remained unpaid / unclaimed by the Shareholders for a period of seven consecutive years or more shall be transferred in the name of IEPF. The Company had already sent communication to the Shareholders in December, 2016 and April, 2017 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 FY10 are requested to contact Karvy Computershare Private Limited ("Karvy"), Registrar & Share Transfer Agent and submit requisite documents to Karvy or the Company, failing which the Company will be constrained to transfer the shares to IEPF as per the Rules.

## **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:

- that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper

explanation relating to material departures, if any;

- that such accounting policies have been selected and applied consistently and judgement 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, 2017 and of the profit of the Company for the year ended on that date.

- 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;

- that the annual financial statements have been prepared on a going concern basis;

- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

- 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 actively participating in the Green Initiative.

## **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in the prescribed Form No. MGT 9 is appended as **Annexure 4**.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility Committee comprises of Mr. Vikram Limaye (DIN: 00488534) Chairperson, Mr. Donald Peck (DIN: 00140734) and Mr. S. S. Kohli (DIN: 00169907).

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](http://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.

## **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 Chairperson

Mumbai,  
June 24, 2017

**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 THE SUBSIDIARY COMPANIES	DATE SINCE WHEN SUBSIDIARY ACQUIRED / INCORPORATED	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Alternatives Limited	November 7, 2002	0.22	329.02	374.08	44.84
	(Previous Year)		0.22	309.98	359.54	49.34
2	IDFC AMC Trustee Company Limited	May 30, 2008	0.05	0.10	0.16	0.01
	(Previous Year)		0.05	0.05	0.14	0.04
3	IDFC Asset Management Company Limited	May 30, 2008	2.68	220.73	276.31	52.90
	(Previous Year)		2.68	123.45	278.45	152.32
4	IDFC Capital (Singapore) Pte. Ltd.**	January 2, 2008	246.22	(48.98)	197.51	0.27
	(Previous Year)		246.22	(43.57)	203.00	0.35
5	IDFC Capital (USA) Inc.**	August 3, 2009	4.62	1.53	6.29	0.14
	(Previous Year)		4.62	1.65	6.66	0.39
6	IDFC Finance Limited	September 4, 2008	-	-	-	-
	(Previous Year)		21.00	2.42	23.44	0.03
7	IDFC Foundation (unaudited)	March 4, 2011	13.00	4.75	99.77	82.02
	(Previous Year)		13.00	4.63	96.17	78.54
8	IDFC Investment Managers (Mauritius) Ltd.**	September 13, 2010	2.51	(1.00)	1.57	0.06
	(Previous Year)		2.51	(0.75)	1.82	0.06
9	IDFC Projects Limited	December 2, 2007	34.05	(141.28)	4.04	111.27
	(Previous Year)		34.05	(88.92)	109.70	164.57
10	IDFC Securities Limited	October 22, 2007	14.14	131.72	205.45	59.59
	(Previous Year)		14.14	120.53	170.31	35.64
11	IDFC Securities Singapore Pte. Ltd.**	November 21, 2012	14.91	(11.50)	3.65	0.24
	(Previous Year)		14.91	(9.81)	5.30	0.20

₹ IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	EXTEND OF SHAREHOLDING (IN %)	
						PREFERENCE	EQUITY
270.39	124.78	28.39	9.35	19.04	-	-	100
262.29	124.41	26.28	11.67	14.61	-	-	100
-	0.18	0.06	0.02	0.04	-	-	100
-	0.12	0.01	β	0.01	-	-	75
233.45	291.96	140.00	42.72	97.28	2275	-	100
233.10	315.61	162.78	52.74	110.04	3050	-	75
127.02	8.05	(0.87)	-	(0.87)	-	-	100
137.05	7.88	(3.71)	-	(3.71)	-	-	100
-	3.36	0.22	0.20	0.02	-	-	100
-	2.49	0.14	(0.05)	0.19	-	-	100
-	-	-	-	-	-	-	-
-	4.30	4.24	1.42	2.82	-	-	100
36.87	12.50	0.12	-	0.12	-	-	100
57.57	12.40	1.21	-	1.21	-	-	100
-	-	(0.22)	-	(0.22)	-	-	100
-	-	(0.23)	-	(0.23)	-	-	75
3.52	1.44	(52.73)	0.30	(53.03)	-	-	100
108.93	5.73	(34.69)	1.16	(35.85)	-	-	100
20.13	67.82	16.63	5.44	11.19	-	-	100
74.57	41.16	23.37	8.52	14.85	-	-	100
-	2.10	(1.63)	-	(1.63)	-	-	100
-	0.73	(2.98)	-	(2.98)	-	-	100

**PART A SUBSIDIARIES (CONTD.)**

SR. NO.	NAME OF THE SUBSIDIARY COMPANIES	DATE SINCE WHEN SUBSIDIARY ACQUIRED / INCORPORATED	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
12	IDFC Trustee Company Limited	October 11, 2002	0.05	4.95	5.01	0.01
	(Previous Year)		0.05	3.84	3.91	0.02
13	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	March 7, 2014	540.00	112.37	2,837.04	2,184.67
	(Previous Year)		540.00	41.53	1,421.61	840.08
14	IDFC Financial Holding Company Limited	November 7, 2014	9,029.24	30.73	9,060.27	0.30
	(Previous Year)		8,785.00	(0.44)	8,784.82	0.26
15	IDFC Bank Limited	October 21, 2014	3,399.01	11,279.04	112,159.66	97,481.61
	(Previous Year)		3,392.62	10,239.93	83,215.87	69,583.32
16	IDFC Bharat Limited* (Formerly known as Grama Vidiyal Micro Finance Limited)	October 13, 2016	5.58	161.61	233.94	66.75
	(Previous Year)	NA	NA	NA	NA	NA

**PART B ASSOCIATES AND JOINT VENTURES**

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

SR. NO.	PARTICULARS	DELHI INTEGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED	RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED	JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED
1	Latest audited Balance Sheet Date	March 31, 2017*	March 31, 2017	March 31, 2017	March 31, 2017
2	Date on which the Associate or Joint Venture was associated or acquired	March 23, 2011	March 23, 2011	March 23, 2011	January 11, 2011
3	Shares of associate held by the Company at March 31, 2017				
	Number of Equity Shares	73,045	4,948,996	1,237	42,637,400
	Amount of investment in associate companies (₹ in crore)	14.73	15.48	0.01	97.57
	Extend of Holding (%)	50%	49.49%	24.71%	26.00%
4	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Associate
5	Reason why the associate is not consolidated	See Note 5	See Note 5	See Note 5	NA
6	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)	48.93	30.72	1.72	(25.76)
7	Profit / (Loss) for the year ended March 31, 2017 (₹ in crore)	17.03	5.12	0.74	(422.56)
	i. Considered in Consolidation	9.00	2.53	0.18	(24.70)**
	ii. Not Considered in Consolidation	8.03	2.59	0.56	(398.06)

(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**
**Note 1:** The group has significant influence through holding more than 20% of the equity shares in the investee company in terms of Accounting Standard 23, issued by ICAI.

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

**Note 3:** Rail Infrastructure Development Company (Karnataka) Limited is Joint Venture of Infrastructure Development Corporation (Karnataka) Limited.

**Note 4:** Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Projects Limited.

**Note 5:** Refer Note 5(c) of Consolidated Financial Statements.

\* Unaudited

\*\* To the extent of investment in an associate.

₹ IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	EXTEND OF SHAREHOLDING (IN %)	
						PREFERENCE	EQUITY
2.28	0.89	1.47	0.36	1.11	-	-	100
3.86	0.83	0.81	0.25	0.56	-	-	100
125.28	206.93	70.84	-	70.84	-	-	81.48
106.50	74.99	37.10	-	37.10	-	-	81.48
8,984.07	111.32	111.08	1.72	109.36	-	-	100
8,739.80	3.55	3.26	1.17	2.09	-	-	100
50,471.70	8,532.71	1,470.96	451.22	1,019.74	7.50	-	52.88
29,728.61	3,648.83	715.77	248.92	466.85	2.50	-	52.98
-	262.30	20.90	8.49	12.41	-	-	52.88
NA	NA	NA	NA	NA	NA	NA	-

Note: There are no subsidiaries which are yet to commence operations.

No subsidiaries have been liquidated or sold during the year except IDFC Finance Limited, which got merged into IDFC Projects Limited.

\* Acquired by IDFC Bank w.e.f. October 13, 2016.

\*\* Exchange rate:

Closing Rate : 1 USD = ₹ 64.83

Average Rate : 1 USD = ₹ 67.06

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

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

**Vinod Rai**

Independent Non-Executive Chairperson

**Vikram Limaye**

Managing Director & CEO

**Bipin Gemani**

Chief Financial Officer

**Ketan Kulkarni**

Company Secretary

Mumbai | April 28, 2017



**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 Mr. Vikram Limaye (Managing Director & CEO) to the median remuneration of the employees of IDFC Limited for FY17 was 13 X.

**ii. The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year**

Managing Director & CEO- 21.68 %  
CFO & CS- 5%

**iii. The percentage increase in the median remuneration of employees in the financial year**

The median pay increase for eligible employees was 5%.

**iv. The number of permanent employees on the rolls of the Company**

Post demerger, there were 10 employees of the Company as on March 31, 2017

**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;**

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.



## SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2017 [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 Tower, 7<sup>th</sup> Floor  
No. 1 Harrington Road,  
Chetpet, Chennai 600031

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **IDFC Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31<sup>st</sup> March 2017 ('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 31<sup>st</sup> March 2017 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 (Issue and Listing of Debt Securities) Regulations, 2008;
- e.** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- f.** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

**v.** Other laws as applicable specifically to the Company:

- 1.** 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's 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 period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

- a.** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b.** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c.** The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998;
- d.** Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments 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:

1. Obtained approval from its Members at 19<sup>th</sup> Annual General Meeting of the Company held on July 27, 2016, to borrow monies u/s. 180(1)(c) of the Companies Act 2013 & to issue Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) on

Private Placement basis for a sum not exceeding ₹ 10,000/- crore (Rupees Ten Thousand crore only).

2. Allotted 1,920,902 fully paid up Equity Shares of ₹ 10 each under Employee Stock Option Scheme (ESOS)-2016 of the Company.

**FOR BNP & ASSOCIATES**

Company Secretaries

**B. Narasimhan**

Partner

FCS 1303 / COP No. 10440

Mumbai

April 28, 2017

**ANNEXURE I TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

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

**B. Narasimhan**

Partner

FCS 1303 / COP No. 10440

Mumbai

April 28, 2017

**FORM NO. MGT. 9 EXTRACT OF ANNUAL RETURN**

For the financial year ended March 31, 2017

[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 Tower, 7 <sup>th</sup> Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India. Tel.: +91 44 4564 4000 Fax No.: +91 44 4564 4022
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	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 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 (IC) registered with RBI	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, ASSOCIATE AND JOINT VENTURE COMPANIES**

SR. NO.	NAME OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE / JOINT VENTURE	% 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) Ltd.	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	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	U67190MH2014PLC253944	Subsidiary	81.48	2(87)
14	IDFC Bank Limited	L65110TN2014PLC097792	Subsidiary	52.88	2(87)
15	IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	U65929TN2003PLC050856	Subsidiary	52.88	2(87)
16	Jetpur Somnath Tollways Private Limited	U74120HR2011PTC058062	Associate <sup>1</sup>	26	2(6)
17	Delhi Integrated Multi-Modal Transit System Limited	U60232DL2006PLC148406	Joint Venture <sup>2</sup>	50	2(6)
18	Infrastructure Development Corporation (Karnataka) Limited	U45203KA2000PLC027382	Joint Venture <sup>2</sup>	49.49	2(6)
19	Uttarakhand Infrastructure Development Company Limited - under liquidation	U65993UR2002SGC027065	Joint Venture <sup>2</sup>	49.90	2(6)
20	Rail Infrastructure Development Company (Karnataka) Limited	U60100KA2000PLC028171	Joint Venture <sup>3</sup>	24.71	2(6)

<sup>1</sup> Associate of IDFC Projects Limited.<sup>2</sup> Joint Venture of IDFC Foundation (a Company within the meaning of Section 8 of the Act)<sup>3</sup> Joint Venture of Infrastructure Development Corporation (Karnataka) Limited

## 04

**SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

**I CATEGORY-WISE SHARE HOLDING**

SR. NO.	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)
<b>A</b>	<b>Promoter and Promoter Group</b>	-	-	-	-	-	-	-	-	-
<b>B</b>	<b>Public Shareholding</b>									
<b>1)</b>	<b>Institutions</b>									
a)	Mutual Funds / UTI	139,208,295	-	139,208,295	8.73	220,729,497	-	220,729,497	13.83	5.10
b)	Financial Institutions / Banks	12,422,498	-	12,422,498	0.78	15,548,025	-	15,548,025	0.97	0.19
c)	Central Government / State Government(s)	261,400,000	-	261,400,000	16.40	261,400,000	-	261,400,000	16.38	(0.02)
d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e)	Insurance Companies	48,928,925	-	48,928,925	3.07	48,522,313	-	48,522,313	3.04	(0.03)
f)	Foreign Institutional Investors	729,910,965	-	729,910,965	45.79	612,625,873	-	612,625,873	38.39	(7.40)
g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i)	Others - FDI	5,151,271	-	5,151,271	0.32	4,436,433	-	4,436,433	0.28	(0.04)
	<b>Sub-Total B(1)</b>	<b>1,197,021,954</b>	<b>-</b>	<b>1,197,021,954</b>	<b>75.09</b>	<b>1,163,262,141</b>	<b>-</b>	<b>1,163,262,141</b>	<b>72.89</b>	<b>(2.20)</b>
<b>2)</b>	<b>Non-Institutions</b>									
a)	Bodies Corporate	87,059,296	-	87,059,296	5.46	73,997,247	-	73,997,247	4.64	(0.82)
b)	Individuals									
i)	Individuals holding nominal share capital upto ₹ 1 lac	171,498,934	31,194	171,530,128	10.76	170,033,747	32,697	170,066,444	10.66	(0.10)
ii)	Individuals holding nominal share capital in excess of ₹ 1 lac	104,345,600	-	104,345,600	6.55	136,825,512	-	136,825,512	8.57	2.02
c)	Others									
i)	Clearing members	8,287,710	-	8,287,710	0.52	18,191,435	-	18,191,435	1.14	0.62
ii)	Non resident indians	12,850,511	-	12,850,511	0.81	15,321,076	-	15,321,076	0.96	0.15
iii)	Trusts	12,925,469	-	12,925,469	0.81	18,277,715	-	18,277,715	1.14	0.33
d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(2)</b>	<b>396,967,520</b>	<b>31,194</b>	<b>396,998,714</b>	<b>24.91</b>	<b>432,646,732</b>	<b>32,697</b>	<b>432,679,429</b>	<b>27.11</b>	<b>2.20</b>
	<b>Total B=B(1)+B(2)</b>	<b>1,593,989,474</b>	<b>31,194</b>	<b>1,594,020,668</b>	<b>100.00</b>	<b>1,595,908,873</b>	<b>32,697</b>	<b>1,595,941,570</b>	<b>100.00</b>	<b>-</b>
<b>C</b>	<b>Shares held by custodians, against which depository Receipts have been issued</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C)</b>	<b>1,593,989,474</b>	<b>31,194</b>	<b>1,594,020,668</b>	<b>100.00</b>	<b>1,595,908,873</b>	<b>32,697</b>	<b>1,595,941,570</b>	<b>100.00</b>	<b>-</b>

**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	16.40	-	-	261,400,000	16.38
2	Sipadan Investments (Mauritius) Limited	151,145,989	9.48	-	-	151,145,989	9.47
3	First State Investments ICVC- Stewart Investors Asia Pacific Leaders Fund**	103,927,160	6.52	-	9,911,080	94,016,080	5.89
4	Orbis Sicav Emerging Markets Equity Fund	50,780,947	3.19	-	-	50,780,947	3.18
5	Ashish Dhawan	19,999,990	1.25	21,844,480	-	41,844,470	2.62
6	East Bridge Capital Master Fund Limited	25,768,744	1.62	13,058,550	-	38,845,294	2.43
7	ICICI Prudential Balanced Fund	-	-	22,429,326	-	22,429,326	1.41
8	Platinum Asia Fund	-	-	21,998,600	-	21,998,600	1.38
9	Orbis Global Equity Fund Ltd	17,919,198	1.12	-	-	17,919,198	1.12
10	ICICI Prudential Dynamic Plan	2,921,173	0.18	14,048,464	-	16,969,637	1.06

\* Top ten Shareholders of the Company as on March 31, 2017 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.

\*\* As on March 31, 2016, these shares were held in the name of National Westminster Bank PLC as Depository of First State Asia Pacific Leaders Fund, a fund of First State Investments ICVC.

**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		SHAREHOLDING AT THE END OF THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	INCREASE	DECREASE	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Mr. Vikram Limaye, MD & CEO	2,043,728	0.13	74,000	-	2,117,728	0.13
2	Mr. Bipin Gemani, CFO	141,442	0.01	-	-	141,442	0.01

**05 INDEBTEDNESS**

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

₹ IN CRORE

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
Addition	-	199.70	-	199.70
Reduction	-	-	-	-
<b>Net Change</b>	-	<b>199.70</b>	-	<b>199.70</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	-	199.70	-	199.70
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	-	<b>199.70</b>	-	<b>199.70</b>

**06 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL** AMOUNT IN ₹

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

SR. NO.	PARTICULARS OF REMUNERATION	MR. VIKRAM LIMAYE MD & CEO
1	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,643,659
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	1,951,680
<b>TOTAL (A)</b>		<b>36,634,939</b>
Ceiling as per the Act		Refer Note 4

Note: 1. During FY17, Mr. Vikram Limaye was paid bonus of ₹ 1.75 crore for FY16.  
 2. During the year, Mr. Vikram Limaye has been granted 3,415,279 stock options under IDFC ESOS Scheme. The stock options granted to Mr. Limaye would vest in graded manner over a period of 3 years from the date of grant of options and are exercisable over a period of 4 years from the date of vesting. Options were granted at 'market price' as defined under SEBI (Share Based Employee Benefits, Regulations 2014).  
 3. Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.  
 4. The remuneration paid to the Managing Director is within the limits prescribed under the Act.

**B REMUNERATION TO OTHER DIRECTORS** AMOUNT IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	FEES FOR ATTENDING	COMMISSION <sup>1</sup>	OTHERS	TOTAL AMOUNT
<b>1</b>	<b>Independent Directors</b>				
	Mr. Vinod Rai	925,000	1,354,167	-	2,279,167
	Mr. Gautam Kaji	775,000	1,250,000	-	2,025,000
	Mr. S. S. Kohli	775,000	1,287,500	-	2,062,500
	Mr. Donald Peck	575,000	1,204,167	-	1,779,167
	Ms. Marianne Økland	700,000	1,408,333	-	2,108,333
	Late Mr. S H Khan (upto August 10, 2015)	-	625,000	-	625,000
	Dr. Omkar Goswami (upto August 6, 2015)	-	575,000	-	575,000
	<b>TOTAL (1)</b>	<b>3,750,000</b>	<b>7,704,167</b>	<b>-</b>	<b>11,454,167</b>
<b>2</b>	<b>Other Non Executive Directors</b>				
	Mr. Chintamani Bhagat	450,000	391,667	-	841,667
	Mr. Joseph Dominic Silva (upto October 31, 2015)		733,333	-	733,333
	Mr. Manish Kumar (w.e.f January 11, 2017)				
	Mr. Soumyajit Ghosh (w.e.f January 11, 2017)		Not Applicable		
	Mrs. Snehlata Shrivastava (upto November 29, 2016)				
	<b>TOTAL (2)</b>	<b>450,000</b>	<b>1,125,000</b>	<b>-</b>	<b>1,575,000</b>
	<b>TOTAL (B) = (1+2)</b>	<b>4,200,000</b>	<b>8,829,167</b>	<b>-</b>	<b>13,029,167</b>
	<b>TOTAL MANAGERIAL REMUNERATION (A+B)</b>			<b>-</b>	<b>49,664,106</b>
	Overall ceiling as per the Act				Refer Note 2

Note: 1. Commission for FY16 paid in FY17.

Note: 2. In terms of the provisions of the Act, the remuneration payable to Directors other than Executive Directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the Directors is well within the said limit.

<b>C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD</b>				<b>AMOUNT IN ₹</b>
<b>SR. NO.</b>	<b>PARTICULARS OF REMUNERATION</b>	<b>MR. BIPIN GEMANI</b>	<b>MR. KETAN S. KULKARNI</b>	
		<b>CFO</b>	<b>CS</b>	<b>TOTAL</b>
1	Gross salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,647,181	2,664,697	12,311,878
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32,400	32,400	64,800
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	1,546,364	273,235	1,819,599
	<b>TOTAL</b>	<b>11,225,945</b>	<b>2,970,332</b>	<b>14,196,277</b>

Note: 1. During FY 17, Mr. Bipin Gemani and Mr. Ketan Kulkarni were paid bonus of ₹ 40 lacs and ₹ 15 lacs, respectively for FY16.  
2. During FY 17, Mr. Gemani and Mr. Kulkarni were granted 258,754 and 25,000 stock options respectively, under IDFC ESOP Scheme. The stock options granted would vest in graded manner over a period of 3 years from the date of grant of options and are exercisable over a period of 4 years from the date of vesting. Options were granted at 'market price' as defined under SEBI (Share Based Employee Benefits. Regulations 2014.

**07 PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES: NIL**



**CORPORATE SOCIAL RESPONSIBILITY**

[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.

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. Vikram Limaye - Chairperson  
 Mr. Donald Peck - Member  
 Mr. S. S. Kohli - Member

**3 Average net profit of the company for last three financial years**  
**₹ 47 crore**

**4 Prescribed CSR Expenditure (2% of the amount as in item 3 above)**  
**₹ 0.94 crore**

**5 Details of CSR spent during the financial year.**

- a. Total amount to be spent for the financial year:  
**₹ 0.94 crore**
- b. Amount spent during the year:  
**₹ 1.25 crore**
- 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

Place: Mumbai  
 Date: June 24, 2017

Vikram Limaye  
 Chairperson-CSR Committee

S. S. Kohli  
 Director



## CORPORATE SOCIAL RESPONSIBILITY

[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 ACT, AMENDED)
1	Improvement in the learning environment in night schools - which cater to underprivileged students.	Cl.(ii) promoting education
2	Improvement in learning outcomes and universalization of primary education for a set of 60 schools in the backward blocks of Ramgarh and Kishangarh through an identified set of interventions and infrastructure improvements.	Cl.(ii) promoting education
3	Promoting Digital Literacy amongst School Students to enable access to universal knowledge, quality education, healthcare, transparent governance and economic opportunities.	Cl.(ii) promoting education
4	Support towards strengthening and improving the quality of life in Indian cities and towns.	Cl.(ii) promoting education Cl.(ii) livelihood enhancement projects,
5	Improvement of infrastructure facilities at Anganwadi centre and Primary Schools at Sanghakheda Kalan Village	Cl.(ii) promoting education
<b>TOTAL</b>		
6	Providing economic and affordable service delivery on water and sanitation to the community.	Cl.(i) Sanitation & Safe Drinking water
7	Support for affordable and accessible healthcare services.	Cl.(i) promoting health care including preventive health care
8	Support for elimination of Open Defecation and achieving Open Defecation Free Status in Machlipatnam division of Krishna District	Cl.(i) Sanitation
<b>TOTAL</b>		
9	Cattle Care program for breed improvement by providing services such as Artificial Insemination (AI) & other Veterinary Services to enhance the livelihoods of small and marginal farming families in rural districts	Cl.(ii) livelihood enhancement projects,
10	Improving the aspired quality of life for the people through the development of infrastructure projects - (i) Setting up of Micro Hydel for supply of electricity, (ii) Solar street light and (iii) clean drinking water in Mawlyngbwa Village, Meghalaya	Cl.(ii) livelihood enhancement projects; Cl. (iv) ensuring environmental sustainability; Cl. (x) rural development projects.
11	Setting up a Centre of Excellence for developing Handloom and Crafts as a means of sustainable livelihoods for the women in the remote areas of Uttarakhand	Cl.(ii) livelihood enhancement projects,
12	Support on improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects,
13	Financial inclusion through channelizing Interoperable Micro ATMs Network to improve access to basic banking & payments network services after providing financial literacy and digital skilling program under Rural Livelihoods & Development Program	Cl.(ii) livelihood enhancement projects; Cl. (x) rural development projects.
<b>TOTAL</b>		
14	Research & studies on various programmes	Various clauses of Schedule VII
<b>TOTAL</b>		
<b>Total Direct Expense of Project &amp; Programmes (A)</b>		
<b>Overhead Expense (B)</b>		
<b>Total (A) + (B)</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.

₹ 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		0.52	1.87	IMPLEMENTING AGENCY IDFC FOUNDATION*
Rajasthan - Alwar		0.72	2.65	
Madhya Pradesh - Hoshangabad		0.31	1.20	
Gujarat - Ahmedabad & Surat, Karnataka - Bangalore, Madhya Pradesh - Bhopal, Odisha - Bhubaneswar, Chandigarh, Tamilnadu - Chennai, Kerala - Thiruvananthapuram, Uttarakhand - Dehradun, Delhi, Andhra Pradesh - Hyderabad, Rajasthan - Jaipur, Uttar Pradesh - Kanpur & Lucknow, West Bengal - Kolkata, Punjab - Ludhiana, Maharashtra - Mumbai, Bihar - Patna, Chhattisgarh - Raipur, Jharkhand - Ranchi	0.31	0.46	0.99	
Madhya Pradesh - Hoshangabad		0.17	0.42	
	<b>0.31</b>	<b>2.18</b>	<b>7.13</b>	
Odisha		0.25	0.25	
All India coverage		0.37	0.37	
	0.35			
Andhra Pradesh - Krishna district		1.69	1.69	
	<b>0.35</b>	<b>2.31</b>	<b>2.31</b>	
Madhya Pradesh - Hoshangabad, Harda, Khandwa, Khargone, Dhar, Bhopal, Raisen, Dewas and Indore Karnataka-Hubbali (Dharwad), Haveri, Koppal, Bagalkot, Belgaavi		1.73	2.53	
Meghalaya - Across State		0.16	2.24	
Uttarakhand - Almora	0.30	0.15	0.60	
All India coverage		0.25	0.25	
Rural India coverage		1.37	1.37	
	<b>0.30</b>	<b>3.66</b>	<b>6.99</b>	
All India coverage	0.29	5.51	13.26	
	<b>0.29</b>	<b>5.51</b>	<b>13.26</b>	
		<b>13.66</b>	<b>29.69</b>	
		<b>0.33</b>	<b>2.56</b>	
	<b>1.25</b>	<b>13.99</b>	<b>32.25</b>	



# MANAGEMENT DISCUSSION & ANALYSIS

## MACRO-ECONOMIC ENVIRONMENT

The global and domestic economic landscape witnessed significant shifts in FY17, leading to wide ranging implications on the banking sector and financial markets. The key global events were Brexit; the unexpected election of Donald Trump and the tilt towards a hawkish tone at the US Federal Reserve. In India, the demonetisation exercise was unforeseen and unexpected, whereby the government replaced ₹ 15.44 trillion of notes in circulation with new notes. However, towards the end of the FY17, global economic activity picked up and conditions improved in commodity exporting countries and emerging markets. Even as some deflation risks linger in certain parts of the world, inflation picked up in most advanced economies. In India, macro-economic conditions continued to be on a stable footing with slowing inflation, Current Account Deficits remaining in control and the central

government achieving its Fiscal Deficit/GDP target of 3.5% for FY17 and targeting a lower deficit of 3.2% for FY18. Notwithstanding stable macro-economic conditions, most forecasts expect private capital expenditure in India to remain subdued, thereby bringing focus onto the need for higher government investment.

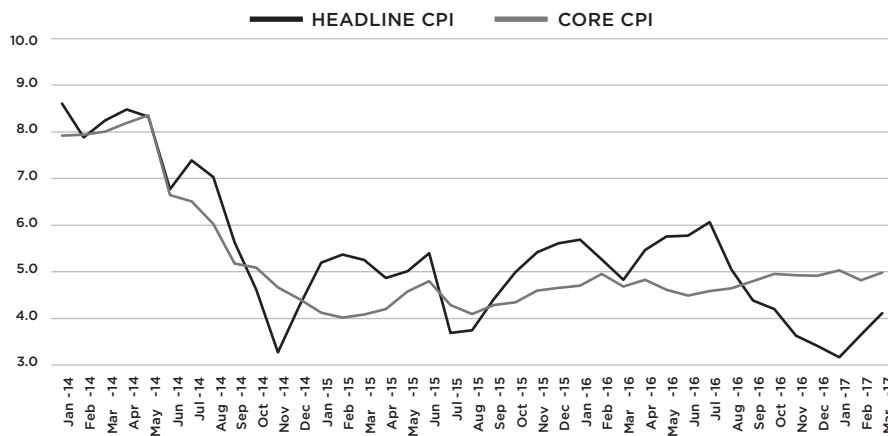
## GROWTH-INFLATION DYNAMICS IN INDIA

The Central Statistical Organisation's ("CSO") Gross Value Added ("GVA") growth in FY17 was 6.6%, marking a significant slowdown from last year's 7.9%. While demonetisation could have played a part, it must be noted that growth was already weakening over the first two quarters of FY17. On the production side, growth in FY17 was led by agriculture (GVA growth in agriculture at 4.9%). Industry lost momentum, growing at 5.6% in FY17 while services sector GVA growth

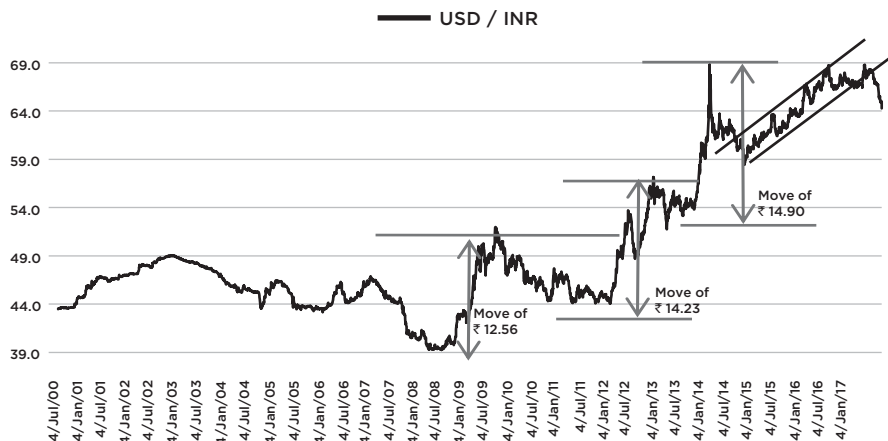
decelerated to 7.7% from 9.7% in FY16. Effect of demonetisation was evident in this sector with growth being pulled down by largely cash driven segments such as trade, hotels, transport and real estate. This drop was buffered by robust private consumption demand and an increase in government expenditure. This meant that growth in the economy continued to be led by consumption rather than investments. This is evidenced by the expenditure component of the GDP, where Gross Fixed Capital Formation rose by only 2.4% in FY17, witnessing a sharp downturn from 6.5% in FY16. On the other hand, private consumption demand grew by 8.7% in FY17 (6.1% in FY16) and government consumption expenditure rose by 20.8% in FY17 (3.3% in FY16).

The trajectory of Headline CPI inflation remained southbound for the most part of FY17. In April 2016, Headline CPI was at 5.5% and moderated to 3.9% in March 2017. The principal reason for the drop in

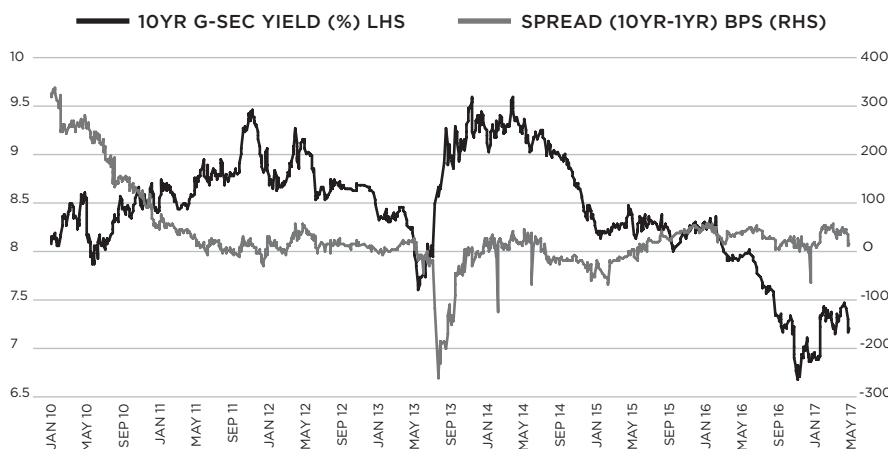
**CHART A HEADLINE CPI DIPPED IN THE INITIAL PART OF FY17, LIKELY TO HAVE BOTTOMED OUT**



**CHART B USD-INR CLOSES FY17 WITH AN APPRECIATION BIAS**



**CHART C TRENDS IN THE 10-YEAR BENCHMARK YIELD AND SPREADS**



Headline retail inflation was a drop in food prices, that moved down to 1.4% in January 2017 from around 8% in July. The key components that led to this drop were vegetables and pulses. To a certain extent prices of perishables dropped in the aftermath of demonetisation as lack of hard cash led to subdued demand. Like in the past, services inflation was elevated, especially, in areas of “Household goods & services”, “Healthcare”, “Education” and “Recreation & Amusement” and also “Personal Care & Effects”. Core CPI inflation (ex-food and fuel) averaged at 4.8% in FY17 (4.5% in FY16). Led by a firming up of the global crude oil prices in the second part of the year, inflation in “Transport and Communication” (that encompasses the movements in domestic prices of petrol and diesel) rose to 6% in March 2017 from 1.8% in April 2016.

**MONETARY POLICY, LIQUIDITY AND G-SEC YIELDS**

The monetary policy stance was “accommodative” in the initial part of the year with two 25 bps rate cuts - one in April and one in October bringing the repo rate down to 6.25%. The RBI abstained from reducing the rates further in December and raised concerns over inflation trends going ahead, despite a slowing Headline CPI. In February of 2017, contrary to market expectations, RBI changed its stance of monetary policy to “neutral” from “accommodative”, signalling a shift towards a more hawkish RBI. Due to a surge in low cost current and savings deposits with the banking sector, monetary policy transmission was stronger in H2FY17. Banks dropped term deposit rates, thereby creating space for a reduction in the Marginal Cost of Funds based Lending Rate (“MCLR”). The 1-year median MCLR declined by 70 bps after November 2016 (with no reduction in Repo rate), against

PARTICULARS	FY17	FY16	% CHANGE
<b>OPERATING INCOME</b>	<b>3,817</b>	<b>3,235</b>	<b>18%</b>
<b>NET INTEREST INCOME (NII)</b>	<b>2,168</b>	<b>2,179</b>	<b>(1%)</b>
<b>NON-INTEREST INCOME</b>	<b>1,481</b>	<b>1,133</b>	<b>31%</b>
Principal Gains	242	267	(9%)
Asset Management Fees	417	449	(7%)
Investment Banking and Broking	150	72	108%
Fixed Income (Trading Profits and Fees)	376	239	57%
Loan Related and Other Fees	296	106	180%
<b>Other Income (including profit / (loss) on derivatives)</b>	<b>168</b>	<b>(77)</b>	<b>319%</b>
<b>OPERATING EXPENSES</b>	<b>1,748</b>	<b>1,229</b>	<b>42%</b>
HR	794	640	24%
Non-HR	954	589	62%
<b>PRE-PROV OPERATING PROFIT (PPOP)</b>	<b>2,069</b>	<b>2,006</b>	<b>3%</b>
Provisions	278	327	(15%)
<b>Profit Before Tax and Exceptional Item</b>	<b>1,791</b>	<b>1,679</b>	<b>7%</b>
Exceptional Item	-	(2,639)	-
Tax	483	(368)	-
Minority Interest, Associated Companies PAT	609	343	-
<b>PROFIT AFTER TAX</b>	<b>699</b>	<b>(935)</b>	<b>-</b>

a decline of just about 15 bps during April-October 2016.

Asset quality concerns continued to dominate the banking sector narrative in FY17. The GNPA (Gross Non-performing Advances) ratio of Scheduled Commercial Banks ("SCBs") increased to 9.1% in September 2016 from 7.8% in March 2016, pushing up the overall stressed advances ratio to 12.3% from 11.5%. The large borrowers registered significant deterioration in their operating metrics amplifying the pressure on the banking sector. As part of the reduction of stress levels in the banking sector and with an aim to improve the performance of State Electricity Boards, the government had launched the Ujwal DISCOM Assurance Yojna ("UDAY") in FY16. The scheme gained further momentum in FY17 with 27 States and Union territories signed up vs 10 states in the previous year. The scheme will result in a ₹ 2.7 trillion of distribution company debt to be converted into bonds issued by respective state governments. Out of this, state governments have already

issued UDAY bonds worth ₹ 2.3 trillion. Government of India and RBI are evaluating further options to reduce and resolve the stress levels in the banking system.

There were sharp changes in money market liquidity throughout the year - with a structural break caused by the demonetisation exercise in early November. Initial part of the year witnessed some tightness of banking sector liquidity mostly due to a rise in the currency with public. Such liquidity tightness was combatted by the RBI by buying government securities from the banking sector via Open Market Operations ("OMO"). Such OMO operations continued in Q2FY17 and along with a pickup in government expenditure, money market liquidity moved into a surplus zone. Money market liquidity conditions moved into an unprecedented surplus position after the announcement of demonetisation. To mop up the additional liquidity, RBI directed all banks to maintain (effective November 26, 2016) an incremental CRR of 100%

on the increase in Net Demand and Time Liabilities ("NDTL") between September 16, 2016 and November 11, 2016. This measure was withdrawn from the fortnight beginning December 10, 2016, subsequent to which RBI used Market Stabilisation Scheme ("MSS") issuances to mop up excess liquidity. Despite remonetisation, the significant liquidity surplus position continued into Q4FY17, leading to Weighted Average Call Money Rate ("WACR") to be 25 bps lower than the Repo rate. Even the 3-month Treasury Bill rate, mostly stayed close to the fixed reverse repo rate of 5.75%. To reduce the volatility in the overnight call money rates, RBI has now narrowed the corridor between the reverse repo and the repo rate to only 25 bps.

The 10-year benchmark G-sec yields ended the previous financial year at 7.5% and remained almost unchanged in the first 3 months of the year. Yields dropped steadily thereafter and closed at 6.70% on October 6, 2016, with RBI delivering a repo rate cut at its monetary policy meeting. G-sec

yields softened significantly after the announcement of demonetisation, which not only led to a liquidity surge in the system, but also created expectations of further monetary policy easing as growth was expected to soften post demonetisation. 10-year benchmark G-sec yield thus dropped from 6.80% on November 8, 2016 to an intra-day low of 6.1% on November 25, 2016. Yields hardened in December 2016 with an imposition of incremental CRR domestically and debt portfolio outflows from India on account of a rise in the US bond yields. This was after the US Fed delivered a rate increase and signalled a hawkish stance for future rate rises on the expectations of fiscal stimulus in the US. Caught unaware, the market switched tracks with the unexpected change in the monetary policy stance by RBI in February 2017, leading to a steepening of the yield curve with the 10-year yield reaching 6.9%.

## EXTERNAL ACCOUNTS AND CURRENCY DYNAMICS

The Current Account Deficit ("CAD") remained in a comfortable territory with the first three quarters of FY17 recording a deficit of US\$ 11.6 bn, or 0.7% CAD / GDP. On a comparative basis, in a similar period in FY16, the CAD was at US\$ 21.8 bn (1.4% of GDP). The principal reason for contraction in the CAD was the trade deficit that was lower at US\$ 83 bn in the first three quarters of FY17, compared to US\$ 105 bn in the same period last year. While both oil and non-oil imports contracted, there was a small boost to exports, as the global economy gained momentum. However, the services sector flows were largely muted in FY17, as private transfers suffered.

On the capital flows side, Foreign Direct Investments ("FDI") dominated the headlines with cumulative inward flows amounting to US\$ 39.8 bn between April and February 2017. On the other hand, inflows via the portfolio route remained volatile during the year with

phases of global risk-off momentum affecting flows into India. While cumulative flows through equity and debt routes were around US\$ 8.2 bn in the first half of the year, outflows were to the tune of US\$ 11.3 bn in the third quarter. This was based on expectations of a more hawkish Fed on the back of expectations of higher fiscal spending after the election of Donald Trump and the expected consumption slowdown due to the demonetisation exercise in India. The FCNR(B) repayments that were due in Q3FY17 however did not create any pressure on the system. Furthermore, the tide turned again with the Fed signalling a slightly less hawkish stance than expected in its policy statement, as well as reversal of the trades that were put on the basis of Trump's campaign rhetoric. For India, the pro-reforms Budget and the win for the BJP in 4 out of 5 State elections (especially in Uttar Pradesh) built up the momentum for flows in renewed expectations of economic reforms. Thus, FPI flows turned positive in February (at US\$ 3.4 bn) and surged in March (US\$ 9.1 bn).

The USD / INR trend through most of the year was determined by the volatility, triggered by unanticipated events discussed earlier. USD / INR had closed in FY16 at 66.26 but depreciated to 67.90 after the Brexit referendum. Thereafter it reversed to its earlier trend-line with fears of an immediate pull-out by the UK abating. However, US election results again led to the USD / INR to move to 68.70. Recently, USD / INR exhibited a sharp appreciation bias as a confluence of factors leading to a weaker USD against all major currencies and large inflows into all emerging market economies including India. USD / INR closed FY17 at 64.85, an appreciation of 2.2% over the year.

## FINANCIAL PERFORMANCE - IDFC LIMITED

Table 01 gives the consolidated profit and loss accounts.

## OVERVIEW OF IDFC GROUP COMPANIES

### IDFC BANK

FY17 was IDFC Bank's first full year of operations. During this year the Bank consolidated its position as a new age bank that is making use of technology to deliver financial services to all, but particularly to those that are underserved. Harnessing the power of mobile and Aadhaar based technology; the Bank is delivering basic financial services to even those without phones.

IDFC Bank's vision is to materially deepen and broaden reach, delivering differentiated service to the full range of customers - corporate and retail, urban and rural - through innovation in products, processes and technology, empowering the communities it serves to grow and prosper.

IDFC Bank is not a "digital only" bank. It's a "click and mortar" bank adapted for the unique circumstances and vast range of customers in India. Its distribution model does not depend on regular bank branches, but rather on mobile technology and partnerships.

The Bank has within the first eighteen months of operations, acquired an active customer base of approx. 14 lacs. Currently, the bank has a network of 8,613 Points of Presence ("PoPs") across 20 states, 19 major cities, 150 districts serving 33,000 villages across the country, including the North East. This network includes 74 bank branches, 47 ATMs, 350 corporate Business Correspondent branches (which include NBFCs and finance companies representing IDFC Bank for microlending), and 8,142 outlets, which include microATMs, cashless PDS and Aadhaar Pay merchant points.

### Banking context

The macro context manifests extreme concentration of banking credit with the top 300 corporates (and even fewer groups) accounting for more than 45% of banking credit. Likewise, there is



## 02 IDFC BANK - SUMMARISED PROFIT AND LOSS ACCOUNT FOR FY17

₹ IN CRORE

PARTICULARS	MARCH 31, 2017
<b>Operating Income</b>	<b>3,030</b>
<b>Net Interest Income</b>	<b>2,076</b>
<b>Non-Interest Income</b>	<b>954</b>
Fees and Commission	361
Trading Gains	590
Other Income	3
<b>Operating Expenses</b>	<b>1,277</b>
HR	597
Non-HR	680
<b>Pre-Prov Operating Profit (PPOP)</b>	<b>1,753</b>
Provisions	282
<b>Profit Before Tax</b>	<b>1,471</b>
TAX	451
<b>PROFIT AFTER TAX</b>	<b>1,020</b>

extreme concentration in the banking system's depository franchise with mass affluent, affluent and HNIs contributing 86% and top 50 cities contributing 81% to CASA deposits. Given the extreme concentration on assets and liabilities, the strategic direction for the Bank is to penetrate progressively deeper into the customer base on both sides of the balance sheet.

On corporate banking, the focus has been on:

1. Diversifying corporate customer base beyond large corporate segment.
2. Diversify corporate banking revenues beyond funded products to non-funded and fee based sources.

On retail banking, the focus is on:

1. Rapidly increasing the retail share in total advances across all customer segments.
2. Pursue cost effective acquisition at scale especially of mass affluent and mass retail customers for deposit mobilisation.

One of the key highlights for IDFC Bank in FY17 was the acquisition of Grama Vidiyal Micro Finance Ltd. (now renamed as IDFC Bharat Ltd.). This acquisition supports the Bank's vision of becoming a mass retail bank in 5 years. GVMFL had ₹ 1,502 crore of Asset Under Management ("AUM"), 319 branches in 7 states and over a million customers. It is a profitable

entity with net profits of ₹ 42 crore in FY16, RoA of approx. 3+% and RoE of approx. 30%. Its net worth was ₹ 155 crore and its portfolio at risk as of March 31, 2016, was 0.001%.

Digital is a strong thrust area for the bank. As a new age bank, IDFC Bank is leveraging digital technology to deliver banking to customers in a simple and transparent manner. We are using digital technology to approach the Indian consumer based on her / his access to mobile telephony. In a country with 90 crore people over the age of 15, we have 25 crore unique smart phone users, 35 crore unique feature phone users, and 30 crore with no phone. The Bank is designed to deliver financial services to all three of these customer segments.

IDFC Bank serves the smartphone customer segment with a Banking App that provides access to a whole range of services. IDFC Bank allows smartphone customers with Aadhaar cards to open a savings account and / or a fixed deposit account using a completely digital process that requires no paperwork and takes under 4 minutes.

For the phone-less and feature phone population, the Bank is reaching these customers through a country wide network of business correspondents ("BCs") that will

include kirana stores, chemists, other small merchants and suitable distribution agents ("DAs") such as, leaders of Women's Self Help Groups, Fair Price Shops ("PDS") stores, e-commerce merchandise delivery agents etc., each using a MicroATM and / or mobile device with an IDFC Bank MicroATM App (branded IDFC Aadhaar Pay).

The business strategy of the Bank is embedded in the macro context governing assets, liabilities, financial savings and emerging competitive landscape. Developments in the areas of Aadhaar, mobile telephony, payments and fin-tech have transformational potential in terms of delivering banking and financial services to the masses. It provides IDFC Bank the opportunity to re-imagine banking and deliver innovative solutions to customers.

In the past year the bank has made significant progress on its objective to transform into a mass retail bank. Partnerships and alliances will play a critical role in this journey. Delivering banking products and solutions across networks owned by business correspondents and partners to customers will play an important role in fulfilling this vision. On all these fronts the Bank is progressing well.

### Performance highlights of IDFC Bank, FY17

Refer to **Box A**.

### ALTERNATIVE ASSET MANAGEMENT

IDFC Alternatives has an AUM of nearly ₹ 17,700 crore with multiple funds across three asset classes - Infrastructure, Private Equity and Real Estate. Last year saw great traction both on the investment and exit side of the business. New funds were raised both in the Private Equity and Real Estate Asset Verticals. The Infrastructure vertical has been focused on strengthening the roads platform and creating the renewable energy platform during the year. In

addition, Infrastructure Fund 2 also acquired significant minority stake in an operating telecom tower platform with an option to acquire a majority stake in the future.

During FY17, in the Infrastructure fund vertical, the new Renewables platform committed to buy 70 MW of Wind & Solar generation assets and has developed a healthy pipeline of further acquisitions to scale up the platform. The Road platform had 7 operating roads managed by an experienced team of 30 people and is well positioned to scale up. The Infrastructure vertical achieved aggregate investments / commitments of nearly ₹ 2400 crore along with exits / visible exits of ₹ 1900 crore. It expects to continue with the exits momentum and is likely to achieve a DPI of 0.8 for Infrastructure Fund I by September 2017, which will be a better performance compared to most similar vintage Indian and Asian Infrastructure funds.

In the Private Equity fund vertical, the first close of Private Equity Fund 4 was made with commitments of ₹ 626 crore. The first investment from this new fund of ₹ 80 crore was made. The Private Equity vertical has also built a pipeline of deals. The existing Private Equity Fund 3 portfolio had an EBIDTA growth of about 19%. Cash exits / liquidity during the year in the Private Equity vertical were ₹ 818 crore. Process has been initiated for divestments and full exit of Private Equity Fund 2.

The Real Estate vertical closed its 2<sup>nd</sup> Domestic Fund (**SCORE**) at ₹ 761 crore, with one third of the fund being raised from existing investors. The first domestic Real Estate Yield Fund ("**REYF**") has been fully deployed within committed timelines and is maintaining regular monthly distributions.

A new foray into the 'Start-up' Investing space was made during the year with anchor commitment to 'IDFC Parampara' Fund. IDFC's commitment

to this fund is of ₹ 20 crore with targeted returns of 30%.

### Performance of Alternative Asset Management, FY17

Refer to **Box B**.

#### IDFC ASSET MANAGEMENT COMPANY LIMITED

IDFC Asset Management Company Limited ("**IDFC AMC**") is the 10<sup>th</sup> largest fund house in the country\*, with a quarterly average AUM size of ₹ 60,636 crore. From attracting key talent, launching several new funds, to increasing focus on distribution width; from catering to the convenience of its customers through technical innovations, to enhancing its brand image through several marketing initiatives, it has been an active and eventful year for this business.

IDFC AMC launched a uniquely positioned Balanced Fund in December 16, filling a gap in its product portfolio. It built a formidable campaign and achieved strong collections from across a record number of applications in the New Fund Offer period, despite markets, distributors and customers being in the midst of the Government's demonetization initiative. The AMC also launched a Credit Opportunities Fund in February '17, which has garnered steady customer interest.

IDFC AMC continued to build on its considerable track record in active fixed income management, and emerged one of the fastest growing AMCs in the Non-Credit Short Term segment.

In equity, IDFC AMC re-launched IDFC Classic Fund, which was included as a recommended product by several key accounts as well as select media.

In the technological space, IDFC AMC has created new benchmarks for the industry. It has enabled Online transactions based on OTP authentication and launched a Unified Payment Interface ("**UPI**") mode of payment for making investments in schemes.



### PERFORMANCE HIGHLIGHTS OF IDFC BANK, FY17

#### OUTSTANDING CREDIT

**₹85,172**  
CRORE

+58% YOY

#### PAT FOR THE YEAR

**₹1,020** CRORE

#### OPERATING INCOME

**₹3,030** CRORE

- Net Interest Income ₹2,076 crore

- Non interest income ₹954 crore

#### HEALTHY CAPITAL ADEQUACY

**@18.9%**

#### FUNDED BOOK - RETAILED

**25%**

## PERFORMANCE OF ALTERNATIVE ASSET MANAGEMENT FY17



### ASSETS UNDER MANAGEMENT

as on March 31, 2017

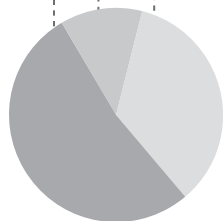
**₹17,716**  
CRORE

This Is Split Between:

REAL ESTATE WITH AUM  
₹2,198 CRORE

PRIVATE EQUITY WITH AUM  
₹6,181 CRORE

INFRASTRUCTURE EQUITY WITH AUM  
₹9,337 CRORE



### OPERATING INCOME

**₹125** CRORE

### PROFIT BEFORE TAX

**₹28** CRORE

### PROFIT AFTER TAX

**₹19** CRORE

IDFC AMC also stepped-up its engagement with partners, and organised several events with key investors and distribution partners.

The efforts of the fund house have been recognized through various awards and recognitions across the country. Distributor Management System – for Brokerage, won an award at the Fintec India Conference. The AMC's unique investor education initiative "Dil Ke Ameer" won the Best Brand / Product website award by the Internet & Mobile Association of India. "Saveyourtax.org" got an Honorable Mention at the prestigious awwards.com.

In March 2017, IDFC Financial Holding Company Limited acquired 25% stake held by Natixis in IDFC AMC and IDFC AMC Trustee Company Limited making them both 100% subsidiaries.

\* Source: AMFI data for Average AUM for Q4FY17

### Performance of IDFC Asset Management Company Limited, FY17

Refer to Box C.

### INSTITUTIONAL EQUITIES BROKING

IDFC Securities Limited is engaged in the business of Institutional Broking and Research.

IDFC Bank Limited, Fellow Subsidiary obtained Investment Banking license from SEBI. For better business synergy relating to corporate clients, post IDFC Bank Limited receiving Investment Banking license from SEBI, the Investment Banking Business was transferred to IDFC Bank Limited.

Despite FY17 being challenging, Indian capital markets witnessed steady gains through the year delivering a return of 18.5%. So while events such as Brexit, the US Presidential elections, and currency demonetisation created phases of extreme volatility, these were at best momentary. FII's brought in

approx. US\$ 8.4bn during the year to complement the steady inflow of US\$ 4.7bn from DIIs.

In hindsight, these phases of uncertainty were transient, and markets bounced back convincingly at every opportunity driven by increased participation. Steadily improving global macro data helped strengthen consumer, business and investor confidence. Even the Fed found little resistance while undertaking two back-to-back rate hikes, something which would have seemed difficult a year back.

IDFC Securities delivered a strong performance during the year – while market volumes increased approx. 23% yoy in FY17, its market share improved across domestic and foreign institutional clients. Furthermore, its efforts across the research, sales and dealing desks was well recognized by clients and was backed by strong accolades from leading surveys such as AsiaMoney and Institutional Investor.

With the Nifty hitting new highs, we believe FY18 will see increased fund flows into India. In the past few weeks, flows into Emerging Markets ("EM") have been boosted by improving macro and trade statistics, and the strengthening of EM currencies. India, with its strong fundamentals and policy impetus, is attracting a significant proportion of these flows. This trend is expected to continue this year. The much anticipated roll-out of GST and its impact on business and consumer sentiment will be closely watched. Nevertheless, going ahead we believe that the improvement in public finances, deleveraging of corporate balance sheets, improvement in demand and consequently industry capacity utilization, will be key metrics for most investors. We expect equity capital raising by corporates to remain robust in FY18.

## Performance of Institutional Equities Broking, FY17

Refer to **Box D**.

## IDFC INFRASTRUCTURE FINANCE LIMITED (Formerly known as Infra Debt Fund Limited)

The Infrastructure Debt Fund NBFC [since renamed as IDFC Infrastructure Finance Limited ("IDFC IFL")] is involved in the refinancing of operating infrastructure projects that have completed at least one year post commencement of commercial operations.

The business of our IDFC IFL NBFC gained significant momentum in FY17, which was the first full year of its operations. Gross disbursements grew by 39% to ₹ 1,765 crore against ₹ 1,268 crore in the previous financial year. Loan book grew by 123% to ₹ 2,683 crore from ₹ 1,202 crore in FY16.

The Company has steadily built a well-diversified loan portfolio with exposures across PPP road projects with tripartite agreements as well as non-PPP projects in renewable power, transmission, healthcare, education, captive power and ITSEZs. The asset quality continues to be healthy.

The capitalisation of the company is comfortable with a Capital Adequacy Ratio of 28.9% as on March 31, 2017.

The Company raises resources through issue of bonds of minimum five years maturity. In FY17, the Reserve Bank of India ("RBI") allowed Infrastructure Debt Fund - Non Bank Finance Companies (IDF-NBFCs) to borrow upto 10% of their total outstanding borrowings by way of shorter tenor bonds and commercial papers ("CPs"). The incremental funds raised by the Company in FY17 through bonds and CPs was ₹ 1,296 crore. The bond issuances were rated AAA by domestic credit rating agencies namely ICRA and CARE while CPs were rated A+ by ICRA. These were subscribed to by a wide variety of investors, including insurance companies, provident funds and mutual funds. The total outstanding

borrowing, at the end of March 31, 2017 was ₹ 2,104 crore.

The Company is well poised for growth and over the next few years the business is expected to gain further momentum. There have been sustained efforts by the Government to address the various issues faced by the infrastructure sector. With improvement in private sector investments in the country, a larger pool of operational projects will be available for refinancing.

The Company plans to steadily increase its loan book and maintain a balanced and diversified portfolio across both PPP and non-PPP infrastructure projects.

## Performance of IDFC Infrastructure Finance Limited, FY17

Refer to **Box E**.

## 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 two subsidiaries viz., IDFC 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.

## IDFC BANK LIMITED

IDFC Bank operates within an effective risk management framework to actively manage all the material risks faced by the bank, in a manner consistent with the Bank's risk appetite. The IDFC Bank Board ("**Board**") has the ultimate responsibility for the bank's risk management framework. The Board is



## PERFORMANCE OF IDFC ASSET MANAGEMENT COMPANY LIMITED

ASSETS UNDER MANAGEMENT  
as on March 31, 2017

**₹55,717**  
CRORE

(Debt funds comprised 75% of AUM and Equity funds comprised 25%):

REVENUE

**₹310** CRORE

PROFIT BEFORE TAX

**₹140** CRORE

PROFIT AFTER TAX

**₹97** CRORE

**PERFORMANCE OF  
INSTITUTIONAL EQUITIES  
BROKING, FY'17**



**TOTAL INCOME**

**₹75** CRORE

**PROFIT BEFORE TAX**

**₹17** CRORE

**PROFIT AFTER TAX**

**₹11** CRORE

principally responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. To ensure the bank has a sound system of risk management and internal controls in place, the Board has established Risk Committee of the Board ("RCB"). The RCB assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes and controls. The Bank's independent risk function is headed by the Chief Risk Officer ("CRO"). The CRO presents a risk review report, which encompasses all significant aspects of the risks in the Bank as well as the mitigating measures, to the Risk Committee on a quarterly basis.

The bank's credit risk is controlled and governed by the Credit Risk Management Policy that is approved by the Board. The Credit Risk group has been established to independently evaluate all proposals to estimate the various risks as well as their mitigation and the appropriate pricing. After vetting of terms and conditions and credit rating from the Credit Risk group, each proposal is considered for approval as per delegated authority as approved by the Board of Directors.

There is an independent Portfolio Analytics Unit that is responsible for execution of portfolio risk management activities including concentration risk monitoring, stress testing, early warning signal monitoring as well as supporting the Credit Risk for any portfolio / industry related data inputs.

**IDFC INFRASTRUCTURE FINANCE LIMITED**

IDFC Infrastructure Finance Limited operates within a well-defined IDF-NBFC framework, which allows the Company to provide financial assistance only to operational infrastructure projects, which have completed at least one year of successful commercial operations

post construction. The Company has established a robust risk management practice that enables it to book, manage and mitigate risks for its business. For PPP projects awarded by a Project Authority, the Company enters into a tripartite agreement with the Project Authority for ensuring compulsorily buyout of entire dues of IDF in the event of termination. For PPP and non-PPP projects without a Project Authority, the Company has put in place tighter risk management controls.

The Board of IDFC Infrastructure Finance Limited has the ultimate responsibility for the Company's risk management framework. The Board is principally responsible for approving the Company's risk appetite and related strategies and policies. The Board has established Risk Committee that assists the Board in relation to the oversight and review of the Company's risk management principles and policies, appetite, processes and controls. The Company's independent risk function is headed by Senior Director, reporting directly to the Chief Executive Officer ("CEO"). All significant aspects of risks in the Company along with mitigating measures are presented to the Risk Committee on a semi-annual basis.

The Company's credit risk is controlled and governed by the Credit Policy and Risk Policy that is approved by the Board. The risk team independently evaluates all proposals to estimate the various risks, as well as their mitigation. After approval of terms and conditions and credit rating from the team, each proposal is considered by a Decision Board, which consists of Members of senior management. Thereafter, the recommended cases are sent for final sanction to the Credit Committee, a sub-committee of the Board of Directors.

The team also monitors the performance and compliance of covenants for all project assets.

Regular comprehensive reviews of all project assets is conducted. The portfolio report is reviewed by the senior management on a periodic basis.

### MARKET RISK MANAGEMENT

IDFC Limited is the holding Company with no direct businesses. that has no 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 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. The market risk objective, framework and architecture along with the functions of market risk are detailed in the respective subsidiary's Board approved Policies. The Market Risk group monitors risks on account of interest rate, liquidity, currency and equity price in the Trading Book as well as Banking Book in the banking subsidiary. Several models and their tools are used to support the continuous monitoring of such risks. The tools, models and underlying risk factors are reviewed periodically to enhance their effectiveness. The Asset Liability Management Committee ("ALCO") of the respective subsidiary supervises the ALM process and reviews the asset liability mismatch reports on a regular basis. These ALM reports are presented to the respective Board of Directors on a periodic basis.

### OPERATIONAL RISK MANAGEMENT

A strong Operational Risk framework and governance structure is in place in subsidiary companies as detailed below.

IDFC Bank Limited, the largest subsidiary in the group, 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. Committee comprising of senior management personnel namely 'Operational Risk & InfoSec Risk Management Committee' ("O&IRMC") is responsible for overseeing implementation of Board approved Operational Risk Management policy and framework. 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.

For non-bank entities viz. IDFC Alternatives, IDFC Securities, IDFC AMC, IDFC Infrastructure Finance and IDFC Foundation, the Group Operational Risk Committee ("GORC") is responsible for providing oversight over the adequacy of Operational Risk Management function. GORC is a management-level Committee of Senior Executives representing Group Companies. The GORC meets every quarter to discuss key Operational risk issues. Each of these companies in turn have respective 'Business Operational Risk Committees' ("BORC") comprising of Senior Management personnel to govern operational risks with support from dedicated Business Operational Risk Managers.

Both O&IRMC and GORC meet on quarterly or more frequent basis and report summary of key findings and issues to the Risk Management Committee of IDFC Limited.



### PERFORMANCE OF IDFC INFRASTRUCTURE FINANCE LIMITED, FY17

NET OPERATING INCOME

**₹89** CRORE

PROFIT AFTER TAX

**₹71** CRORE

## **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 to the Audit Committee of the Board.

## **HUMAN RESOURCES**

IDFC Group's People Agenda is guided by five themes - culture, diversity, capability, employee experience and community building. These are the key underlying philosophies that IDFC group follows in acquiring and nurturing talent. We believe that putting these into play will help build a winning organization.

### **Culture tops our People Agenda**

It is central to the groups hiring strategy. The culture of your company is spelt out in its values: Balance, Collaboration, Drive and Honesty. We realise that the active involvement of the senior management is critical in driving culture in an organization and facilitating adoption of values across the hierarchy. The group has curated a leadership competencies framework that is essential to realising its vision. We have mapped behaviours to these competencies to enable quicker adoption.

### **We would like to build an organization that is truly diverse and inclusive**

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

### **Enhancing the capability of employees is a key aspect of our People Agenda**

The group is committed to re-orient and skill-up new hires. As the group ramps up its workforce, it strengthens its capability and redirects their thinking. We also realise the critical role played by frontline managers in guiding and motivating employees.

### **Build an unparalleled employee experience that stimulates superior customer service**

The entire framework of employee-facing processes and systems is designed around the thought of employee experience. Dream journeys articulated using design principles keep us honest in building an internal ecosystem with enhanced user experience, bringing efficiencies to the administrative activities and freeing up employee bandwidth to focus on customer service and processes. Routine HR processes and data analysis have been digitized.

### **Building a sense of community internally**

It's a theme that flows from the culture and values journey. As the employee strength continues to grow, various interaction tools have been deployed to encourage employees to communicate, collaborate and share their experiences - irrespective of where they are placed geographically. This has encouraged a spirit of collaboration and team work.

### **Employee Strength**

IDFC Group had employee strength of 4,294 as on 31 March 2017 and we recruited 1,518 new employees during the financial year. IDFC had 10 employees as on March 31, 2017.

## **IDFC FOUNDATION**

Social engagement and community development has been a way of life at IDFC. CSR is a key element of our companies' philosophy. Initiatives to benefit local communities are carefully woven into the fabric of our business. These initiatives are carried out through IDFC Foundation, a not-for-profit organization, dedicated to bringing about change at the grass root level. Dedicated initiatives include focussed interventions in the areas of education and livelihood creation.

A key initiative launched this year is the Rural Livelihoods and Development program. This entails skilling rural youth to become Aadhaar enabled business correspondent agents for improving financial inclusion and literacy.

The project envisages creating a completely interoperable payment ecosystem in the rural areas (Tier 2 - 6 villages as per RBI definition) of approximately 200 districts in India by March 2020.

For delivering on this vision, IDFC Foundation will educate between 30,000 - 40,000 people on the RBI mandated content of financial literacy, skill the people to operate Aadhaar enabled, digitally connected tablets and grant fund (in the form of a free micro ATM) all individuals who are selected to become Business Correspondent Agents ("BCA"). When all these three activities are delivered as an integrated program by the Foundation under its flagship project - Rural Livelihoods & Development Program, it will enable these individuals to generate meaningful, sustainable income and become fully contributing members of our rural society.

The goal of the Foundation is to enable approximately 30,000 fully educated, skilled BCA's to be brought into the rural financial & payment ecosystem by March 2020. The creation of this ecosystem, will provide a strong impetus to financial inclusion thereby enabling rural populations in these districts to significantly improve their lifestyle through access to formal credit channels and enhancement of livelihood opportunities.

### **COMMUNITY ENGAGEMENT**

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

Community engagement is a key component of our transformation agenda, because we believe that districts can be transformed only when individual lives stand improved. This ties in with our legacy of building the nation - now, serving the community.

Members of IDFC Bank's staff support the IDFC Foundation in implementing its initiatives, which include 'Digishala' and 'Shwetdhara' - so far successfully launched in Madhya Pradesh.

'Digishala' is a computer education programme for primary school children. The bank's staff supports Digishalas in 18 schools.

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

### **IDFC INSTITUTE**

IDFC Institute, a division of IDFC Foundation, has been set up as an independent, not-for-profit, think / do tank, with a mandate to research issues of economic development and growth, keeping in mind their political context.

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

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

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



# CORPORATE GOVERNANCE REPORT

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 BOARD

The Board comprises of a majority of Independent Directors ("IDs"). It has an appropriate combination of Executive and Non-Executive Directors ("NEDs"), including IDs. As on March 31, 2017, IDFC's Board consisted of 9 Directors, comprising of (i) Five IDs, including a Independent Non-Executive Chairperson; (ii) a Managing Director & Chief Executive Officer ("Managing Director & CEO"); (iii) Two Nominee Directors representing the Government of India ("GoI") and (iv) One Nominee Director representing an institution which has 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 enables the Board to discharge its responsibilities and provide effective leadership to the business. The Chairperson of the Board is a Non-Executive ID. 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 Chairperson and more than one third of the Board comprising of IDs.

Table 1 gives details of the composition of Board of Directors for FY17 including their Directorships

## 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

and Memberships / Chairmanships of committees in other companies, alongwith details of the attendance at Board meetings and the Annual General Meeting (“AGM”), respectively.

The number of Directorships, Committee Memberships / Chairmanships 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 of the Shareholders. 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, when 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 each Board / Committee Meeting are recorded in the Minutes Book. The Minutes of Board Meetings of subsidiary companies of IDFC are periodically tabled 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 FY17, the Board met 7 (seven) times and the intervening period between two Board meetings was well within the limit prescribed. The annual calendar of meetings is broadly determined at the beginning of each

year. The Board Meetings were held on April 29, 2016; June 28, 2016; July 26, 2016; October 28, 2016; January 31, 2017; February 17, 2017 and March 31, 2017.

### **INFORMATION PROVIDED TO THE BOARD**

The Board agenda is prepared by the Company Secretary of the Company in consultation with the Chairperson and Managing Director & CEO of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are 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 Standards 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 various important matters of operations and business, annual operating plans, budgets, presentations, financial results of the Company and its subsidiaries, 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, 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 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. Majority of the Members of all the Committees consist of IDs. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company 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](http://www.idfc.com).

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

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD AND ATTENDED IN FY17	WHETHER ATTENDED LAST AGM ON JULY 27, 2016	NO OF DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC) <sup>1</sup>	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC) <sup>2</sup>
<b>Independent Directors</b>				
Mr. Vinod Rai (Independent Non-Executive Chairperson)	7/7	Yes	3	3 (including 1 chairmanship)
Mr. Gautam Kaji	7/7	Yes	2	2 (both as chairman)
Mr. S. S. Kohli	7/7	Yes	10	9 (including 5 chairmanship)
Mr. Donald Peck	6/7	Yes	2	1
Ms. Marianne Økland	7/7	Yes	3	1
<b>Government Nominee Directors</b>				
Mr. Manish Kumar <sup>3</sup>	2/3	NA	1	-
Mr. Soumyajit Ghosh <sup>3</sup>	2/3	NA	1	-
Mrs. Snehlata Shrivastava <sup>4</sup>	1/4	No	NA	NA
<b>Nominee of Domestic and Foreign Institutional Shareholders</b>				
Mr. Chintamani Bhagat	6/7	No	1	-
<b>Managing Director &amp; CEO</b>				
Mr. Vikram Limaye <sup>5</sup>	7/7	Yes	9	3

<sup>1</sup> Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

<sup>2</sup> Includes only Audit Committee and Stakeholders' Relationship Committee.

<sup>3</sup> Appointed with effect from January 11, 2017

<sup>4</sup> Resigned from the Board with effect from November 29, 2016

<sup>5</sup> Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.

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

#### Composition and Attendance of Directors at Committee Meeting(s)

Table 2 shows composition and attendance of Directors at the Committee meeting(s) held during FY17. Attendance is presented as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY17.

#### A. AUDIT COMMITTEE

The Audit Committee comprises of three Members, all of whom are IDs. The Committee is chaired by Mr. Gautam Kaji and has Mr. Vinod Rai and Ms. Marianne Økland as its Members with any two

Members forming the quorum. During the year, Mrs. Snehlata Shrivastava resigned as a Director and Member of the Audit Committee with effect from November 29, 2016.

The Committee met four times during FY17. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were April 29, 2016; July 26, 2016; October 28, 2016 and January 31, 2017.

The Chief Financial Officer ("CFO"), the representatives of the Statutory Auditors and Internal Auditors are permanent invitees 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:**

- Oversight of the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending to the Board, the appointment, remuneration and terms of appointment if required, of the Statutory Auditors & Internal Auditors and the fixation of audit fees.
- 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.
- Review performance and financials of subsidiary companies, including Investments made by them.
- 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.
- 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.
- Details of materially significant individual transactions with related parties which are not in the normal course of business.
- 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.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- 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.

**B. NOMINATION & REMUNERATION COMMITTEE**

As of March 31, 2017, the Nomination & Remuneration Committee ("NRC") comprised of Mr. Donald Peck as the Chairperson and Mr. Vinod Rai & Mr. Gautam Kaji as its Members, all of whom are IDs. The quorum of the meeting is any two Members. The Committee met three times during the year on April 29, 2016; July 26, 2016 and March 31, 2017.

**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](http://www.idfc.com). The remuneration paid to ED is determined keeping in view the industry benchmark and the performance of the Company vis-à-vis industry performance.

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 16<sup>th</sup> AGM held on July 29, 2013. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as Chairmanship of the Committees. The criteria for payment of commission to NEDs are given in **Table 3**. IDFC will pay a sum not exceeding ₹ 85 Lacs as commission to its NEDs for FY17. 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, 2017, none of the NEDs held any shares of the Company.

**Table 4** gives details of remuneration paid to the Directors during FY17. The Company did not advance loans to any of its Directors during FY17. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2017. As per the current term of employment, the notice period of Mr. Vikram Limaye, Managing Director & CEO is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDER'S RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Mr. Vinod Rai	4/4	3/3	2/2	C 4/4	-
Mr. Gautam Kaji	C 4/4	3/3	2/2	-	-
Mr. S. S. Kohli	-	-	2/2	4/4	1/1
Mr. Donald Peck	-	C 3/3	-	-	1/1
Ms. Marianne Økland	4/4	-	C 2/2	-	-
Mr. Chintamani Bhagat	-	-	-	-	-
Mrs. Snehlata Shrivastava <sup>1</sup>	0/3	-	-	-	-
Mr. Vikram Limaye <sup>2</sup>	-	-	2/2	4/4	C 1/1

figures marked with "C" represent Chairperson of the Committee

<sup>1</sup> Resigned as a Director & Member of the Audit Committee w.e.f. November 29, 2016.

<sup>2</sup> Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.

### C. RISK MANAGEMENT COMMITTEE

As on March 31, 2017, the Risk Management Committee comprises of five Members, with Ms. Marianne Økland as the Chairperson and Mr. Vinod Rai, Mr. Gautam Kaji, Mr. S. S. Kohli & Mr. Vikram Limaye as its Members, with any three Members forming the quorum. The Committee met two times during the year on April 29, 2016 and October 28, 2016.

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 Risk Management Committee and it monitors and reviews risk management of the Company on a regular basis. The Risk Management Committee reviews and monitors mainly three types of risks across the organisation: credit risk, market risk and operational risk. 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 of March 31, 2017, the Stakeholders' Relationship Committee ("SRC") consists

of three Directors - Mr. Vinod Rai as the Chairperson and Mr. S. S. Kohli & Mr. Vikram Limaye as its Members, with any two Members forming the quorum. The Committee met four times during the year on April 29, 2016; July 26, 2016; October 28, 2016 and January 31, 2017.

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 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, a Share Transfer Committee comprising of Mr. Vinod Rai, Mr. Vikram Limaye, Mr. Bipin Gemani and Mr. Ketan S. Kulkarni looks into share transfer, transmission, name deletion, transposition, rematerialisation and related applications received from Shareholders, with a view to accelerate the transfer procedures. The quorum for any meeting of this Committee is two Members.

Mr. Ketan Kulkarni, 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 ketan.kulkarni@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 FY17.

Details of queries and grievances received and attended by the Company during FY17 are given in **Table 5**.

### E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2017, the Corporate Social Responsibility ("CSR") Committee consists of three Directors, Mr. Vikram Limaye as the Chairperson and Mr. S. S. Kohli & Mr. Donald Peck as its Members. The quorum of the meeting is two Members. During the year one meeting was held on April 29, 2016.

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.

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

#### F. INVESTMENT COMMITTEE

The Investment Committee ("IC") comprises of four Members, namely Mr. Vinod Rai as the Chairperson and Mr. S. S. Kohli, Mr. Donald Peck & Mr. Vikram Limaye as its Members. Post demerger, IDFC is registered with the RBI as an NBFC - Investment Company. The broad mandate of IC is to take an informed decision about the proposed investments to be made by IDFC, having regard to factors like long-term value creation and / or business growth / diversification benefits.

#### SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on April 29, 2016 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 Chairperson 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 Chairperson) and (iii) various Committees of the Board. The provisions also specify responsibilities of various persons /

committees for conducting such evaluation and certain disclosures are also required to be made as a part of the listed entity's corporate governance obligations.

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, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation. The Directors discussed and requested for some changes.

The Company is in the process of designing a simplified Questionnaire based on the inputs / views from some of the IDs that would cover the essence of evaluation. The said process is expected to be completed in due course of time.

#### 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](http://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](http://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 Managing Director & 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](http://www.idfc.com)

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY & PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION FOR FY16 PAID IN FY17	PAID DURING FY17 TOTAL
Mr. Vinod Rai	01119922	925,000	-	-	1,354,167	2,279,167
Mr. Gautam Kaji	02333127	775,000	-	-	1,250,000	2,025,000
Mr. S. S. Kohli	00169907	775,000	-	-	1,287,500	2,062,500
Mr. Donald Peck	00140734	575,000	-	-	1,204,167	1,779,167
Ms. Marianne Økland	03581266	700,000	-	-	1,408,333	2,108,333
Mr. Chintamani Bhagat	07282200	450,000	-	-	391,667	841,667
Mr. Manish Kumar	07379535	-	-	-	-	-
Mr. Soumyajit Ghosh	07698741	-	-	-	-	-
Mr. Vikram Limaye	00488534	-	34,683,259	1,951,680	-	36,634,939
Dr. Omkar Goswami	00004258	-	-	-	575,000	575,000
Late Mr. S.H. Khan	00006170	-	-	-	625,000	625,000
Mr. Joseph Dominic Silva	06388807	-	-	-	733,333	733,333
Mrs. Snehlata Shrivastava	06478173	-	-	-	-	-

1. Mr. Manish Kumar and Mr. Soumyajit Ghosh were appointed with effect from January 11, 2017.
2. During FY17, Mr. Vikram Limaye was paid bonus of ₹ 1.75 crore for FY16 and he has been granted 3,415,279 stock options under IDFC ESOS Scheme. The stock options granted to Mr. Limaye would vest in graded manner over a period of 3 years from the date of grant of options and are exercisable over a period of 4 years from the date of vesting. Options were granted at 'market price' as defined under SEBI (Share Based Employee Benefits, Regulations 2014.
3. Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.
4. Dr. Omkar Goswami resigned from the Board with effect from August 6, 2015.
5. Late Mr. S.H. Khan resigned from the Board with effect from August 10, 2015.
6. Mr. Joseph Dominic Silva resigned from the Board with effect from October 31, 2015.
7. Mrs. Snehlata Shrivastava resigned from the Board with effect from November 29, 2016.

### APPOINTMENT / REAPPOINTMENT / RESIGNATION OF DIRECTORS

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Act, Mr. Chintamani Bhagat would retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

Mrs. Snehlata Shrivastava, the Nominee Director on the Board of the Company, representing the Ministry of Finance, Government of India resigned from the office of Director with effect from November 29, 2016. The Board placed on record its gratitude for the contributions made by Mrs. Snehlata Shrivastava during her tenure.

Based on the recommendation of the NRC, the Board approved the appointment of Mr. Soumyajit Ghosh & Mr. Manish Kumar as Additional Directors in the category of Nominee Directors, representing the Ministry

of Finance, Government of India w.e.f. January 11, 2017, in place of Mrs. Snehlata Shrivastava. Their appointment is up to the conclusion of the ensuing AGM. Accordingly, the approval of Shareholders is sought for their appointment at the ensuing AGM. Notices pursuant to Section 160 of the Act, have been received from the Members proposing appointment of Mr. Soumyajit Ghosh & Mr. Manish Kumar as Directors of your Company.

In March, 2015, the Shareholders of the Company had appointed Mr. S. S. Kohli and Ms. Marianne Økland as IDs by passing Ordinary Resolutions by way of Postal Ballot. Both Mr. Kohli and Ms. Økland hold office till the conclusion of the ensuing AGM. The NRC and the Board at their respective meetings held on April 28, 2017, approved their reappointment as IDs for a period of two years to hold office till the conclusion of 22<sup>nd</sup> AGM of the Company to be held for FY19.

The above reappointments are subject to the approval of the Shareholders of the Company at the ensuing AGM by way of a Special Resolution.

The Board of Directors of National Stock Exchange of India Limited ("**NSE**") at its meeting held in January 2017 selected Mr. Vikram Limaye as Managing Director & CEO of NSE, subject to approval of SEBI and Shareholders of NSE. The Shareholders of NSE accorded their approval in March 2017 and in June 2017, SEBI granted conditional approval for the said appointment of Mr. Limaye, subject to he being relieved from the Committee of Administrators of the Board of Control for Cricket in India ("**BCCI**"). The said appointment of Mr. Limaye on the Committee of Administrators of the BCCI was as per the Order passed by the Hon'ble Supreme Court of India in January 2017. The Hon'ble Supreme Court will reopen after vacation in first week of July 2017

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2016	RECEIVED DURING THE YEAR	ATTENDED DURING THE YEAR	PENDING AS ON MARCH 31, 2017
1.	Non-receipt of Dividend	NIL	173	173	NIL
2.	Non-receipt of Annual Report	NIL	216	216	NIL
3.	Complaints received from:				
	- SEBI	NIL	4	4	NIL
	- Stock Exchange	NIL	1	1	NIL
4.	Non-receipt of Refund	NIL	-	-	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	1	1	NIL
6.	Non Receipt of securities	NIL	5	5	NIL

and it is expected that it would grant its approval for relieving him by July 14, 2017. In view of the same, Mr. Vikram Limaye has tendered his resignation from the Board of IDFC as Managing Director & CEO with effect from July 15, 2017.

The Board of Directors of IDFC at its meeting held on June 24, 2017 took note of the resignation of Mr. Vikram Limaye as Managing Director & CEO of the Company. Mr. Vikram Limaye has been associated with IDFC since 2005. He joined the Board of IDFC as a Whole-time Director in 2008 and took over the post of Managing Director & CEO of the Company in May 2013. He was pivotal in the growth and development of various business verticals of IDFC Group, including Mutual Fund, Institutional Equity, Investment Banking, Alternatives Business, etc. and was also instrumental in establishing the IDFC Brand. He also played a very vital role in setting up of IDFC Bank. The Company places on record its gratitude for the immense contribution made by Mr. Limaye during his tenure with IDFC Group. The Board of the Company had earlier met in February 2017 to discuss about the probable candidate in place of Mr. Vikram Limaye to be appointed as Managing Director & CEO of the Company. After taking into consideration the views of all the Directors, the Board was of the opinion that an internal candidate who is well conversant not only with the existing

businesses but also with the people, policies, procedures and work culture would be a better choice to avoid any incoherence. Accordingly, the NRC and the Board, at their meetings held on June 24, 2017, recommended the appointment of Mr. Sunil Kakar, who is currently Chief Financial Officer (“CFO”) of IDFC Bank, as the Managing Director & CEO of IDFC for a period of three years with effect from July 16, 2017. The appointment is subject to the approval of the Shareholders, on the terms and conditions as set out in the Notice of ensuing AGM circulated along with this Report. Mr. Kakar was the former CFO of IDFC, before setting up of IDFC Bank and is well acquainted with the group and subsidiary businesses. A brief profile of Mr. Kakar is set out in the Exhibit to Notice of the ensuing AGM. Consequently, Mr. Kakar would resign as CFO of IDFC Bank.

The Board recommends appointment of Mr. Sunil Kakar as Managing Director & CEO of the Company.

The Board recommends all the above appointment / reappointment. Brief profiles of the Directors getting appointed / reappointed are given in the Exhibit to the Notice of the AGM.

#### CEO AND CFO CERTIFICATION

Certification from the Managing Director & CEO and CFO on the financial statements and internal controls relating to financial reporting for FY17 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

##### 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

- (i) reappointment of Mr. S. S. Kohli as an ID of the Company
- (ii) reappointment of Ms. Marianne Økland as an ID of the Company and
- (iii) Offer and Issue of Non-Convertible Securities through Private Placement.

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](http://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



FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY14	The Music Academy, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 29, 2014	2.00 p.m.	i. Approval of the Borrowing Limits of the Company; ii. Offer and Issue Non-Convertible Securities under Private Placement; iii. Further Issue of Securities iv. Alteration of the Object Clause of Memorandum of Association of the Company
FY15	The Music Academy, Kasturi Srinivasan Hall, New No. 168, (Old No. 306), Next to Acropolis Building T.T.K. Road, Royapettah, Chennai 600 014.	July 30, 2015	2.00 p.m.	i. Offer and Issue of Non-Convertible Securities under Private Placement
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.

**Notes:**

- 1 The Shareholders approved the reduction in ceiling limit on the aggregate foreign shareholding from 54% to 49.9% by passing a Special Resolution by way of Postal Ballot vide Notice dated December 23, 2013.
- 2 The Shareholders approved the IDFC Employee Stock Option Scheme, 2016 and grant of stock options to the Eligible Employees / Directors of the Company under the Scheme by passing a Special Resolution by way of Postal Ballot vide Notice dated May 20, 2016.
- 3 The Shareholders approved the IDFC Employee Stock Option Scheme, 2016 and grant of stock options to the Eligible Employees / Directors of the Company's subsidiaries (Present & Future) under the Scheme by passing a Special Resolution by way of Postal Ballot vide Notice dated May 20, 2016.

who is responsible for assisting and handling investor grievances. It also displays all official press releases and presentation to institutional investors or analysts made by the Company. Information on this website is regularly updated.

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 Limited ("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](http://www.idfc.com).

**DISCLOSURES****RELATED PARTY DISCLOSURES**

During FY17, 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 Accounting Standards (AS 18) has been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time and the same 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](http://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, 2017, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Bank Limited (Listed). Further, as per Regulation 24(1) IDFC has nominated its ID on the board of IDFC Financial Holding Company Limited. Consequent upon resignation of Mr. Vikram Limaye and appointment of Mr. Sunil Kakar as Managing Director & CEO of the Company, Mr. Kakar has been nominated on the Board of IDFC Bank. A Policy for determining 'material' subsidiaries is placed on

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## IDFC'S STOCK EXCHANGE CODES 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

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## 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.	100	28,453
Number of Shareholders who approached to IDFC / Registrar for transfer of shares from suspense account during the year 2016-17.	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2016-17.	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, 2017	100	28,453

the website of the Company: [www.idfc.com](http://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 audited Annual 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.

### COMMODITY PRICE RISKS 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

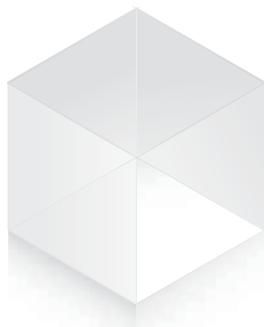
The Company may seek to pass Special Resolution(s) in FY18 through Postal Ballot, as and when required, subject to applicable Act and Rules.

During FY17, the approval of the Shareholders was sought by way of Postal Ballot vide Notice dated May

20, 2016, in respect of the following Special Resolutions:

- (i) re-pricing and re-granting of Employee Stock Options ("ESOPs") granted under IDFC Employee Stock Option Scheme, 2007 and reduction of ESOP pool by 40% (from current 7% to 4.2% of the issued and paid up share capital of the Company from time to time);
- (ii) approval of IDFC Employee Stock Option Scheme, 2016 ("the Scheme") in compliance with amended SEBI (Share Based Employee Benefits) Regulations, 2014, and grant of stock options to the Eligible Employees / Directors of the Company and
- (iii) grant of stock options to the Eligible Employees / Directors of the Company's subsidiaries (present and future) under the Scheme.

The Company had provided its Shareholders the facility to exercise their right to vote on the postal ballot through the Electronic Voting on all the resolutions as set out in the Notice



# ANNUAL GENERAL MEETING

## DATE & TIME

**Friday, July 28, 2017  
2:00 p.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.

of the Postal Ballot. The Company had engaged the services of Karvy Computershare Private Limited to provide the e-voting facility.

The Company appointed M/s. BN & Associates, Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process. The Scrutinizer submitted his report to the Chairman on completion of scrutiny on June 25, 2016 and the consolidated results of the said Postal Ballot were announced. The said results were made available on the website of the Company: [www.idfc.com](http://www.idfc.com) and also placed at the Registered and Corporate Office of the Company. Resolution no. (ii) and (iii) mentioned above were passed by the Shareholders with requisite majority (92.60% and 77.02% in favour, respectively). For Resolution no. (i) the total no. of votes in favour were 70.17% as against the requirement of 75% for passing a special resolution and accordingly, Resolution no. (i) was not approved. Effectively the ESOP pool stands at original 7% of the issued and paid up capital of the Company from time to time, as was approved by the Shareholders at 16<sup>th</sup> AGM held on July 29, 2013.

## **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 Chairperson of the Audit Committee in exceptional cases. The Audit Committee oversee the Vigil 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 details of the said mechanism have been disclosed on the website of the Company: [www.idfc.com](http://www.idfc.com).

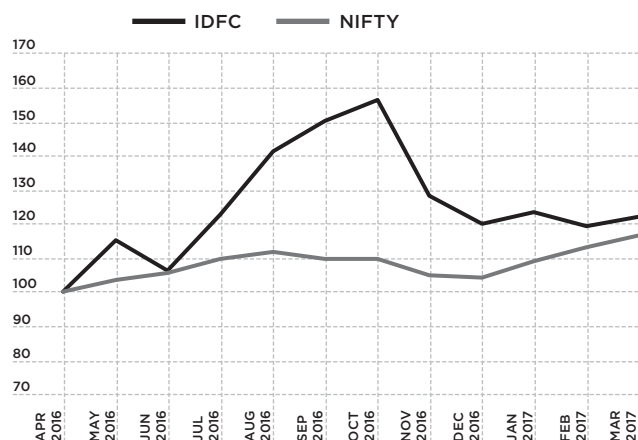
## **COMPLIANCE**

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.

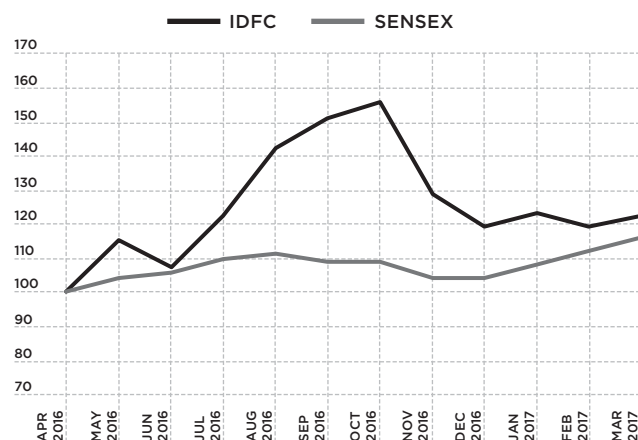
## **INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

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.

**CHART A IDFC VS NIFTY IN PERCENTAGE**



**CHART B IDFC VS SENSEX IN PERCENTAGE**



**09 HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES**

	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
April 2016	47.00	39.55	95,125,499	46.60	39.55	9,071,154
May 2016	53.50	41.55	126,984,501	53.50	41.60	19,048,550
June 2016	52.35	46.65	98,484,811	52.35	46.60	21,902,108
July 2016	55.75	47.80	126,008,228	55.75	47.55	19,215,363
August 2016	64.85	53.10	165,047,547	65.00	53.20	18,469,932
September 2016	70.45	58.90	166,033,298	70.45	58.70	22,858,577
October 2016	71.30	65.40	108,624,940	71.20	65.50	11,495,692
November 2016	69.85	53.45	88,820,994	69.90	53.50	16,160,877
December 2016	58.80	50.20	110,870,372	58.80	50.20	9,094,920
January 2017	60.55	53.50	113,813,549	60.50	53.60	10,799,973
February 2017	57.95	51.95	112,383,123	57.95	52.05	16,929,352
March 2017	56.20	50.65	211,673,104	56.25	50.80	37,751,356

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

**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 Managing Director & CEO. Mr. Vinod Rai is the Independent Non-Executive Chairperson and Mr. Vikram

Limaye is Managing Director & CEO of the Company.

**AUDIT QUALIFICATION**

During the year under review, there were no audit qualifications in the Company's Standalone & Consolidated financial statements. IDFC continues to adopt best practices to ensure regime of unqualified financial statements.

**REPORTING OF INTERNAL AUDITORS**

The Internal Auditors present their reports directly to the Audit Committee.

**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.

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**IDFC'S DISTRIBUTION OF SHAREHOLDING PATTERN BY SIZE AS ON MARCH 31, 2017**

CATEGORY (SHARES)	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1-5000	460,825	98.53	156,141,040	9.79
5001-10000	3,638	0.78	27,017,922	1.69
10001-20000	1,604	0.34	22,962,485	1.44
20001-30000	470	0.10	11,848,282	0.74
30001-40000	220	0.05	7,694,669	0.48
40001-50000	136	0.03	6,227,107	0.39
50001-100000	315	0.07	22,629,310	1.42
100001 & Above	494	0.10	1,341,420,755	84.05
<b>TOTAL</b>	<b>467,702</b>	<b>100.00</b>	<b>1,595,941,570</b>	<b>100.00</b>

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**IDFC'S EQUITY SHAREHOLDING PATTERN BY OWNERSHIP AS ON MARCH 31, 2017**

SR. NO.	CATEGORY OF SHAREHOLDER	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10 EACH)	% OF SHARES
<b>PROMOTERS HOLDING</b>		Not Applicable	
<b>NON-PROMOTERS HOLDING</b>			
i.	President of India	261,400,000	16.38
ii.	Banks, Financial institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	64,070,338	4.01
iii.	Foreign Institutional Investors (FIIs)	612,625,873	38.39
iv.	Foreign Direct Investment (FDI)	4,436,433	0.28
v.	Mutual Funds / Alternate Investment Funds	220,729,497	13.83
vi.	Private Corporate Bodies	73,074,983	4.58
vii.	Indian Public	295,067,701	18.49
viii.	NRIs / OCBs / Foreign Nationals	15,326,426	0.96
ix.	Any other	-	-
x.	Clearing members	18,191,435	1.14
xi.	Trusts	18,277,715	1.14
xii.	HUFs	11,818,905	0.74
xiii.	NBFCs	922,264	0.06
<b>GRAND TOTAL</b>		<b>1,595,941,570</b>	<b>100.00</b>

**DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") 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.

**INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO REGISTRAR AND SHARE TRANSFER AGENT**

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. Ketan S. Kulkarni  
IDFC Limited  
Naman Chambers,  
C-32, G Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai 400 051  
Tel: +91 22 4222 2018  
Fax: +91 22 2654 0354  
E-mail: ketan.kulkarni@idfc.com  
Website: www.idfc.com

**REGISTERED OFFICE ADDRESS\***

IDFC Limited  
KRM Tower, 7<sup>th</sup> Floor,  
No. 1, Harrington Road,  
Chetpet, Chennai 600 031  
Tel: +91 44 4564 4000  
Fax: +91 44 4564 4022

\*With effect from April 1, 2017 the registered office of the Company was shifted from KRM Tower, 8<sup>th</sup> Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India to KRM Tower, 7<sup>th</sup> Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India.

**12 TOP 10 EQUITY SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2017**

NAME	SHARES	% TO EQUITY
President of India	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47
First state investments ICVC - Stewart Investors as IA Pacific Leaders Fund	94,016,080	5.89
Orbis Sicav Emerging Markets Equity Fund	50,780,947	3.18
Ashish Dhawan	41,844,470	2.62
East Bridge Capital Master Fund Limited	38,845,294	2.43
ICICI Prudential Balanced Fund	22,429,326	1.41
Platinum Asia Fund	21,998,600	1.38
Orbis Global Equity Fund Ltd	17,919,198	1.12
ICICI Prudential Dynamic Plan	16,969,637	1.06

**13 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2017**

CATEGORY	NO. OF SHARES	%
Physical	32,697	β
NSDL	1,511,982,574	94.74
CDSL	83,926,299	5.26
<b>TOTAL</b>	<b>1,595,941,570</b>	<b>100.00</b>

**14 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2017**

PARTICULARS	UNCLAIMED DIVIDEND (₹)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2009-10	2,109,205	June 28, 2010	July 31, 2017
2010-11	3,248,954	July 27, 2011	August 29, 2018
2011-12	4,745,203	July 9, 2012	August 12, 2019
2012-13	4,127,763	July 29, 2013	August 29, 2020
2013-14	4,813,643	July 29, 2014	September 2, 2021
2014-15	4,318,428	July 30, 2015	September 3, 2022

**GENERAL SHAREHOLDER INFORMATION**

**FINANCIAL CALENDAR**

Financial year-April 1, 2016 to March 31, 2017

For the year ended March 31, 2017, results were announced on:

- July 26, 2016 for the first quarter.
- October 28, 2016 for the second quarter and half year.
- January 31, 2017 for the third quarter.
- April 28, 2017 for the fourth quarter and annual.

For the year ending March 31, 2018, results will be announced latest by:

- Second week of August, 2017 for the first quarter.
- Second week of November, 2017 for the second quarter and half year.
- Second week of February, 2018 for the third quarter.
- Last week of May, 2018 for the fourth quarter and annual.

## **DIVIDEND**

A Final Dividend of ₹ 0.25 per equity share will be paid after July 28, 2017, subject to approval by Shareholders at the ensuing AGM. The Register of Members will be closed from Saturday, July 22, 2017 to Friday, July 28, 2017 (both days inclusive) for the purpose of payment of dividend.

## **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 FY18 have been paid.

## **STOCK PRICES**

**Table 9** 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 **Charts A and 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, 2017 are given in **Table 10**, **Table 11** and **Table 12**, 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, 2017, approximately 99.99% shares of IDFC were held in dematerialised form. **Table 13** gives the details.

## **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. After such a transfer, no claim shall lie against the Company however, the investor can claim the unpaid dividend from the IEPF Authority.

Unclaimed / Unpaid dividends for and up to FY09 have already been transferred to IEPF. The unpaid dividend amount pertaining to FY10 will be transferred to IEPF during this year. Hence, Shareholders who have not yet encashed their dividend warrant(s) pertaining to dividend for FY10 are requested to make their claims on or before July 31, 2017 to IDFC or Karvy Computershare Private Limited.

Pursuant to the applicable provisions of the Act, it is clarified that claims in respect of dividend amounts that have remained unclaimed / unpaid beyond a period of seven years from the date of payment shall be made to IEPF. Once the unclaimed amount is transferred to IEPF, no claims shall lie against the Company in respect thereof.

The status of dividend remaining unclaimed is given in **Table 14**.

Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2014, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 27, 2016 (date of last AGM) on the Company's website: [www.idfc.com](http://www.idfc.com) and on MCA website.

## **TRANSFER OF SHARES TO IEPF**

MCA has notified the IEPF Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 and the amendments thereto ("the Rules").

As per the Rules, all the shares in respect of which dividend has remained unpaid / unclaimed by the Shareholders for a period of seven consecutive years or more shall be transferred in the name of IEPF. The Company had already sent communication to the Shareholders in December 2016 and April 2017 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 FY10, are requested to contact Karvy Computershare Private Limited and submit requisite documents, failing which the Company will be constrained to transfer the shares to IEPF as per the Rules.

#### **UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT**

IDFC has 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. The Company transfers the shares lying unclaimed under the IPO to the eligible Shareholders as and when the request for the same is received after proper verification. However, during the year ended March 31, 2017, the Company has not received any request for claiming these shares. Details of shares lying in the 'Unclaimed Suspense Account' as on March 31, 2017 are given in **Table 8**. The voting rights on the shares held in the said unclaimed suspense account shall remain frozen till the rightful owner claims the shares. These shares will be transfer to IEPF as per the direction of MCA.

#### **SHARE TRANSFER SYSTEM**

IDFC has appointed Karvy Computershare Private Limited as its Registrar and Transfer Agent. All share transfers 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 capital of the Company.

Certificates issued in this regard are forwarded to BSE and NSE on periodic basis.





# CEO & CFO CERTIFICATE

Certification by Chief Executive Officer  
and Chief Financial Officer of the  
Company for the Financial Year 2016-17

We, Vikram Limaye, 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 we 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.

**Vikram Limaye**  
Managing Director & CEO

**Bipin Gemani**  
Chief Financial Officer

Mumbai  
April 21, 2017



# INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

## TO THE MEMBERS OF IDFC LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter reference no. PG/1797 dated 5 October 2016.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of IDFC LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

## MANAGEMENT'S RESPONSIBILITY

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

## AUDITORS' RESPONSIBILITY

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by

the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial

Information, and Other Assurance and Related Services Engagements.

## OPINION

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31 March 2017.

9. We 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 DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(Firm's Registration No. 117366W/  
W-100018)

## Kalpesh J. Mehta

(Membership No. 48791)

Mumbai, June 24, 2017.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF IDFC LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **IDFC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

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

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

### Opinion

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 31 March 2017, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to Note 1 (c) to the Standalone Financial Statements which describes the demerger of the financial undertaking of the Company into the IDFC Bank Limited with effect from 1 October 2015 in the previous year. Post transfer of the undertaking to the IDFC Bank Limited, the Company is mainly an investment Company, with minimal operations. Accordingly, the figures for the year ended 31 March 2017 and 31 March 2016 are not comparable. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, 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.
  - 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, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

## INDEPENDENT AUDITORS' REPORT

- e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/"CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

### For Deloitte Haskins & Sells LLP

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

### P. R. Ramesh

Partner  
(Membership No. 70928)

Mumbai | April 28, 2017

## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

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

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

We have audited the internal financial controls over financial reporting of **IDFC Limited** (“the Company”) as of 31 March 2017 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**

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. 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 Companies Act, 2013.

#### **Auditor’s Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

#### **P. R. Ramesh**

Partner

(Membership No. 70928)

Mumbai | April 28, 2017

## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner 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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the 2013 Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company’s business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us, during the year, there were no dues payable in respect of the employees’ state insurance, custom duty and excise duty.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax or Value Added Tax as on 31 March 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of debt instruments have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

**P. R. Ramesh**

Partner

(Membership No. 70928)

Mumbai | April 28, 2017

# BALANCE SHEET

AS AT MARCH 31, 2017

		(₹ IN CRORE)		
	NOTES	AS AT MARCH 31, 2017	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
(a) Share capital	4	1,595.94		1,594.02
(b) Reserves and surplus	5	8,054.35		7,994.71
			9,650.29	9,588.73
<b>Share application money pending allotment</b>	6		-	5.66
<b>Non-current liabilities</b>				
(a) Deferred tax liability	7	11.24		11.16
			11.24	11.16
<b>Current liabilities</b>				
(a) Short term borrowings	8	199.70		-
(b) Trade payables	9			
(i) Total outstanding dues of micro enterprises and small enterprises		-		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		10.70		9.21
(c) Other current liabilities	10	2.67		2.60
(d) Short-term provisions	11	3.86		2.43
			216.93	14.24
<b>TOTAL</b>			<b>9,878.46</b>	<b>9,619.79</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Fixed assets				
(i) Tangible assets	12 (a)	61.85		65.73
(ii) Intangible assets	12 (b)	-		-
			61.85	65.73
(b) Non-current investments	13		9,133.44	8,959.80
(c) Long-term loans and advances				
(i) Others	14		1.73	0.75
			9,197.02	9,026.28
<b>Current assets</b>				
(a) Current investments	15	250.00		269.38
(b) Trade receivables	16	0.16		0.13
(c) Cash and cash equivalents	17	401.22		226.64
(d) Short-term loans and advances				
(i) Others	14	22.94		92.79
(e) Other current assets	18	7.12		4.57
			681.44	593.51
<b>TOTAL</b>			<b>9,878.46</b>	<b>9,619.79</b>

See accompanying notes forming part of the financial statements (see notes 1 to 45)

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)

**P.R. Ramesh**  
Partner

Mumbai, April 28, 2017

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Bipin Gemani**  
Chief Financial Officer

**Vikram Limaye**  
Managing Director & CEO

**Ketan Kulkarni**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)	
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>A CONTINUING OPERATIONS</b>			
<b>I INCOME</b>			
Revenue from operations	19	159.22	224.13
Other income	20	-	1.75
<b>TOTAL INCOME (I)</b>		<b>159.22</b>	<b>225.88</b>
<b>II EXPENSES</b>			
Employee benefits expense	21	11.24	9.87
Finance costs	22	2.73	-
Provisions and contingencies	23	49.52	40.71
Other expenses	24	11.55	6.09
Depreciation and amortisation expense	12	5.25	4.96
<b>TOTAL EXPENSES (II)</b>		<b>80.29</b>	<b>61.63</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>78.93</b>	<b>164.25</b>
<b>IV TAX EXPENSE</b>			
Current tax		23.10	14.29
Deferred tax	7	0.08	8.26
<b>TOTAL TAX EXPENSE (IV)</b>		<b>23.18</b>	<b>22.55</b>
<b>V PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (III-IV)</b>		<b>55.75</b>	<b>141.70</b>
<b>B DISCONTINUING OPERATIONS</b>	25		
<b>VI PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS BEFORE TAX</b>		<b>-</b>	<b>(1,969.49)</b>
<b>VII TAX EXPENSE OF DISCONTINUING OPERATIONS</b>			
Current Tax		-	379.55
Deferred Tax		-	(1,044.96)
Tax adjustment for prior years		-	(0.24)
<b>TOTAL TAX EXPENSE (VII)</b>		<b>-</b>	<b>(665.65)</b>
<b>VIII LOSS FROM DISCONTINUING OPERATIONS (VI-VII)</b>		<b>-</b>	<b>(1,303.84)</b>
<b>C TOTAL OPERATIONS</b>			
<b>IX PROFIT / (LOSS) FOR THE YEAR (V+VIII)</b>		<b>55.75</b>	<b>(1,162.14)</b>
<b>X EARNINGS PER EQUITY SHARE (NOMINAL VALUE OF SHARE ₹ 10 EACH)</b>	33		
(a) Basic (₹)			
(i) Continuing operations		0.35	0.89
(ii) Total operations		0.35	(7.29)
(b) Diluted (₹)			
(i) Continuing operations		0.35	0.89
(ii) Total operations		0.35	(7.29)

See accompanying notes forming part of the financial statements (see notes 1 to 45)

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)

**P.R. Ramesh**  
Partner

Mumbai, April 28, 2017

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Bipin Gemani**  
Chief Financial Officer

**Vikram Limaye**  
Managing Director & CEO

**Ketan Kulkarni**  
Company Secretary



# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)		
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>I CASH FLOW FROM CONTINUING OPERATIONS</b>				
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax			78.93	164.25
<b>Adjustments for:</b>				
Depreciation and amortisation expense	12	5.25		4.96
Provisions and contingencies (excluding bad debts written off)	23	49.52		(53.07)
Interest income	19	(7.16)		(3.01)
Interest expense	22	2.39		-
Profit on sale of investments in group companies	19	-		(1.75)
Profit on sale of current investments (net)	19	(42.07)		(17.90)
Profit on sale of non-current investments	19	(8.77)		-
Interest received on fixed deposits		8.22		1.33
Interest paid on borrowing		(2.39)		-
			4.99	(69.44)
<b>Operating profit before working capital changes</b>			83.92	94.81
<b>Changes in working capital:</b>				
<b>Adjustments for (increase) / decrease in operating assets</b>				
Trade receivables		(0.03)		(0.73)
Long-term loans and advances		(0.98)		0.75
Short-term loans and advances		55.42		822.28
Other current assets		(3.61)		β
<b>Adjustments for increase / (decrease) in operating liabilities</b>				
Trade payables		1.50		3.46
Other current liabilities		(0.44)		0.83
			51.86	826.59
Direct taxes paid			(21.67)	(16.71)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>			<b>114.11</b>	<b>904.69</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets (including intangible assets under development)			(1.37)	(0.24)
Investment in subsidiaries			(244.24)	(45.00)
Purchase of other investments			(4,293.99)	(1,938.71)
Term deposit placed			(440.50)	-
Term deposit matured			418.70	-
Sale proceeds of investments in subsidiaries			-	22.75
Sale proceeds of other investments			4,399.73	1,573.45
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			<b>(161.67)</b>	<b>(387.75)</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)	
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from fresh issue of shares (net of issue expenses)		0.14	18.93
Proceeds from borrowings		897.31	-
Repayment of borrowings		(697.61)	-
Dividend paid (including dividend distribution tax)		-	(458.06)
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>199.84</b>	<b>(439.13)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) - I</b>		<b>152.28</b>	<b>77.81</b>
<b>II CASH FLOW FROM DISCONTINUING OPERATIONS :</b>			
<b>i. NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		-	8,608.30
<b>ii. NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		-	2,221.89
<b>iii. NET CASH USED IN FINANCING ACTIVITIES</b>		-	(9,530.81)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (i+ii+iii) - II</b>		<b>-</b>	<b>1,299.38</b>
Net increase in cash and cash equivalents (I+II)		152.28	1,377.20
Less: Transferred pursuant to demerger of Financing Undertaking		-	(1,291.48)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (NET OF TRANSFER ON DEMERGER)</b>		<b>152.28</b>	<b>85.72</b>
Cash and cash equivalents as at the beginning of the year	17	224.80	139.08
Cash and cash equivalents as at the end of the year	17	377.08	224.80
		<b>152.28</b>	<b>85.72</b>
<b>RECONCILIATION :</b>			
Cash & Cash equivalents as per Balance Sheet (refer note 17)		401.22	226.64
Less : Bank balances not considered as Cash & Cash equivalents as defined in AS 3 Cash Flow Statements		24.14	1.84
Net Cash & Cash equivalents as defined in AS 3 Cash Flow Statements		377.08	224.80

See accompanying notes forming part of the financial statements (see note 1 to 45)

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)

**P.R. Ramesh**  
Partner

Mumbai, April 28, 2017

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Bipin Gemani**  
Chief Financial Officer

**Vikram Limaye**  
Managing Director & CEO

**Ketan Kulkarni**  
Company Secretary

**01 CORPORATE INFORMATION**

- A.** IDFC Limited ('the Company') is a company incorporated in India and is a Non Banking Finance Company ('NBFC') regulated by the Reserve Bank of India ('RBI'). It was operating as an Infrastructure Finance Company, i.e. financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, 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.
- B.** In addition, as required under the Guidelines for Licensing of New Banks in the Private Sector issued by RBI on February 22, 2013, the Non Operative Financial Holding Company shall hold investment in the Bank as well as all other Financial Services entities of the group regulated by RBI or other Financial Sector regulators. Accordingly, IDFC Limited had transferred its entire investments in all regulated subsidiaries, i.e. IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited), IDFC Securities Limited & IDFC Trustee Company Limited to its wholly owned subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL') for consideration received in cash.

**C. DEMERGER OF FINANCING UNDERTAKING**

Pursuant to the filing and approval of the Scheme of Arrangement u/s. 391-394 of the Companies Act, 1956 ('Scheme of Arrangement') between IDFC Limited ('Transferor Company') and IDFC Bank Limited ('Transferee Company') and their respective Shareholders and creditors, by the Hon'ble Madras High Court vide its order dated June 25, 2015 and on fulfilment of all conditions specified under the Scheme of Arrangement and on receipt of final banking license from the Reserve Bank of India by IDFC Bank Limited, the Financing Undertaking of the Transferor Company was transferred at the book value to the Transferee Company with effect from October 1, 2015. Accordingly, assets aggregating to ₹ 66,237.46 crore and liabilities aggregating to ₹ 60,002.90 crore, resulting in net assets of ₹ 6,234.56 crore along with contingent liabilities of ₹ 285.63 crore, capital commitment of ₹ 840.05 crore and notional principal of derivative contracts of ₹ 13,903.57 crore pertaining to the Financing Undertaking were transferred from Transferor Company to Transferee Company.

The Financing Undertaking as defined under the Scheme of Arrangement included all outstanding loans and deposits, borrowings, investments, current assets, sundry debtors, all debts, liabilities including contingent liabilities, licenses, approvals, tax credit, properties - movable and immovable, plant and machinery, furniture and fixtures, office equipment, software and licenses, insurance, policies, all contracts, agreements, collateral, all staff and employees employed in connection with Financing Undertaking etc.

In consideration, the Transferee Company issued equity shares of Face value ₹ 10 each in the ratio of 1:1 to the Shareholders of Transferor Company on the record date as determined by the Board of Directors. The Company through its wholly owned subsidiary, IDFC FHCL, had invested ₹ 7,030.07 crore resulting in effective equity holding of 53% in IDFC Bank Limited.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

- (i) The credit balance in the debenture redemption reserve was transferred and credited to general reserve.
- (ii) The Company had reduced the book value of assets (net of diminution / depreciation, if any) and liabilities relating to the Financing Undertaking transferred to IDFC Bank Limited.
- (iii) The excess of book value of the assets transferred (net of diminution / depreciation, if any) over the book value of the liabilities of the Financing Undertaking transferred to the transferee company, was debited proportionately to Reserves and Surplus (including the Securities Premium Account) other than statutory reserves created under Section 451C of the Reserve Bank of India Act, 1934, under section 36(1)(viii) of the Income tax Act, 1961 and the stock option outstanding reserve as described in (iv) below. Accordingly, adjustments were made in Securities Premium Account ₹ 3,701.31 crore, General Reserve ₹ 918.87 crore, Statement of Profit and Loss account of ₹ 1,607.80 crore and Stock Option Outstanding Account of ₹ 6.56 crore on demerger of Financing Undertaking of IDFC Limited into IDFC Bank Limited.

Details of net assets transferred on demerger of Financing Undertaking of IDFC Limited were as under:

	( ₹ IN CRORE)
Cash and balances with Reserve Bank of India	2.55
Balances with banks and money at call and short notice	1,190.07
Investments	18,464.25
Advances	41,936.63
Fixed assets	535.16
Other assets	4,108.80
	66,237.46
Less: Borrowings	56,720.74
Other liabilities and provisions	3,282.16
	60,002.90
Net assets	6,234.56

- (iv) Stock option outstanding reserve was reduced in the proportion of the net book value of the Financing Undertaking to the net worth of Transferor Company.

**02 BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified Under Section 133 of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless stated otherwise.

**03 SIGNIFICANT ACCOUNTING POLICIES****A. USE OF ESTIMATES**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

**B. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank, fixed deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

**C. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Company are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

**D. INVESTMENTS**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standards notified under Section 133 of the 2013 Act. Current investments also include current maturities of long-term investments and also current portion of long-term investments. All other investments are classified as long-term investments.

The Company follows trade date method of accounting for recording of purchase and sale of investments. All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised gain is ignored, while net depreciation is provided for. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investments. Premium paid over the face value of long-term investment is amortised over the life of the investment on straight line method.

Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at the lower of book value and fair value / market value on the date of transfer.

**E. REPURCHASE AND RESALE TRANSACTIONS (REPO)**

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

**F. LOANS**

In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets (ii) sub-standard assets (iii) doubtful assets and (iv) loss assets.

**G. TANGIBLE FIXED ASSETS**

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. Profit or loss arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss.

**H. DEPRECIATION ON TANGIBLE FIXED ASSETS**

Depreciation on tangible fixed assets is provided on the straight line method, as per the useful life 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 phones b) Motor Cars.

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. Depreciation in respect of leasehold improvements is provided on a straight - line method over the extended period of the lease.

**I. INTANGIBLE ASSETS AND AMORTISATION**

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 charged annually to the Statement of Profit and Loss. Intangible assets are being amortised over the estimated useful life of the asset on a straight-line method. The estimated useful life of the intangible assets and amortisation period are reviewed at the end of each financial year.

**J. IMPAIRMENT OF ASSETS**

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**K. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES**

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. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to Statement of Profit and Loss.

In addition, against each outstanding employee stock options granted by IDFC Limited to its employees, equivalent options of IDFC Bank Limited were granted under the Scheme of Arrangement. The price of these options are determined by multiplying the existing grant price of the options granted by IDFC Limited to its employees under the IDFC Limited Employee Stock Option Scheme by the proportion that the net worth of the Financing Undertaking bears to the total net book value of IDFC Limited, immediately prior to the effectiveness of the Scheme of Arrangement.

**L. EMPLOYEE BENEFITS****■ Defined contribution plans**

The Company's 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 and when services are rendered by the employees.

**■ Defined benefit plan**

The net present value of the Company's obligation towards gratuity to employees is funded and actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the year.

**■ Compensated absences**

Based on the leave rules of the Company, 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.

**M. BORROWING COSTS**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan.

**N. REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest is accounted on accrual basis except in the case of non-performing loans and identified advances\*, where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.
- Dividend is accounted when the right to receive is established.
- Front end fees on processing of loans are recognised upfront as income.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other fees and charges are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due except guarantee commission which is recognised pro-rata over the period of the guarantee.
- Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- Profit / loss on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- Profit on sale of loan assets through direct assignment / securitisation is recognised over the residual life of the loan / pass through certificate in terms of the RBI guidelines. Loss arising on account of direct assignment / securitisation is recognised upfront on sale in the Statement of Profit and Loss.
- Revenue from power supply is recognised when reasonable right of recovery is established.
- Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

\* Identified advances are specific advances in infrastructure sector that are not NPAs but has possible risk of slippage.

**O. SEGMENT REPORTING**

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment.

**P. LEASES****Where the Company is lessee**

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight - line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under section 133 of the 2013 Act. Initial direct costs incurred specifically for operating leases are recognised as expense in the year in which they are incurred.

**Where the Company is lessor**

Leases under which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under section 133 of the 2013 Act. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

**Q. EARNINGS PER SHARE**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on 'Earnings Per Share', as notified under section 133 of the 2013 Act. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end, except where the results are anti-dilutive.

**R. TAXES ON INCOME**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income - tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

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 account, towards the same.

**S. DERIVATIVE CONTRACTS****Interest rate swaps**

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

**Currency Interest rate swaps**

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

**Stock Futures**

- Stock Futures are marked-to-market on a daily basis. The debit or credit balance in the 'Mark-to-market margin - stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.
- Credit balance in the 'Mark-to-market margin - stock futures account' in the nature of anticipated profit is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin - stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.
- On final settlement or squaring-up of contracts for stock futures, the profit or loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in 'Mark-to-market margin - stock futures account' is recognised in the Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of stock futures contract, to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of such contract is determined using the weighted average method for calculating profit / loss on squaring-up.
- 'Initial margin account - stock futures' representing initial margin paid is disclosed under loans and advances.

**T. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS**

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gain or loss resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. Premium in respect of forward contracts is accounted over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

**U. PROVISIONS AND CONTINGENCIES****Provision against loans and advances**

- Contingent provision against standard assets is made at 0.40% of the outstanding standard assets in accordance with the RBI guidelines.
- In addition to above, the Company maintains a general provision as Provision for Contingencies in accordance with the provisioning policy of the Company and additional provision based on the assessment of portfolio including provision against identified advances that qualifies for deduction under Section 36(1)(viiia) of the Income-tax Act, 1961.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- In addition to the minimum provisioning level prescribed by RBI, IDFC Limited on a prudent basis made provisions on specific advances that are not NPAs ('Identified advances') but had reason to believe risk of possible slippages on the basis of the extant environment or specific information or current pattern of servicing. These provisions being specific in nature are netted off from gross advances.
- In January 2014, the RBI has issued guidelines on Restructuring of Advances applicable to Non Banking Finance Companies. As per the guidelines, a provision is required on standard accounts restructured prior to January 24, 2014 at 2.75 % from March 31, 2014, and would further increase to 3.50% from March 31, 2015, 4.25% from March 31, 2016 and 5.00% from March 31, 2017. Restructuring of standard accounts subsequent to January 23, 2014 would attract a provision at 5.00%. The Company has complied with the aforesaid guidelines and on prudent basis a provision at 5.00% has been made on all outstanding restructured accounts in addition to the provision against diminution in fair value of restructured advances. Unrealised income represented by Funded Interest Term Loan ('FITL') on standard accounts restructured after January 23, 2014 are fully provided and such provision against FITL will be reversed on repayment of FITL.

### Other provisions

- A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed separately. Contingent assets are not recognised in the financial statements.

### V. SECURITIES ISSUE EXPENSES

Issue expenses of certain securities and redemption premium are adjusted against the securities premium account as permissible under Section 52 of the 2013 Act, to the extent balance is available for utilisation in the securities premium account.

### W. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credit.

### X. OPERATING CYCLE

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 04 SHARE CAPITAL

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
<b>AUTHORISED</b>				
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
		5,000.00		5,000.00
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP</b>				
Equity shares of ₹ 10 each	1,595,941,570	1,595.94	1,594,020,668	1,594.02
<b>Total issued, subscribed and fully paid-up share capital</b>		<b>1,595.94</b>		<b>1,594.02</b>

### (a) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the year

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
<b>EQUITY SHARES</b>				
Outstanding as at the beginning of the year	1,594,020,668	1,594.02	1,592,780,866	1,592.78
Issued during the year - stock options exercised under the ESOS [see note (e)]	1,920,902	1.92	1,239,802	1.24
<b>Outstanding as at the end of the year</b>	<b>1,595,941,570</b>	<b>1,595.94</b>	<b>1,594,020,668</b>	<b>1,594.02</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### (b) Terms / 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 and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting. During the year, the Board of Directors proposed dividend of ₹ 0.25 per share (2.50%) [Previous Year ₹ Nil].
- 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.

### (c) Details of Shareholders holding more than 5% of the shares in the Company

EQUITY SHARES	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
President of India	261,400,000	16.38	261,400,000	16.40
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.48
National Westminster Bank PLC	-	-	103,927,160	6.52
First State Investments ICVC	94,016,080	5.89	-	-

### (d) Shares reserved for issue under stock options

Refer to note (e) for details of shares reserved for issue under the ESOS of the Company.

### (e) Movement in stock options granted under the ESOS is as under:

	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	MARCH 31, 2017	MARCH 31, 2016
	NUMBER	NUMBER
Outstanding as at beginning of the year	39,579,341	31,485,043
Add: Granted during the year	4,187,925	12,898,500
Less: Exercised during the year [see note (a)]	1,920,902	1,239,802
Less: Lapsed / forfeited during the year	5,369,110	3,564,400
<b>Outstanding as at the end of the year</b>	<b>36,477,254</b>	<b>39,579,341</b>

## 05 RESERVES AND SURPLUS

	₹ IN CRORE	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(A) SECURITIES PREMIUM ACCOUNT</b>		
Opening balance	2,499.98	6,186.11
Add: premium on exercise of stock options under the ESOS	4.07	15.18
Less: Adjusted pursuant to Scheme of Arrangement [see note 1(c)(iii)]	-	3,701.31
<b>Closing balance</b>	<b>2,504.05</b>	<b>2,499.98</b>
<b>(B) STOCK OPTIONS OUTSTANDING</b>		
Opening balance	7.04	18.23
Less: Transferred to general reserve [see note 5(f)]	4.92	3.68
Less: Stock options exercised	0.18	0.95
Less: Adjusted pursuant to Scheme of Arrangement [see note 1(c)(iii)]	-	6.56
<b>Closing balance</b>	<b>1.94</b>	<b>7.04</b>
<b>(C) DEBENTURE REDEMPTION RESERVE</b>		
Opening balance	-	739.50
Less : Transfer to general reserve [see note 5(f) & 1(c)(i)]	-	(739.50)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>(D) SPECIAL RESERVE U/S. 36(1)(VIII) OF THE INCOME-TAX ACT, 1961 [see note 3(r)]</b>		
Opening balance	3,053.25	2,853.25
Add: Transfer from surplus in the Statement of Profit and Loss [see note 5(g)]	-	200.00
<b>Closing balance</b>	<b>3,053.25</b>	<b>3,053.25</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(E) SPECIAL RESERVE U/S. 45-IC OF THE RBI ACT, 1934 [see note (ii) below]</b>		
Opening balance	915.80	2,550.60
Add: Transfer from surplus in the Statement of Profit and Loss [see note 5(g)]	11.20	-
Less: Transfer to surplus in the Statement of Profit and Loss [see note 5(g) & 25]	-	(1634.80)
<b>Closing balance</b>	<b>927.00</b>	<b>915.80</b>
<b>(F) GENERAL RESERVE</b>		
Opening balance	624.16	799.85
Add: Transfer from Debenture redemption reserve [see note 5(c)]	-	739.50
Add: Transfer from stock options outstanding [see note 5(b)]	4.92	3.68
Less: Adjusted pursuant to Scheme of Arrangement [see note 1(c)(iii)]	-	(918.87)
<b>Closing balance</b>	<b>629.08</b>	<b>624.16</b>

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(G) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	894.48	2,189.20
Profit/(loss) for the year	55.75	(1,162.14)
<b>Add: Transfer from reserves:</b>		
Special reserve u/s. 45-IC of the RBI Act, 1934 [see note 5(e) & 25]	-	1,634.80
	<u>950.23</u>	<u>2,661.86</u>
<b>Less: Appropriations</b>		
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [see note 5(d)]	-	200.00
Special reserve u/s. 45-IC of the RBI Act, 1934 [see note (ii) & 5(e)]	11.20	-
Adjusted pursuant to Scheme of Arrangement [see note 1(c)]	-	1,607.80
Dividend on equity shares pertaining to previous year [see note (i)]	-	0.25
Tax on equity dividend for previous year [see note (i)]	-	(40.67)
<b>Total appropriations</b>	<u>11.20</u>	<u>1,767.38</u>
<b>Closing balance</b>	<b>939.03</b>	<b>894.48</b>
<b>TOTAL RESERVES AND SURPLUS</b>	<b>8,054.35</b>	<b>7,994.71</b>

- (i) In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Company paid dividend of ₹ Nil for the year 2015-16 (Previous Year ₹ 0.25 crore for the year 2014-15) as approved by the Shareholders at the respective Annual General Meetings and tax on dividend of ₹ Nil (Previous Year ₹ 0.05 crore) as approved by the Shareholders at the respective Annual General Meetings.
- (ii) Appropriation of ₹ 11.20 crore (Previous year ₹ Nil) was made under section 45-IC of the RBI Act for the year ended March 31, 2017.

## 06 SHARE APPLICATION MONEY PENDING ALLOTMENT

Share application money pending allotment represents applications received from employees on exercise of stock options granted and vested under the ESOS.

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Equity shares of face value ₹ 10 each proposed to be issued	-	-	1,874,416	1.87
Total amount of securities premium		-		3.79
<b>TOTAL</b>		<b>-</b>		<b>5.66</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 07 DEFERRED TAX LIABILITY

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	11.24	11.16
<b>TOTAL</b>	<b>11.24</b>	<b>11.16</b>

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as specified under Section 133 of the Companies Act, 2013, the Company has taken charge of ₹ 0.08 crore in the Statement of Profit and Loss towards deferred tax liability on account of timing differences (Previous year credit of ₹ 1,036.70 crore towards deferred tax assets (net)).

### 08 SHORT-TERM BORROWINGS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>Commercial papers (unsecured)</b>		
Face value	200.00	-
Less: Unexpired discount [see note (a)]	0.30	-
<b>TOTAL</b>	<b>199.70</b>	<b>-</b>

(a) Unexpired discount on commercial paper is net of ₹ 0.15 crore (Previous year ₹ Nil) towards interest accrued but not due.

### 09 TRADE PAYABLES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i) Total outstanding dues of micro enterprises and small enterprises (see note 35)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Other trade payables	5.72	2.64
Provision for expenses	4.98	6.57
<b>TOTAL</b>	<b>10.70</b>	<b>9.21</b>

### 10 OTHER CURRENT LIABILITIES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Income and other amounts received in advance	-	0.07
Unclaimed dividend [see note (a)]	2.34	1.84
Other payables		
Payable to gratuity fund [see note 28 & (b)]	-	0.04
Statutory dues	0.30	0.61
Other liabilities	0.03	0.04
<b>TOTAL</b>	<b>2.67</b>	<b>2.60</b>

(a) No amount of unclaimed dividend was due for transfer to the Investor Education and Protection Fund under Section 25 of the Companies Act, 2013 as at the Balance Sheet date.

(b) Previous Year payable to gratuity fund is net of amount receivable from gratuity fund of ₹ 0.01 crore.

### 11 SHORT-TERM PROVISIONS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Provision for income tax [Net of advance payment of tax of ₹ 338.24 crore [Previous Year ₹ 316.57 crore]]	3.86	2.43
<b>TOTAL</b>	<b>3.86</b>	<b>2.43</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

## 12 (A) TANGIBLE ASSETS

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK				
	BALANCE AS AT APRIL 1, 2016	ADDITIONS	TRANSFER OUT	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	DEPRECIATION CHARGE FOR THE YEAR (DISCONTINUING OPERATIONS)	DEPRECIATION CHARGE FOR THE YEAR (CONTINUING OPERATIONS)	TRANSFER OUT	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
Buildings													
Own use	-	-	-	-	-	-	-	-	-	-	-	-	-
(Previous year)	(290.77)	(3.29)	(291.23)	(2.83)	-	(35.72)	(2.55)	-	(37.69)	(0.58)	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
(Previous year)	(12.36)	(6.50)	(18.86)	-	-	(2.56)	(1.05)	-	(3.61)	-	-	-	-
Furniture and fixtures													
Own use	-	-	-	-	-	-	-	-	-	-	-	-	-
(Previous year)	(9.98)	(7.30)	(14.69)	(2.59)	-	(4.84)	(0.82)	-	(4.06)	(1.60)	-	-	-
Vehicles	0.63	0.19	-	-	0.82	0.33	-	0.14	-	-	0.47	0.35	0.30
(Previous year)	(12.74)	(8.34)	(19.58)	(0.87)	(0.63)	(3.20)	(2.11)	(0.05)	(4.67)	(0.36)	(0.33)	(0.30)	-
Office equipment													
Own use	0.05	0.03	-	-	0.08	0.03	-	0.02	-	-	0.05	0.03	0.02
(Previous year)	(13.15)	(3.89)	(13.28)	(3.71)	(0.05)	(9.39)	(0.92)	-	(6.60)	(3.68)	(0.03)	(0.02)	-
Computers	5.57	1.15	-	-	6.72	4.72	-	0.49	-	-	5.21	1.51	0.85
(Previous year)	(14.98)	(12.19)	(17.72)	(3.88)	(5.57)	(10.08)	(2.22)	(0.30)	(4.00)	(3.88)	(4.72)	(0.85)	-
Wind mills	101.25	-	-	-	101.25	36.69	-	4.60	-	-	41.29	59.96	64.56
(Previous year)	(101.25)	-	-	-	(101.25)	(32.08)	-	(4.61)	-	-	(36.69)	(64.56)	-
TOTAL	107.50	1.37	-	-	108.87	41.77	-	5.25	-	-	47.02	61.85	65.73
(Previous Year)	(455.23)	(41.51)	(375.36)	(13.88)	(107.50)	(97.87)	(9.67)	(4.96)	(60.63)	(10.10)	(41.77)	(65.73)	-

Buildings include ₹ Nil (Previous year ₹ Nil) being the cost of unquoted fully paid shares held in co-operative housing societies.

## 12 (B) INTANGIBLE ASSETS (other than internally generated)

	GROSS BLOCK				ACCUMULATED AMORTISATION				NET BLOCK				
	BALANCE AS AT APRIL 1, 2016	ADDITIONS	TRANSFER OUT	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	AMORTISATION CHARGE FOR THE YEAR (DISCONTINUING OPERATIONS)	AMORTISATION CHARGE FOR THE YEAR (CONTINUING OPERATIONS)	TRANSFER OUT	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
Computer software	-	-	-	-	-	-	-	-	-	-	-	-	-
(Previous year)	(15.94)	-	(15.94)	-	-	(14.15)	(0.56)	-	(14.71)	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-
(Previous year)	(15.94)	-	(15.94)	-	-	(14.15)	(0.56)	-	(14.71)	-	-	-	-
Total tangible and intangible assets	107.50	1.37	-	-	108.87	41.77	-	5.25	-	-	47.02	61.85	65.73
(Previous Year)	(471.17)	(41.51)	(391.30)	(13.88)	(107.50)	(112.02)	(10.23)	(4.96)	(75.34)	(10.10)	(41.77)	(65.73)	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

## 13 NON-CURRENT INVESTMENTS (AT COST)

	FACE VALUE (₹)	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
<b>TRADE INVESTMENTS</b>					
<b>Investments in equity shares (fully paid)</b>					
<b>Subsidiaries (unquoted) (see note 30)</b>					
IDFC Foundation	10	13,000,000	13.00	13,000,000	13.00
IDFC Financial Holding Company Limited (244,240,000 shares subscribed during the year)	10	9,029,240,000	9,029.24	8,785,000,000	8,785.00
IDFC Projects Limited	10	34,050,000	34.07	34,050,000	34.07
			<b>9,076.31</b>		<b>8,832.07</b>
<b>Investment in equity shares (unquoted)(fully paid)</b>					
Max Life Insurance Company Limited	10	-	-	19,150,000	137.73
Uniquet Infra Venture Private Limited	10	28,042,781	14.33	-	-
Novopay Solutions Private Limited	10	227,145	35.62	-	-
			<b>49.95</b>		<b>137.73</b>
<b>Investment in venture capital units (unquoted) [see note (c)]</b>					
Faering Capital India Evolving Fund II (fully paid)	1,000	50,000	5.00	30,000	3.00
IDFC Score Fund - Class A3 (partly paid)	1,000	500,000	11.27	-	-
IDFC Score Fund - Class B (partly paid)	1,000	10	β	-	-
IDFC Private Equity Fund IV	100	3,485,350	34.85	-	-
IDFC Private Equity Fund II - Class C (fully paid)	10	6,621	0.01	-	-
IDFC Private Equity Fund III - Class B (fully paid)	10	3,571	β	-	-
IDFC Private Equity Fund III - Class E (fully paid)	10	1,429	β	-	-
India Infrastructure Fund - Class B (fully paid)	1	4,070	β	-	-
India Infrastructure Fund II Class B (fully paid)	100	100	β	-	-
IDFC Real Estate Yield Fund - Class B	1,000	10	β	-	-
IDFC Parampara early stage opportunity fund - Class A	100,000	402	4.02	-	-
IDFC Parampara early stage opportunity fund - Class C	100,000	18	0.18	-	-
Oman India Joint Investment Fund II	10	94,748	0.09	-	-
			<b>55.42</b>		<b>3.00</b>
<b>TOTAL NON-CURRENT INVESTMENTS</b>			<b>9,181.68</b>		<b>8,972.80</b>
Less: Provision for diminution in value of investments [see note (d)]			48.24		13.00
<b>NET NON-CURRENT INVESTMENTS</b>			<b>9,133.44</b>		<b>8,959.80</b>
(a) Aggregate amount of quoted investments					
Cost			-		-
Market value			-		-
(b) Aggregate amount of unquoted investments - cost			9,181.68		8,972.80

(c) Investments includes ₹ 55.42 crore (Previous Year ₹ 3.00 crore) in respect of venture capital units which are subject to restrictive covenants.

(d) Includes provision for Subsidiary Companies of ₹ 47.07 crore ( Previous Year ₹ 13.00 crore).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 14 LOANS AND ADVANCES - OTHERS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
<b>Unsecured</b>				
Loans and advances to related parties [see note 30] [includes ₹ 14.43 crore (Previous Year ₹ Nil) considered doubtful]	-	36.16	-	90.22
Loans and advances to employees	-	β	-	β
Security deposits	1.70	0.75	0.75	2.35
Other loans and advances				
Supplier advances	-	0.23	-	0.16
Prepaid expenses	0.03	0.19	-	-
Balance with defined benefit plan [see note 28]	-	0.04	-	-
Balances with government authorities - cenvat credit available	-	β	-	0.06
	1.73	37.37	0.75	92.79
Less: Provision against doubtful advances	-	14.43	-	-
<b>TOTAL</b>	<b>1.73</b>	<b>22.94</b>	<b>0.75</b>	<b>92.79</b>

### 15 CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE, UNLESS STATED OTHERWISE)

	FACE VALUE (₹)	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
<b>INVESTMENT IN DEBENTURES &amp; BONDS (UNQUOTED) (FULLY PAID)</b>					
<b>Subsidiaries (unquoted)</b>					
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	1,000,000	-	-	450	45.00
<b>INVESTMENT IN MUTUAL FUNDS (UNQUOTED)</b>					
IDFC Cash Fund-Growth-(Direct Plan)	1,000	1,139,111.542	225.00	242,872.442	44.53
IDFC Ultra Short Term Fund-Growth-(Direct Plan)	10	-	-	73,239,995.653	155.00
IDFC Corporate Bond Fund Direct Plan - Growth	10	25,000,000.000	25.00	25,000,000.000	25.00
			250.00		224.53
<b>TOTAL CURRENT INVESTMENTS</b>			<b>250.00</b>		<b>269.53</b>
Less: Provision for diminution in value of investments			-		0.15
<b>NET CURRENT INVESTMENTS</b>			<b>250.00</b>		<b>269.38</b>

(i) Aggregate amount of investments in unquoted mutual funds

Cost	250.00	224.53
Market value	253.10	226.32

Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.

(ii) Aggregate amount of other unquoted investments - cost

	-	45.00
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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 16 TRADE RECEIVABLES (UNSECURED)

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>CONSIDERED GOOD</b>		
Outstanding for a period less than six months from the date they are due for payment	0.16	0.13
<b>TOTAL</b>	<b>0.16</b>	<b>0.13</b>

### 17 CASH AND CASH EQUIVALENTS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>CASH AND BANK BALANCES [see note (a)]</b>		
In current accounts	377.01	1.44
In deposit accounts	-	217.90
Cheques on hand	0.07	5.46
Cash on hand	β	β
	<b>377.08</b>	<b>224.80</b>
<b>OTHERS</b>		
Balances with banks:		
In earmarked accounts:		
- unclaimed dividend	2.34	1.84
In deposit accounts [see note (b)]	21.80	-
	<b>24.14</b>	<b>1.84</b>
<b>TOTAL</b>	<b>401.22</b>	<b>226.64</b>

(a) Cash & Cash equivalents as referred in Cash Flow Statement.

(b) Balances with banks include deposits of ₹ 21.80 (Previous Year ₹ Nil) having original maturity of more than 12 months

### 18 OTHER CURRENT ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Fees receivables	6.38	2.89
Interest accrued on fixed deposits [see note 30]	0.62	0.78
Interest accrued on inter-corporate deposits [see note 30]	0.12	0.01
Interest accrued on investments [see note 30]	-	0.89
<b>TOTAL</b>	<b>7.12</b>	<b>4.57</b>

### 19 REVENUE FROM OPERATIONS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest [see note (a)]	7.16	3.01
Other financial services - Fees	10.13	0.08
Dividend from subsidiaries	78.19	200.01
Dividend from other investments	6.01	-
Net profit on sale of current investments (net)	42.07	17.90
Net profit on sale of non-current investments	8.77	-
Other operating income - Sale of power	6.89	3.13
<b>TOTAL</b>	<b>159.22</b>	<b>224.13</b>
<b>(a) Details of interest income</b>		
Interest on deposits	5.61	2.12
Interest on investments		
Current investments	1.55	0.89
<b>TOTAL</b>	<b>7.16</b>	<b>3.01</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 20 OTHER INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Profit on sale of non-current trade investments [see note (a)]	-	1.75
Miscellaneous income	-	₹
<b>TOTAL</b>	<b>-</b>	<b>1.75</b>

(a) Profit on sale of non-current trade investments of ₹ 1.75 crore for the year ended March 31, 2016 is on sale of 100% stake in IDFC Finance Limited to IDFC Projects Limited.

### 21 EMPLOYEE BENEFITS EXPENSE

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Salaries [see note 30]	10.75	9.16
Contribution to provident fund [see note 28]	0.41	0.32
Contribution to gratuity fund [see note 28]	0.04	0.38
Staff welfare expenses	0.04	0.01
<b>TOTAL</b>	<b>11.24</b>	<b>9.87</b>

### 22 FINANCE COSTS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest expense	2.39	-
Other borrowing costs	0.34	-
<b>TOTAL</b>	<b>2.73</b>	<b>-</b>

### 23 PROVISIONS AND CONTINGENCIES [SEE NOTE 39(A)]

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Provision for doubtful loans and debtors	14.43	(53.22)
Provision for diminution in value of investments (net)	35.09	0.15
Bad debts written off	-	93.78
<b>TOTAL</b>	<b>49.52</b>	<b>40.71</b>

### 24 OTHER EXPENSES

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Rent [see note 31]	0.04	0.01
Repairs and maintenance		
Buildings	-	0.03
Equipments	1.86	1.69
Others	0.03	0.01
Insurance charges	0.05	0.12
Rates and taxes	1.12	0.01
Travelling and conveyance [see note 26]	1.45	0.75
Printing and stationery	0.87	₹
Communication costs	0.57	(0.05)
Advertising and publicity	0.14	0.07
Professional fees [see note 26]	1.51	0.38
Loss on foreign exchange fluctuation (net)	₹	₹
Directors' sitting fees	0.40	0.37
Commission to directors	0.72	0.27
Corporate social responsibility and donation [see note 32]	1.26	-
Miscellaneous expenses	0.94	0.69
Auditors' remuneration [see note (a)]	0.41	1.43
Shared service costs (net) [see note (b)]	0.18	0.31
<b>TOTAL</b>	<b>11.55</b>	<b>6.09</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 24 OTHER EXPENSES (continued)

(a) Break up of auditors' remuneration:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Audit fees	0.20	0.25
Tax audit fees	0.02	0.10
Taxation matters	0.09	0.17
Other services	0.09	0.77
Out-of-pocket expenses	0.01	0.03
Service tax	0.01	0.19
	0.42	1.51
Less: Service tax written off / set off claimed	0.01	0.08
<b>TOTAL</b>	<b>0.41</b>	<b>1.43</b>

(b) Shared service costs (net) represents ₹ 0.18 crore (Previous Year ₹ 0.31 crore) paid to subsidiary companies under a shared service agreement.

### 25 DISCONTINUING OPERATIONS

The financials for the year ended March 31, 2016 includes the financials of Financing Undertaking that has been transferred to IDFC Bank Limited under the Scheme of Arrangement w.e.f October 1, 2015. Financing activity is a discontinued operation w.e.f October 1, 2015 in IDFC Limited. Information required under Accounting Standard 24 on 'Discontinuing Operations' relating to Financing Undertaking is given below:

PARTICULARS	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>I. INCOME</b>		
<b>Revenue from operations</b>		
Interest	-	3,928.01
Other financial services	-	39.48
Dividend income	-	20.12
Net profit on sale of investments	-	348.75
Other operating income	-	-
	-	4,336.36
<b>Other Income</b>		
Interest on income tax refund	-	0.17
Other interest	-	0.03
Profit on sale of fixed assets (net)	-	-
Miscellaneous income	-	0.36
<b>TOTAL INCOME (A)</b>	<b>-</b>	<b>4,336.92</b>
<b>II. EXPENSES</b>		
Employee benefits expense	-	197.86
Finance costs	-	2,970.36
Other expenses	-	152.76
Provisions and contingencies	-	336.48
Depreciation and amortisation expense	-	10.23
<b>TOTAL EXPENSES (B)</b>	<b>-</b>	<b>3,667.69</b>
<b>Profit before tax before exceptional items (C= A-B)</b>	<b>-</b>	<b>669.23</b>
<b>Exceptional Items (D) (see note below)</b>	<b>-</b>	<b>(2638.72)</b>
<b>Profit before tax after exceptional items (C-D)</b>	<b>-</b>	<b>(1969.49)</b>
<b>Tax expense</b>		
on ordinary activities attributable to the discontinuing operations:		
Current Tax	-	379.55
Deferred Tax	-	(1044.96)
Tax adjustment for prior years	-	(0.24)
<b>TOTAL TAX EXPENSE</b>	<b>-</b>	<b>(665.65)</b>
<b>Profit after tax of discontinuing operations</b>	<b>-</b>	<b>(1303.84)</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 25 DISCONTINUING OPERATIONS (continued)

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Carrying amount of assets as at the balance sheet date relating to the discontinued business to be disposed off	-	66,237.46
Carrying amount of liabilities as at the balance sheet date relating to the discontinued business to be settled	-	60,002.90
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>Net cash flow attributable to the discontinued business</b>		
Cash flows from operating activities	-	8,608.30
Cash flows from investing activities	-	2,221.89
Cash flows from financing activities	-	(9530.81)

#### Note: Exceptional Items

Previous year

Pursuant to the approval granted by the Reserve Bank of India ("RBI") vide letter no. DNBR.CO.PD.No. 295/03.10.001/2014-15 dated August 11, 2015 to utilise the balance in Statutory Reserves to create specific provision against identified advances, the Company has created specific provisions of ₹ 2,500.00 crore on such assets. This one time provision along with reversal of unrealised interest of ₹ 138.72 crore on identified advances have been charged to the Statement of Profit and Loss and classified as exceptional item. In accordance with the RBI approval, an amount equivalent to ₹ 1,634.80 crore (provisions of ₹ 2,500.00 crore net of deferred tax asset of ₹ 865.20 crore) is transferred from Special Reserve u/s 45IC of RBI Act, 1934 to the balance of the surplus in Statement of Profit and Loss in Reserves and Surplus.

### 26 EXPENDITURE IN FOREIGN CURRENCIES

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Travelling expenses	0.14	0.08
Legal & professional fees	-	1.54
Others	0.22	31.73

### 27 REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDENDS

The Company has not remitted any amount in foreign currencies on account of dividends paid during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident Shareholders. The particulars of dividends paid to non-resident Shareholders, are as under:

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Number of non-resident Shareholders	6,828	6,394
Number of equity shares held by them	632,388,732	770,525,689
Gross amount of dividend (₹ in crore)	Nil	200.34
Dividend relating to the year	2015-16	2014-15

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**28** In accordance with Accounting Standards 15 on 'Employee Benefits' as notified under the Accounting Standards specified under Section 133 the 2013 Act, the following disclosures have been made:

- i. 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 (see note 21):

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Provident fund	0.34	5.82
Superannuation fund	0.02	0.63
Pension fund	0.05	0.95

- ii. The details of the Company's post - retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and relied upon by the auditors:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>		
Liability at the beginning of the year	2.30	22.17
Current service cost	0.25	4.80
Interest cost	0.19	2.04
Liabilities settled on divestiture [see note (a) below]	0.01	(22.70)
Benefits paid	(0.09)	(1.51)
Actuarial loss / (gain)	(0.10)	(2.51)
Liability at the end of the year	2.55	2.30
<b>FAIR VALUE OF PLAN ASSETS:</b>		
Fair value of plan assets at the beginning of the year	2.25	22.37
Expected return on plan assets	0.20	1.98
Contributions	0.13	2.86
Benefits paid	(0.09)	(1.51)
Distributed on Divestiture [see note (a) below]	-	(22.19)
Actuarial gain / (loss) on plan assets	0.11	(1.26)
Fair value of plan assets at the end of the year	2.59	2.25
Total actuarial loss to be recognised	-	(1.25)
<b>ACTUAL RETURN ON PLAN ASSETS:</b>		
Expected return on plan assets	0.20	1.98
Actuarial gain / (loss) on plan assets	0.11	(1.26)
Actual return on plan assets	0.30	0.72
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>		
Liability at the end of the year	2.55	2.30
Fair value of plan assets at the end of the year	2.59	2.25
Amount recognised in the Balance Sheet under 'Provision for employee benefits' (see note 10)	-	0.05
Amount recognised in the Balance Sheet under 'Loans and Advances' (see note 14)	0.04	-
<b>EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	0.25	4.80
Interest cost	0.19	2.04
Expected return on plan assets	(0.20)	(1.98)
Net actuarial loss to be recognised	(0.21)	(1.25)
Liabilities settled on divestiture	0.01	(0.51)
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense' (see note 21)	0.04	3.10
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>		
Opening net asset / (liability)	0.20	0.20
Expense recognised	0.04	3.10
Contribution by the Company	0.13	(2.86)
Expected employer's contribution next year	0.25	0.20

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	FOR THE YEAR ENDED					(₹ IN CRORE)
	MARCH 31, 2017	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014	MARCH 31, 2013	
<b>EXPERIENCE ADJUSTMENTS:</b>						
Defined benefit obligation	2.55	2.30	22.17	17.73	14.87	
Plan assets	2.59	2.25	22.37	16.66	14.73	
Surplus/(deficit)	0.04	(0.05)	0.20	(1.06)	(0.14)	
Experience adjustments on plan liabilities	(0.21)	(2.50)	0.91	2.12	0.19	
Experience adjustments on plan assets	0.11	(1.26)	2.24	0.08	0.10	
				AS AT MARCH 31, 2017	AS AT MARCH 31, 2016	
				(%)	(%)	
<b>INVESTMENT PATTERN:</b>						
<b>Insurer managed funds</b>				100.00	100.00	
Government securities				32.90	46.58	
Deposit and money market securities				2.91	9.38	
Debentures / bonds				50.80	34.09	
Equity shares				13.38	9.95	
<b>PRINCIPAL ASSUMPTIONS:</b>						
Discount rate (p.a.)				7.10	8.00	
Expected rate of return on assets (p.a.)				7.50	9.00	
Salary escalation rate (p.a.)				8.00	8.00	

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Note:

(a) From the effective date of demerger, all employees of the Transferor Company pertaining to the Financing Undertaking and who were in the employment of the Transferor Company were transferred to the Transferee Company. Consequently the corresponding gratuity liability and plan assets had been transferred to the Transferee Company based on actuarial valuation.

29 The Company is operating as NBFC - Investment Company. The Company does not have any geographic segments. As such, there are no separate reportable segments as per Accounting Standards 17 on 'Segment Reporting' specified under Section 133 of the 2013 Act.

30 As per Accounting Standard 18 on 'Related Party Disclosures' as notified under the Accounting Standards specified under section 133 of the 2013 Act, the related parties of the Company are as follows:

## I. SUBSIDIARIES:

### (a) Direct

IDFC Foundation  
IDFC Financial Holding Company Limited  
IDFC Projects Limited

### (b) Through subsidiaries

IDFC Alternatives Limited  
IDFC Asset Management Company Limited  
IDFC AMC Trustee Company Limited  
IDFC Bank Limited  
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)  
IDFC Securities Limited  
IDFC Trustee Company Limited  
IDFC Capital (USA) Inc.  
IDFC Capital (Singapore) Pte. Ltd.  
IDFC Investment Managers (Mauritius) Limited  
IDFC Securities Singapore Pte. Limited  
IDFC Finance Limited (upto March 31, 2016)  
IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited) (w.e.f October 13, 2016)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### II. JOINTLY CONTROLLED ENTITIES:

#### (a) Through subsidiaries

Delhi Integrated Multi-Modal Transit System Limited  
Infrastructure Development Corporation (Karnataka) Limited  
Uttarakhand Infrastructure Development Company Limited (under liquidation)  
Rail Infrastructure Development Company (Karnataka) Limited

### III. ASSOCIATES:

#### (a) Through subsidiaries

Jetpur Somnath Tollways Private Limited  
Feedback Infra Private Limited  
Millennium City Expressway Private Limited

### IV. KEY MANAGEMENT PERSONNEL:

- (a) Mr. Vikram Limaye - Managing Director & CEO  
(b) Mr. Rajiv B. Lall - Executive Chairperson (up to September 30, 2015)

1) The nature and volume of transactions of the Company with the above mentioned related parties are as summarised below:

PARTICULARS	(₹ IN CRORE)							
	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>								
Dividend	78.19	200.01	-	0.60	-	-	-	-
Interest	4.92	5.04	-	23.92	-	-	-	-
Profit on sale of investments	-	1.75	-	-	-	-	-	-
Fees	-	-	-	-	-	0.08	-	-
<b>EXPENDITURE</b>								
Remuneration paid	-	-	-	-	-	-	5.41	9.48
Shared service cost recovery	(0.42)	(1.74)	-	-	-	-	-	-
Shared service cost	0.61	0.31	-	-	-	-	-	-
CSR contribution	1.25	23.40	-	-	-	-	-	-
Brokerage on sale of investments	β	0.05	-	-	-	-	-	-
Property tax paid	-	0.05	-	-	-	-	-	-
Office Maintenance paid	-	0.02	-	-	-	-	-	-
Rent paid	-	0.59	-	-	-	0.01	-	-
<b>ASSETS / TRANSACTIONS</b>								
Sale of investments in Subsidiary Company	-	1,444.48	-	-	-	-	-	-
Sale of investments in Other Company	-	35.62	-	-	-	-	-	-
Purchase / subscription of investments	279.86	8,784.95	-	17.39	-	-	-	-
Assignment of loans	-	494.40	-	-	-	-	-	-
Subscription of bonds	-	45.00	-	-	-	-	-	-
Current account balance	379.30	1.07	-	-	-	-	-	-
Fixed deposits placed	60.50	665.50	-	-	-	-	-	-
Fixed deposits - Balance outstanding	16.80	217.90	-	-	-	-	-	-
Sale of fixed assets	-	0.49	-	-	-	-	-	-
Inter-corporate deposits (placed and matured)	870.00	155.19	-	-	-	-	-	-
Advances given	6.97	71.94	-	-	-	-	-	-
Advances recovered	61.03	6.60	-	-	-	-	-	-
Advances recoverable - balance outstanding	36.16	90.22	-	-	-	-	-	-
Interest accrued on bonds - balance outstanding	-	0.89	-	-	-	-	-	-
Interest accrued on ICD	0.12	-	-	-	-	-	-	-
Interest accrued on fixed deposits - balance outstanding	0.61	0.87	-	-	-	-	-	-
Outstanding Equity investment	9,076.31	8,832.07	-	-	-	-	-	-
<b>LIABILITIES / TRANSACTIONS</b>								
Trade payable- balance outstanding	-	-	-	-	5.43	1.76	-	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

II) The nature and volume of transactions of the Company with the above mentioned related parties are as detailed below:

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>								
<b>Dividend</b>								
IDFC Financial Holding Company Limited	78.19	-	-	-	-	-	-	-
IDFC Asset Management Company Limited	-	39.18	-	-	-	-	-	-
IDFC Securities Limited	-	148.44	-	-	-	-	-	-
IDFC Finance Limited	-	12.39	-	-	-	-	-	-
Feedback Infra Private Limited	-	-	-	0.60	-	-	-	-
<b>Interest income</b>								
IDFC Alternatives Limited	-	3.80	-	-	-	-	-	-
IDFC Bank Limited	4.38	1.24	-	-	-	-	-	-
IDFC Securities Limited	0.55	-	-	-	-	-	-	-
Feedback Infra Private Limited	-	-	-	2.61	-	-	-	-
Millennium City Expressway Private Limited	-	-	-	21.31	-	-	-	-
<b>Profit on sale of investments</b>								
IDFC Projects Limited	-	1.75	-	-	-	-	-	-
<b>Fees</b>								
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	-	0.05	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	-	0.03	-	-
<b>EXPENDITURE</b>								
<b>Remuneration paid</b>								
Dr. Rajiv B.Lall	-	-	-	-	-	-	-	4.32
Mr. Vikram Limaye	-	-	-	-	-	-	5.41	5.16
<b>Shared Service cost recovery</b>								
IDFC Alternatives Limited	(0.05)	(0.39)	-	-	-	-	-	-
IDFC Securities Limited	(0.07)	(1.02)	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	(0.01)	(0.02)	-	-	-	-	-	-
IDFC Asset Management Company Limited	(0.30)	(0.31)	-	-	-	-	-	-
<b>Shared Service cost</b>								
IDFC Bank Limited	0.61	0.31	-	-	-	-	-	-
<b>CSR contribution</b>								
IDFC Foundation	1.25	23.40	-	-	-	-	-	-
<b>Brokerage on sale of investments</b>								
IDFC Securities Limited	β	0.05	-	-	-	-	-	-
<b>Property Tax paid</b>								
IDFC Alternatives Limited	-	0.05	-	-	-	-	-	-
<b>Office Maintenance paid</b>								
IDFC Alternatives Limited	-	0.02	-	-	-	-	-	-
<b>Rent paid</b>								
IDFC Alternatives Limited	-	0.59	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	-	0.01	-	-
<b>ASSETS / TRANSACTIONS</b>								
<b>Sale of investments in Subsidiary Company</b>								
IDFC Projects Limited	-	22.75	-	-	-	-	-	-
IDFC Financial Holding Company Limited	-	1,421.73	-	-	-	-	-	-
<b>Sale of investments</b>								
IDFC Projects Limited	-	35.62	-	-	-	-	-	-
<b>Subscription of Investments</b>								
IDFC Financial Holding Company Limited	244.24	8,784.95	-	-	-	-	-	-
Millennium City Expressway Private Limited	-	-	-	17.39	-	-	-	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>Purchase of Investments</b>								
IDFC Projects Limited	35.62	-	-	-	-	-	-	-
<b>Subscription of Bonds</b>								
IDFC Infrastructure Finance Limited	-	45.00	-	-	-	-	-	-
<b>Assignment of Loans</b>								
IDFC Infrastructure Finance Limited	-	494.40	-	-	-	-	-	-
<b>Current account balance</b>								
IDFC Bank Limited	379.30	1.07	-	-	-	-	-	-
<b>Fixed deposits placed</b>								
IDFC Bank Limited	60.50	665.50	-	-	-	-	-	-
<b>Fixed deposits outstanding</b>								
IDFC Bank Limited	16.80	217.90	-	-	-	-	-	-
<b>Sale of fixed assets</b>								
IDFC Alternatives Limited	-	0.42	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	-	0.07	-	-	-	-	-	-
IDFC Foundation Limited	-	β	-	-	-	-	-	-
<b>Inter-corporate deposits (placed and matured)</b>								
IDFC Alternatives Limited	-	155.00	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	-	0.19	-	-	-	-	-	-
IDFC Securities Limited	870.00	-	-	-	-	-	-	-
<b>Advances given</b>								
IDFC Financial Holding Company Limited	-	2.52	-	-	-	-	-	-
IDFC Bank Limited	-	2.58	-	-	-	-	-	-
IDFC Projects Limited	6.97	66.84	-	-	-	-	-	-
<b>Advances recovered</b>								
IDFC Financial Holding Company Limited	-	2.52	-	-	-	-	-	-
IDFC Bank Limited	-	2.58	-	-	-	-	-	-
IDFC Foundation	0.76	1.50	-	-	-	-	-	-
IDFC Projects Limited	60.27	-	-	-	-	-	-	-
<b>Advances recoverable - balance outstanding</b>								
IDFC Foundation	18.74	19.50	-	-	-	-	-	-
IDFC Projects Limited	17.42	70.72	-	-	-	-	-	-
<b>Interest accrued on bonds - balance outstanding</b>								
IDFC Infrastructure Finance Limited	-	0.89	-	-	-	-	-	-
<b>Interest accrued on ICD - balance outstanding</b>								
IDFC Securities Limited	0.12	-	-	-	-	-	-	-
<b>Interest accrued on Fixed deposits - balance outstanding</b>								
IDFC Bank Limited	0.61	0.87	-	-	-	-	-	-
<b>Outstanding Equity Investments</b>								
IDFC Financial Holding Company Limited	9,029.24	8,785.00	-	-	-	-	-	-
IDFC Projects Limited	34.07	34.07	-	-	-	-	-	-
IDFC Foundation	13.00	13.00	-	-	-	-	-	-
<b>LIABILITIES / TRANSACTIONS</b>								
<b>Trade Payable- Balance outstanding</b>								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	5.19	1.46	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.24	0.30	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**31** In accordance with Accounting Standard 19 on 'Leases' as notified under the Accounting Standards specified under Section 133 of the 2013 Act, the following disclosures in respect of operating leases are made:

- i The Company has not taken any office premises under operating lease. Rent includes gross rental expenses for office premises of ₹ Nil (Previous Year ₹ 20.23 crore). The committed lease rentals in the future are:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Not later than one year	-	-
Later than one year and not later than five years	-	-

### 32 Corporate Social Responsibility (CSR)

- i Amount required to be spent by the Company on Corporate Social Responsibility ('CSR') related activities during the year ₹ 1.25 crore (Previous year ₹ 23.40 crore).
- ii Amount spent towards Company on CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 1.25 crore (Previous year ₹ 23.40 crore), which comprise of following:

S. NO	PARTICULARS	(₹ IN CRORE)					
		YEAR ENDED MARCH 31, 2017			YEAR ENDED MARCH 31, 2016		
		IN CASH	YET TO BE PAID IN CASH (I.E PROVISION)	TOTAL	IN CASH	YET TO BE PAID IN CASH (I.E PROVISION)	TOTAL
(i)	Construction / acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	1.25	-	1.25	23.40	-	23.40

**33** In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified under the Accounting Standards specified under Section 133 of the 2013 Act:

#### 1 Earnings per share of continuing operations

- i. The basic earnings per share has been calculated based on:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Net profit after tax	55.75	141.70
Weighted average number of equity shares	1,595,860,566	1,593,794,088

- ii. The reconciliation between the basic and the diluted earnings per share is as follows:

	(₹)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Basic Earnings per share	0.35	0.89
Effect of outstanding stock options	β	β
Diluted Earnings per share	0.35	0.89

#### 2 Earnings per share of total operations

- i. The basic earnings per share has been calculated based on:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Net profit / (loss) after tax	55.75	(1,162.14)
Weighted average number of equity shares	1,595,860,566	1,593,794,088

- ii. The reconciliation between the basic and the diluted earnings per share is as follows:

	(₹)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Basic Earnings per share	0.35	(7.29)
Effect of outstanding stock options	β	β
Diluted Earnings per share	0.35	(7.29)



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- iii. The basic earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity Shareholders by the weighted average number of equity shares for the respective years, whereas the diluted earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective years. The relevant details as described above are as follows: [see note 3(k)]

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Weighted average number of shares for computation of basic earnings per share	1,595,860,566	1,593,794,088
Dilutive effect of outstanding stock options	321,671	1,011,998
Weighted average number of shares for computation of diluted earnings per share	1,596,182,237	1,594,806,086

### 34 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	₹ IN CRORE	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(A) CAPITAL COMMITMENTS</b>		
(i) Uncalled liability on shares and other investments partly paid	345.58	67.00
(ii) Other Commitments	90.00	-

### 35 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(a) Principal amount remaining unpaid to any supplier at the end of the accounting year.	-	-
(b) Interest due thereon remaining unpaid to any supplier at the end of the accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

### 36 PROPOSED DIVIDEND

The Board of Directors, in the meeting held on April 28, 2017 have proposed dividend of ₹ 0.25 per equity share (2.50%) amounting to ₹ 39.90 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of Shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend is not recognised as a liability as on March 31, 2017. Accordingly, the balance of Reserves and surplus is higher by ₹ 39.90 crore (including corporate dividend tax) and the balance of other liabilities is lower by an equivalent amount as on March 31, 2017.

**37** Details of Specified Bank Notes (SBNs) held and transacted during the period November 8, 2016 to December 30, 2016 is provided in table below

PARTICULARS	₹		
	SBNs	OTHER DENOMINATION NOTES	TOTAL
Closing cash on hand as on November 8, 2016	1,000	23,003	24,003
Add: permitted receipts	-	67,113	67,113
Less: permitted payments	-	75,812	75,812
Less: Amount deposited in banks	1,000	-	1,000
Closing cash on hand as on December 30, 2016	-	14,304	14,304

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**38** 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) :

		(₹ IN CRORE)			
		AS AT MARCH 31, 2017	AS AT MARCH 31, 2016		
<b>(A) CAPITAL TO RISK ASSETS RATIO (CRAR):</b>					
	CRAR (%)	67.07	92.15		
	CRAR - Tier I Capital (%)	67.07	92.15		
	CRAR - Tier II Capital (%)	-	-		
	Amount of Subordinated Debt considered as Tier-II Capital	-	-		
	Amount raised by issue of Perpetual Debt Instruments	-	-		
<b>(B) DETAILS OF INVESTMENTS ARE SET OUT BELOW:</b>					
<b>1 VALUE OF INVESTMENTS</b>					
<b>(i) Gross Value of Investments</b>					
	(a) In India	9,431.68	9,242.33		
	(b) Outside India	-	-		
		9,431.68	9,242.33		
<b>(ii) Provision for Depreciation</b>					
	(a) In India	48.24	13.15		
	(b) Outside India	-	-		
		48.24	13.15		
<b>(iii) Premium amortised on debentures, bonds &amp; government securities</b>					
	(a) In India	-	11.39		
	(b) Outside India	-	-		
		-	11.39		
<b>(iv) Net Value of Investments</b>					
	(a) In India	9,383.44	9,229.18		
	(b) Outside India	-	-		
		9,383.44	9,229.18		
<b>2 MOVEMENT OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS.</b>					
	(i) Opening balance	13.15	323.34		
	(ii) Add : Provisions made during the year	35.09	710.18		
	(iii) Add : Premium amortised on debentures, bonds and government securities	-	5.45		
	(iv) Less: Provisions transferred on demerger of Financing Undertaking	-	(886.10)		
	(v) Less : write-back of excess provisions during the year	-	(139.72)		
	(vi) Closing balance	48.24	13.15		
<b>(C) INVESTOR GROUP WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND NON-CURRENT) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED):</b>					
		AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		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	8,952.74	9,029.24	8,829.41	8,863.92
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	342.81	354.20	249.68	365.26
<b>TOTAL</b>		<b>9,295.55</b>	<b>9,383.44</b>	<b>9,079.09</b>	<b>9,229.18</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### (D) DETAILS OF FINANCIAL ASSETS TRANSFERRED TO SECURITISATION / RECONSTRUCTION COMPANIES:

The Company has transferred certain assets to Asset Reconstruction Companies (ARC) for cash / security receipts. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the security receipts are valued in accordance with the RBI guidelines and provisioning policy of the Company.

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Number of accounts	-	5.00
Aggregate value (net of provisions) of accounts sold to ARC	-	0.75
Aggregate consideration :		
Security receipts	-	0.42
Cash	-	0.08
Aggregate gain over net book value not credited to the Statement of Profit and Loss	-	-
Aggregate loss over net book value credited to the Statement of Profit and Loss	-	(0.25)

### (E) 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	250.00	-	-	-	-	-	-	9,133.44	9,383.44
Borrowing	199.70	-	-	-	-	-	-	-	199.70
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	-	-	-	-	-	-	-	-	-
Investments	269.38	-	-	-	-	-	-	8,959.80	9,229.18
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.

### (F) EXPOSURES TO CAPITAL MARKET

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(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	49.95	137.73
(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	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(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)	401.00	70.00
<b>TOTAL EXPOSURE TO CAPITAL MARKET</b>	<b>450.95</b>	<b>207.73</b>

### (G) PENALTIES / FINES IMPOSED BY THE RBI

During the year ended March 31, 2017 there was no penalty imposed by the RBI (Previous Year ₹ Nil).

## 39 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)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Provisions for depreciation in value of investment	35.09	570.46
Provision towards non performing advances	-	775.85
Provision against restructured loans	-	77.38
Specific provision against identified advances	-	432.77
Provisions for contingencies	-	(1,587.49)
Contingent provision against standard assets	-	65.70
Provision for doubtful debts and others	-	(55.18)
Provision against doubtful advances	14.43	97.69
Exceptional items (see note 25)	-	2,638.72
<b>TOTAL</b>	<b>49.52</b>	<b>3,015.90</b>

### (b) Draw Down from Reserves

During the previous year, debenture redemption reserve was not created as long term infrastructure bonds have been transferred to IDFC Bank Limited upon demerger of Financing undertaking and as provided in the Scheme of Arrangement entire Debenture Redemption Reserve amount has been transferred to General Reserve. [see note 5(c)]

During the previous year in accordance with the RBI approval, an amount equivalent to ₹ 1,634.80 crore is transferred from the non distributable Statutory Reserve to the balance of the Surplus in Statement of Profit and Loss in Reserves & surplus. [see note 5(e) & 25]

### (c) The information on movement of NPAs is given below:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>1 Net NPAs to Net Advances (%)</b>	-	-
<b>2 Movement of NPAs (Gross)</b>		
Opening balance	-	357.57
Additions during the year	-	1,162.34
Reductions during the year	-	52.61
Transferred on demerger of Financing Undertaking	-	1,467.30
<b>CLOSING BALANCE</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>3 Movement of Net NPAs</b>		
Opening balance	-	119.57
Additions during the year	-	379.35
Reductions during the year	-	45.46
Transferred on demerger of Financing Undertaking	-	453.46
<b>CLOSING BALANCE</b>	<b>-</b>	<b>-</b>
<b>4 Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	-	238.00
Provisions made during the year	-	782.99
Write-back of excess provisions	-	(7.15)
Transferred on demerger of Financing Undertaking	-	1,013.84
<b>CLOSING BALANCE</b>	<b>-</b>	<b>-</b>

### (d) Disclosure of complaints

The following table sets forth, the movement and the outstanding number of complaints:

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>SHAREHOLDERS' COMPLAINTS:</b>		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	400	1,187
No. of complaints disposed off during the year	400	1,187
No. of complaints remaining unresolved at the end of the year	Nil	Nil
<b>INFRASTRUCTURE RETAIL BONDHOLDERS' COMPLAINTS: (UPTO SEPTEMBER 30, 2015)</b>		
No. of complaints pending at the beginning of the year	N.A	Nil
No. of complaints received during the year	N.A	5,307
No. of complaints disposed off during the year	N.A	5,307
No. of complaints remaining unresolved at the end of the year	N.A	Nil

The above information is certified by management and relied upon by the auditors.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

## 40 DISCLOSURE ON ACCOUNTS SUBJECTED TO RESTRUCTURING (PREVIOUS YEAR)

(₹ IN CRORE)

SR. NO.	TYPE OF RESTRUCTURING	UNDER CORPORATE DEBT RESTRUCTURING (CDR)					UNDER SME DEBT RESTRUCTURING MECHANISM					OTHERS					TOTAL									
		MECHANISM																								
		STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL					
DETAILS																										
1	Restructured accounts as on April 1, 2015	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	23	2	-	-	-	25	23	2	-	-	-	25
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	4,743.86	105.98	-	-	-	4,849.84	4,743.86	105.98	-	-	-	4,849.84
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	64.66	-	-	-	-	64.66	64.66	-	-	-	-	64.66
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	492.75	50.00	-	-	-	542.75	492.75	50.00	-	-	-	542.75
2	Increase / (decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016	Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	213.10	-	-	-	-	213.10	213.10	-	-	-	-	213.10	
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	1,695.35	-	-	-	1,695.35	1,695.35	-	-	-	-	1,695.35	
3	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-	-	(1)	(1)	-	-	-	-	(1)	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	(123.68)	-	-	-	(123.68)	(123.68)	-	-	-	-	(123.68)	
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(6.27)	-	-	-	(6.27)	(6.27)	-	-	-	-	(6.27)	
4	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(6)	4	2	-	-	(6)	(6)	4	2	-	-	-	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	(1,085.56)	1,006.03	104.94	-	25.41	(1,085.56)	1,006.03	104.94	-	25.41		
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	(64.66)	-	37.87	-	(26.79)	(64.66)	-	37.87	-	(26.79)		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(94.29)	714.35	55.50	-	675.56	(94.29)	714.35	55.50	-	675.56		
5	Restructured accounts transferred on pursuant to demerger [See note 1 (c)]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	16	6	2	-	-	24	16	6	2	-	-	24	
		Amount outstanding (restructured facility)	-	-	-	-	-	-	-	-	-	-	-	-	3,747.72	1,112.01	104.94	-	4,964.67	3,747.72	1,112.01	104.94	-	4,964.67		
		Amount outstanding (other facility)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37.87	-	37.87	-	-	37.87	-	-	37.87	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	2,087.54	764.35	55.50	-	2,907.39	2,087.54	764.35	55.50	-	2,907.39		

Note:

- Excludes provision for net present value of ₹ Nil (Previous Year ₹ 0.49 crore) created on one loan account.

## 41 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i) Rating Assigned	A1+	Long Term 'AAA', Short Term 'A1+'
(ii) Date of Rating	Short Term - 24-03-2017	Long Term - 10-07-2015; Short term - 10-07-2015
(iii) Rating Valid upto (see note below)	31-10-2017	-
(iv) Name of the Rating Agency	ICRA Limited	ICRA Limited

Note: All Long Term ratings are withdrawn effective October 1, 2015 on account of transfer of all liabilities pertaining to Financing Undertaking to IDFC Bank Limited pursuant to Scheme of Arrangement.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**42** Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2017 and March 31, 2016 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.

**43** The following additional information is disclosed in terms of the RBI circular (Ref. No. RBI/2009-2010/356/IDMD/4135/11.08.43/2009-10) dated March 23, 2010:

### Repo Transactions (in face value terms)

	(₹ IN CRORE)							
	YEAR ENDED MARCH 31, 2017				YEAR ENDED MARCH 31, 2016			
	MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	OUTSTANDING AS AT MARCH 31, 2017	MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	OUTSTANDING AS AT MARCH 31, 2016
<b>SECURITIES SOLD UNDER REPOS</b>								
(i) Government securities	-	-	-	-	-	5,410.72	2,416.17	-
(ii) Corporate debt securities	-	-	-	-	-	-	-	-
<b>SECURITIES PURCHASED UNDER REVERSE REPOS</b>								
(i) Government securities	-	-	-	-	-	551.34	3.70	-
(ii) Corporate debt securities	-	-	-	-	-	-	-	-

**44** The figures for the previous year have been reclassified, wherever necessary to conform with the current year's classification / disclosure.

**45** The figures of ₹ 50,000 or less have been denoted by β.

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Vikram Limaye**  
Managing Director & CEO

**Bipin Gemani**  
Chief Financial Officer

**Ketan Kulkarni**  
Company Secretary

Mumbai, April 28, 2017

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF IDFC LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **IDFC LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associates as at 31 March, 2017, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 3 to the consolidated financial statements which describes the demerger of the financial undertaking of the Holding Company, as defined in the Scheme of Arrangement under section 391-394 of the Companies Act, 1956 approved by the Hon'ble Madras High Court vide its order dated June 25, 2015 into the IDFC Bank Limited with effect from October 1, 2015.

Our opinion is not modified in respect of this matter.

### Other Matters

(a) We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 757.71 crore as at 31 March, 2017, total revenues of ₹ 373.35 crore and net cash outflows amounting to ₹ 183.28 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Three subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the 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 Company and audited by us.



## INDEPENDENT AUDITORS' REPORT

(b) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 6.29 crore as at 31<sup>st</sup> March, 2017, total revenues of ₹ 3.36 crore and net cash outflows amounting to ₹ 0.44 crore 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 net loss of ₹ 68.76 crore for the year ended 31<sup>st</sup> March, 2017, as considered in the consolidated financial statements, in respect of three associates, 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 consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associates, 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 statements are not material to the Group.

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 certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries referred in the Other Matters paragraph above 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, 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account 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 prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and subsidiary companies incorporated in India.
- (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, as amended, 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 of pending litigations on the consolidated financial position of the Group and its associates- Refer Note 40 to the consolidated financial statements.
  - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India.
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditors by the Management of the respective Group entities.

### For Deloitte Haskins & Sells LLP

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

### P. R. Ramesh

Partner  
(Membership No. 70928)

Mumbai | April 28, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of IDFC Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are companies incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies 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

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates three subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

#### For Deloitte Haskins & Sells LLP

Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

#### P. R. Ramesh

Partner  
(Membership No. 70928)

Mumbai | April 28, 2017

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

	NOTES	₹ IN CRORE)	
		AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	8	1,595.94	1,594.02
(b) Reserves and surplus	9	9,223.92	8,508.97
			10,819.86
<b>Share application money pending allotment</b>	10	-	5.66
<b>Minority Interest</b>	11		7,096.31
			6,635.17
<b>Non-current liabilities</b>			
(a) Long-term borrowings	12	36,431.96	43,184.88
(b) Other long-term liabilities	13	1,273.03	658.66
(c) Deferred tax liability (net)	22	17.93	17.61
(d) Long-term provisions	14	292.56	336.67
			38,015.48
			44,197.82
<b>Current liabilities</b>			
(a) Short-term borrowings	15	50,286.87	16,710.42
(b) Trade payables	16		
(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		528.76	463.26
(c) Other current liabilities	17	7,763.87	8,351.16
(d) Short-term provisions	18	3,036.97	402.40
			61,616.49
			25,927.24
<b>TOTAL</b>			<b>117,548.14</b>
			86,868.88
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	19 (a)	604.28	534.53
(ii) Intangible assets	19 (b)	311.96	233.74
(iii) Intangible assets under development		5.90	29.19
			922.14
			797.46
(b) Goodwill on consolidation	20		1,286.06
(c) Non-current investments	21		14,699.66
(d) Deferred tax asset (net)	22		1,342.25
(e) Long-term loans and advances			
(i) Loans	23	36,827.79	39,934.57
(ii) Others	24	1,152.02	1,000.92
			37,979.81
			40,935.49
(f) Other non-current assets	25		70.33
			56,300.25
			55,024.59
<b>Current assets</b>			
(a) Current investments	26		36,329.70
(b) Trade receivables	27		54.39
(c) Cash and bank balances	28		5,282.43
(d) Short-term loans and advances			
(i) Loans	23	15,163.44	6,966.62
(ii) Others	24	434.27	382.32
			15,597.71
			7,348.94
(e) Other current assets	25		3,983.66
			1,137.49
			61,247.89
			31,844.29
<b>TOTAL</b>			<b>117,548.14</b>
			86,868.88

See accompanying notes forming part of the financial statements (see note 1 to 44)

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)

**P.R. Ramesh**  
Partner

Mumbai | April 28, 2017

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Bipin Gemani**  
Chief Financial Officer

**Vikram Limaye**  
Managing Director & CEO

**Ketan Kulkarni**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)		
		NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>I</b>	<b>INCOME</b>			
	Revenue from operations	29	10,458.18	8,942.28
	Other income	30	9.54	28.08
	<b>TOTAL INCOME (I)</b>		<b>10,467.72</b>	<b>8,970.36</b>
<b>II</b>	<b>EXPENSES</b>			
	Employee benefits expense	31	794.20	640.04
	Finance costs	32	6,650.33	5,735.55
	Provisions and contingencies	33	277.91	326.74
	Other expenses	34	805.20	526.25
	Depreciation and amortisation expense	19(a)&(b)	148.62	62.38
	<b>TOTAL EXPENSES (II)</b>		<b>8,676.26</b>	<b>7,290.96</b>
<b>III</b>	<b>PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (I - II)</b>		<b>1,791.46</b>	<b>1,679.40</b>
IV	Exceptional items	4	-	(2,638.72)
<b>V</b>	<b>PROFIT BEFORE TAX (III+IV)</b>		<b>1,791.46</b>	<b>(959.32)</b>
<b>VI</b>	<b>TAX EXPENSE</b>			
	Current tax		84.05	657.02
	Deferred tax		402.67	(977.09)
	Tax adjustment for prior years		(3.85)	(47.85)
	Minimum alternate tax (credit) / charge		-	0.46
	<b>TOTAL TAX EXPENSE (VI)</b>		<b>482.87</b>	<b>(367.46)</b>
<b>VII</b>	<b>PROFIT AFTER TAX (BEFORE SHARE OF LOSS FROM ASSOCIATES AND ADJUSTMENT FOR SHARE OF MINORITY INTEREST) (V-VI)</b>		<b>1,308.59</b>	<b>(591.86)</b>
VIII	Share of net loss from associates		(68.76)	(64.98)
IX	Share of profit of minority interest	11	(540.75)	(277.96)
<b>X</b>	<b>PROFIT/ (LOSS) FOR THE YEAR (VII+VIII+IX)</b>		<b>699.08</b>	<b>(934.80)</b>
<b>XI</b>	<b>EARNINGS PER EQUITY SHARE (NOMINAL VALUE OF SHARE ₹ 10 EACH)</b>			
	Basic (₹)		4.38	(5.87)
	Diluted (₹)		4.38	(5.87)

See accompanying notes forming part of the financial statements (see note 1 to 44)

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)

**P.R. Ramesh**  
Partner

Mumbai | April 28, 2017

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Bipin Gemani**  
Chief Financial Officer

**Vikram Limaye**  
Managing Director & CEO

**Ketan Kulkarni**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)		
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit / (Loss) before tax</b>			1,791.46	(959.32)
<b>Adjustments for:</b>				
Depreciation and amortisation expense	19(a)&(b)	148.62		62.38
Provision for employee benefits		(6.85)		9.99
Provisions and contingencies	33	277.91		326.74
Exceptional Items - Provisions and Contingencies	4	-		2,638.72
Interest expense	32	6,450.39		5,451.22
Interest Income	29(a)	(8,773.94)		(7,600.51)
Amortisation / (writeback) of premium on long term investments		29.31		(11.39)
Unrealised loss on foreign currency revaluation		(57.59)		(250.46)
Profit on sale of other investments (net)	29(d)	(653.66)		(765.89)
Foreign currency translation reserve	7(s)	(5.40)		11.93
(Profit)/ loss on sale of fixed assets (net)	34	5.17		3.27
Interest paid		(6,132.80)		(4,906.77)
Interest received		8,476.50		7,834.29
			(242.34)	2,803.52
<b>Operating profit before working capital changes</b>			1,549.12	1,844.20
<b>Changes in working capital:</b>				
<b>Adjustments for (increase) / decrease in operating assets</b>				
Trade receivables		(18.52)		8.98
Long-term loans & advances		379.46		(313.40)
Short-term loans & advances		(74.78)		(70.25)
Other non-current assets		19.19		22.56
Other current assets		(2,458.78)		(730.28)
<b>Adjustments for increase / (decrease) in operating liabilities</b>				
Trade payables		65.52		(66.80)
Other long-term liabilities		(5.50)		14.31
Other current liabilities		92.84		258.99
			(2,000.57)	(875.89)
Direct taxes paid			2,013.31	(1,152.38)
<b>CASH GENERATED/ (USED IN) FROM OPERATIONS</b>			1,561.86	(184.07)
Loans (disbursed) / repaid (net)			(5,367.95)	3,177.74
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>			(3,806.09)	2,993.67

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)		
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets (including intangible assets under development)			(281.59)	(437.78)
Sale of fixed assets			3.05	1.22
Purchase of other investments			(569,304.49)	(883,271.25)
Cash paid for acquisition of Subsidiary			(315.25)	-
Sale proceeds of other investments			549,520.98	892,354.38
Opening adjustment	6&9(l)		16.71	(7.00)
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>			<b>(20,360.59)</b>	<b>8,639.57</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from fresh issue of shares (net of issue expenses)			0.15	18.93
Proceeds from borrowings			3,171,751.99	2,271,589.79
Repayment of borrowings			(3,145,290.41)	(2,281,088.19)
Dividend paid (including dividend distribution tax)			-	498.78
Increase / (Decrease) in minority interest	11		(79.61)	90.08
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>			<b>26,382.12</b>	<b>(8,890.61)</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)			2,215.44	2,742.63
Cash and cash equivalents as at the beginning of the year	28		2,967.74	225.11
Cash and cash equivalents as at the end of the year	28		5,183.17	2,967.74
			<b>2,215.44</b>	<b>2,742.63</b>

See accompanying notes forming part of the consolidated financial statements (see note 1 to 44).

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)

**P.R. Ramesh**  
Partner

Mumbai | April 28, 2017

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Bipin Gemani**  
Chief Financial Officer

**Vikram Limaye**  
Managing Director & CEO

**Ketan Kulkarni**  
Company Secretary

**01 GROUP INFORMATION**

IDFC Limited ('the Holding Company') is a public company, incorporated in India and regulated by the Reserve Bank of India ('the RBI') as a Non Banking Finance Company ('NBFC'). During the year ended March 31, 2016, one of the subsidiary, IDFC Bank Limited ('the Bank' / 'the Banking Company') commenced Banking Operations with effect from October 1, 2015 on receipt of final Banking license from the RBI after satisfying the conditions as prescribed under the New Banking guidelines and the in-principal approval from the RBI to set up an Universal Bank. Under the New Banking guidelines, all banking business including the lending business must be carried out only by Bank. Accordingly, under the Scheme of Arrangement u/s. 391-394 of the Companies Act, 1956 ('Scheme of Arrangement') between IDFC Limited ('Transferor Company') and IDFC Bank Limited ('Transferee Company') and their respective Shareholders and creditors as approved by the Hon'ble Madras High Court, the Financing Undertaking as defined under the Scheme of Arrangement was demerged from IDFC Limited to IDFC Bank Limited. In consideration of the demerger of the Financing Undertaking to IDFC Bank Limited, equity shares of IDFC Bank Limited were issued to the Shareholders of IDFC Limited in the proportion of 1:1 for equity shares held of IDFC Limited.

The Financing Undertaking comprises of all outstanding loans and deposits, borrowings, investments, current assets, sundry debtors, all debts, liabilities including contingent liabilities, licenses, approvals, tax credit, properties - movable and immovable, plant and machinery, furniture and fixtures, office equipment, software and licenses, insurance, policies, all contracts, agreements, collateral, all staff and employees employed in connection with Financing Undertaking etc.

Under the New Banking Guidelines all investment in Bank must be held through a Non Operative Financial Holding Company ('NOFHC') and all investments in financial services entities regulated by the RBI or other financial sector regulator must be held through NOFHC. Accordingly investments in IDFC Securities Limited, IDFC Alternatives Limited, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited), IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Trustee Company Limited were transferred to IDFC Financial Holding Company Limited ('IDFC FHCL' or 'NOFHC'). Under the New Banking guidelines the NOFHC must hold 40% of the Bank's equity shares for a minimum period of 3 years. Pursuant to the guidelines and transfer of the investments in the financial services entities under IDFC Financial Holding Company Limited, IDFC Limited holds 100% of IDFC FHCL and IDFC FHCL in turn holds 53% of equity shares of IDFC Bank Limited and 47% of the equity shares of IDFC Bank Limited were issued to the Shareholders of IDFC Limited on demerger of Financing Undertaking. The Holding Company and its fifteen subsidiary companies, one entity over which the Holding Company has indirect control and four jointly controlled entities constituted the Group. The Group also has three associate companies. The Group is engaged in banking business, asset management and investment banking & institutional broking.

**02 BASIS OF PREPARATION**

The Consolidated Financial Statements of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards as specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless stated otherwise.

**03 DEMERGER OF FINANCING UNDERTAKING**

Pursuant to the filing and approval of the Scheme of Arrangement between IDFC Limited ('Transferor Company') and IDFC Bank Limited ('Transferee Company') and their respective Shareholders and creditors, by the Hon'ble Madras High Court vide its order dated June 25, 2015 and on fulfillment of all conditions specified under the Scheme of Arrangement and on receipt of the final banking license from the RBI by IDFC Bank Limited, the Financing Undertaking of the Transferor Company was transferred at the book value to the Transferee Company with effect from October 1, 2015. Accordingly, assets aggregating to ₹ 66,237.46 crore and liabilities aggregating to ₹ 60,002.90 crore, resulting in net assets of ₹ 6,234.56 crore along with contingent liabilities of ₹ 285.63 crore, capital commitment of ₹ 840.05 crore and notional principal of derivative contracts of ₹ 13,903.57 crore pertaining to the Financing Undertaking were transferred from Transferor Company to Transferee Company.

In consideration, the Transferee Company issued equity shares of Face value ₹ 10 each in the ratio of 1:1 to the Shareholders of Transferor Company on the record date as determined by the Board of Directors. The Company through its wholly owned subsidiary, IDFC FHCL, has invested ₹ 7,030.07 crore resulting in effective equity holding of 53% in IDFC Bank Limited.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

- (i) The credit balance in the debenture redemption reserve is transferred and credited to general reserve;
- (ii) IDFC has reduced the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the Financing Undertaking transferred to IDFC Bank Limited;
- (iii) The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Financing Undertaking transferred to the transferee company, is debited proportionately to Reserves and Surplus (including the Securities Premium Account) other than statutory reserves created under Section 45IC of the Reserve Bank of India Act, 1934, under section 36(1)(viii) of the Income tax Act, 1961 and the stock option outstanding reserve as described in (iv) below. Accordingly, adjustments are made in Securities Premium Account ₹ 3,701.31 crore, General Reserve ₹ 918.89 crore,

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Statement of Profit and Loss account of ₹ 1,607.80 crore and Stock Option Outstanding Account of ₹ 6.56 crore on demerger of Financing Undertaking of IDFC Limited into IDFC Bank Limited;

- (iv) Stock option outstanding reserve is reduced in the proportion of the net book value of the Financing Undertaking to the net worth of transferor company

Details of net assets transferred on demerger of Financing Undertaking of IDFC Limited are as under:

	(₹ IN CRORE)
Cash and bank balances	2.55
Balances with banks and money at call and short notice	1,190.07
Investments	18,464.25
Advances	41,936.63
Fixed assets	535.16
Other assets	4,108.80
	<u>66,237.46</u>
Less: Borrowings	56,720.74
Other liabilities and provisions	3,282.16
	<u>60,002.90</u>
Net Assets	<u>6,234.56</u>

### 04 EXCEPTIONAL ITEMS:

Pursuant to the approval granted by the Reserve Bank of India ("RBI") to utilise the balance in Statutory Reserves to create specific provision against identified stressed assets, the Holding Company had created specific provisions of ₹ 2,500.00 crore on such assets in the previous year. This one time provision along with reversal of unrealised interest of ₹ 138.72 crore on stressed assets had been charged to the Statement of Profit and Loss and classified as exceptional item in the previous year. In accordance with the RBI approval, an amount equivalent to ₹ 1,634.80 crore (provisions of ₹ 2,500.00 crore net of deferred tax asset of ₹ 865.20 crore) was transferred from Special Reserve u/s 451C of RBI Act, 1934 to the balance of the surplus in Statement of Profit and Loss in Reserves and Surplus.

### 05 BASIS OF CONSOLIDATION

- (a) The Consolidated Financial Statements comprise the individual financial statements of the Holding Company, its subsidiaries and associates as on March 31, 2017 and for the year ended on that date. The Consolidated Financial Statements have been prepared on the following basis:
- The financial statements of the Holding Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under Section 133 of the Companies Act, 2013 to the extent applicable and practices generally prevalent in the banking industry in India.
  - Investments in associates by the Holding Company and its subsidiaries are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as capital reserve / goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013 to the extent applicable.
  - The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same Balance Sheet date as that of the Holding Company, i.e. March 31, 2017.
  - The excess of the cost to the Holding Company of its investment in the subsidiaries and the associates over the Holding Company's portion of equity is recognised in the financial statements as goodwill and is tested for impairment on an annual basis.
  - The excess of the Holding Company's portion of equity of the subsidiaries and the associates on the acquisition date over its cost of investment is treated as capital reserve.
  - Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made. Net profit / loss for the year of the subsidiaries attributable to minorities is identified and adjusted against the consolidated profit after tax of the Group.
  - In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- viii The Holding Company accounts for investments in associates in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', notified under Section 133 of the Companies Act, 2013 using the equity method of accounting. Accordingly, the increase / decrease in value of investments under equity method is accounted in the Statement of Profit and Loss or corresponding Reserves as Share of Profit / Loss from Associates.
- (b) The financial statements of the following subsidiaries have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013:

NAME OF SUBSIDIARY	MARCH 31, 2017	MARCH 31, 2016
	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i IDFC Alternatives Limited [see note 6(i)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	100.00
ii IDFC Asset Management Company Limited @ [see note 6(i),(iii) & (vii)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	75.00
iii IDFC AMC Trustee Company Limited @ [see note 6(i) & (vii)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	75.00
iv IDFC Capital (Singapore) Pte. Limited (subsidiary of IDFC Alternatives Limited)	100.00	100.00
v IDFC Capital (USA) Inc. (subsidiary of IDFC Securities Limited)	100.00	100.00
vi IDFC Finance Limited [see note 6(iv)] (subsidiary of IDFC Projects Limited w.e.f. September 28, 2015) (merged with IDFC Projects Limited w.e.f. April 1, 2016)	-	100.00
vii IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited) @ [see note 6(i) & (v)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	81.48	81.48
viii IDFC Investment Advisors Limited [see note 6(iii)] (Merged with IDFC Asset Management Company Limited w.e.f. April 1, 2015)	-	-
ix IDFC Investment Managers (Mauritius) Limited @ [see note 6(vii)] (subsidiary of IDFC Asset Management Company Limited)	100.00	75.00
x IDFC Projects Limited [see note 6(iv)]	100.00	100.00
xi IDFC Securities Limited [see note 6(i)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	100.00
xii IDFC Securities Singapore Pte. Limited (subsidiary of IDFC Securities Limited)	100.00	100.00
xiii IDFC Trustee Company Limited [see note 6(i)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	100.00
xiv IDFC Bank Limited @ (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	52.88	52.98
xv IDFC Financial Holding Company Limited [see note 6(i)]	100.00	100.00
xvi IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited) [see note (ii)] (subsidiary of IDFC Bank Limited w.e.f. October 13, 2016)	52.88	-

@ Consequent to the change in effective ownership in these subsidiaries, the consolidated net worth of the current year is higher by ₹ 42.08 crore (Previous year lower by ₹ 6,583.37 crore) and the consolidated profit of the current year is lower by ₹ 0.09 crore (Previous year ₹ 250.50 crore).

All the subsidiaries are incorporated in India, except:

- i IDFC Capital (Singapore) Pte. Limited, a Company incorporated in Singapore.
  - ii IDFC Capital (USA) Inc., a Company incorporated in the United States of America.
  - iii IDFC Investment Managers (Mauritius) Limited, a Company incorporated in Mauritius.
  - iv IDFC Securities Singapore Pte. Limited, a Company incorporated in Singapore.
- (c) The Holding Company has made an investment in IDFC Foundation, a Section 8 company under Companies Act, 2013, wherein the profits will be applied for promoting its objects. Accordingly, the Consolidated Financial Statements of IDFC Foundation are not consolidated in these financial statements, since the Holding Company will not derive any economic benefits from its investments in IDFC Foundation.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- (d) The Holding Company and its subsidiary company has investment in three associates which are accounted for under the equity method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013.

NAME OF ASSOCIATE	FACE VALUE (₹)	NUMBER OF SHARES	AS AT MARCH 31, 2017
			PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i. Jetpur Somnath Tollways Private Limited (Associate of IDFC Projects Limited)	10.00	42,637,400	26.00
ii. Feedback Infra Private Limited (Associate of IDFC Bank Limited)	10.00	4,026,689	13.01
iii. Millennium City Expressways Private Limited (Associate of IDFC Bank Limited)	10.00	218,287,481	15.85

NAME OF ASSOCIATE	FACE VALUE (₹)	NUMBER OF SHARES	AS AT MARCH 31, 2016
			PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i. Jetpur Somnath Tollways Private Limited (Associate of IDFC Projects Limited)	10.00	42,637,400	26.00
ii. Feedback Infra Private Limited (Associate of IDFC Bank Limited)	10.00	4,026,689	13.04
iii. Millennium City Expressways Private Limited (Associate of IDFC Bank Limited)	10.00	194,000,000	15.83

### 06 CHANGE IN HOLDING IN SUBSIDIARIES AND ASSOCIATES:

- (i) IDFC Financial Holding Company Limited was incorporated on November 7, 2014 as a direct subsidiary of the Holding Company. The shares of IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Trustee Company Limited, IDFC Securities Limited, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited) were transferred by the Holding Company to IDFC Financial Holding Company Limited on July 9, 2015.
- (ii) IDFC Bank has acquired 100% equity shares of Grama Vidiyal Micro Finance Limited (now known as IDFC Bharat Limited), a Non Banking Finance Company- Micro Finance Institution (NBFC-MFI) on receipt of final approval from RBI and satisfaction of all conditions. Grama Vidiyal Micro Finance Limited has become a wholly owned subsidiary of the IDFC Bank Limited w.e.f. October 13, 2016.
- (iii) IDFC Asset Management Company Limited had filed a petition with the Hon'ble Bombay High Court on December 26, 2014 to obtain its sanction to a Scheme of Amalgamation for merger of IDFC Investment Advisors Limited, a subsidiary of IDFC Asset Management Company Limited with IDFC Asset Management Company Limited. IDFC Asset Management Company Limited and IDFC Investment Advisors Limited received the sanction and have since merged in accordance to the Scheme of Amalgamation with effect from April 1, 2015.
- (iv) IDFC Projects Limited purchased 100% stake in IDFC Finance Limited from IDFC Limited, the Holding Company on September 28, 2015. Thereafter, IDFC Projects Limited has merged its wholly owned subsidiary, IDFC Finance Limited into itself as a part of overall reorganisation process undertaken at group level. The appointed date of merger was April 1, 2016 as had been approved by the Hon'ble Bombay High Court vide its order dated November 18, 2016.
- (v) During the previous year, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited) had issued 18.52% of its equity shares on preferential basis to external Shareholders.
- (vi) During the previous year, IDFC Bank Limited allotted 47% of its equity shares to the Shareholders of IDFC Limited on demerger of Financing Undertaking.
- (vii) IDFC Financial Holding Company Limited has acquired additional 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, thereby making these subsidiaries and IDFC Investment Managers (Mauritius) Limited wholly owned subsidiaries of the Group.

Consequent to the changes in the ownership interest as detailed above, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'Surplus in the Statement of Profit and Loss' as 'Opening Adjustment'.

**07 SIGNIFICANT ACCOUNTING POLICIES****(a) Cash and cash equivalents**

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank, fixed deposits and other short-term highly liquid investments with an original maturity of three months or less, that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

**(b) Cash flow statement**

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Group are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

**(c) Investments****Holding Company & NBFC in the Group**

- Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as specified under Section 133 of the Companies Act, 2013. Current investments also include current maturities of long-term investments and also current portion of long-term investments. All other investments are classified as long-term investments.
- All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss. Purchase and sale of investments are recorded on trade date.
- Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised gain is ignored, while net depreciation is provided for. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investments. Premium paid over the face value of long-term investments is amortised over the life of the investments on a straight line method.
- Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at lower of book value and fair value / market value on the date of transfer.

**Banking Company in the group****■ Classification:**

In accordance with the RBI Guidelines on investment classification and valuation; Banking Company is required to classify investments on the date of purchase into:

- (i) Held for Trading (HFT),
- (ii) Available for Sale (AFS) or
- (iii) Held to Maturity (HTM).

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

**■ Basis of classification and accounting :**

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments are recorded on value date except for equity shares which are recorded on trade date. However for the purpose of consolidation and in compliance with Schedule III of the Companies Act, 2013, the above Classification are revised to current and non-current investments. HFT and AFS category investments are classified as current investments and HTM category investments are classified as non-current investments.

**■ Valuation:**

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

### ▪ **Short sales:**

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

### ▪ **Other than NBFCs and Banking Company in the Group**

Long-term investments are valued at cost except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognise the decline. Current investments are valued at lower of cost and market value.

### **(d) Repurchase and resale transactions (Repo)**

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

### **(e) Advances**

In accordance with the RBI guidelines, advances are classified as performing and non-performing. These advances are stated net of specific provisions, provisions for funded interest term loan classified as non-performing advances, claims received from Export Credit Guarantee Corporation of India Ltd. (ECGC) and provisions in lieu of diminution in the fair value of restructured asset. Non-Performing advances are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). In addition, based extant environment or specific information on risk of possible slippages or current pattern of servicing, the group makes provision on identified advances in infrastructure sector which are classified as standard advances as these are not non-performing advances ('Identified Advances').

### **(f) Tangible fixed assets**

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. Profit or loss arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss.

### **(g) Depreciation on tangible fixed assets**

Depreciation on tangible fixed assets is provided on the straight line method, as per the useful life 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 phones b) Motor Cars.

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. Depreciation in respect of leasehold improvements is provided on a straight - line method over the extended period of the lease.

### **(h) Intangible assets and amortisation**

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 charged annually to the Statement of Profit and Loss. Intangible assets are being amortised over a period of three years on a straight-line method.

**(i) Impairment of assets**

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance sheet date, there is indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**(j) Expense under employee stock option schemes**

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') / Employees Stock Option Scheme 2007 ('ESOS 2007') / Employees Stock Option Scheme 2015 ('ESOS 2015'). 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. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price / fair value on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to the Statement of Profit & Loss.

**(k) Employee benefits****▪ 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 and when services are rendered.

**▪ Defined benefit plan**

The net present value of obligation towards gratuity to employees is funded and actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the year.

**▪ 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.

**(l) Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Ancillary costs in connection with long term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan.

**(m) Segment reporting****▪ Primary segment (Business segment)**

The major activities of the Group dovetails around financing activity. The other business segment like asset management, investment banking & institutional broking do not individually have income and/or assets more than 10% of the total income and/or assets of the Group. Accordingly, segment information for asset management, investment banking & institutional broking is grouped under business segment 'others'.

**▪ Secondary segment (Geographical segment)**

Most of the subsidiaries operate only in the domestic market. As a result, the Group does not have any reportable geographical segment.

**(n) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest Income is recognised on accrual basis in the Statement of Profit and Loss, except in the case of Non-Performing Assets (NPAs) and Identified Advances, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified advances is reversed and recognised on cash basis.
- Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.
- Loan originating fees, when it becomes due, is recognised upfront as income. Arrangements / syndication fee is recognised as income on completion of the significant act / milestone and when right to recovery is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.
- Brokerage is recognised on trade date basis and is net of statutory payments.
- Asset management fees is recognised on accrual basis.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other fees and charges are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due, except guarantee commission which is recognised pro-rata over the period of the guarantee.
- Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- Profit / loss on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- Profit / loss on sale of investments is recognised on value date basis by Banking Company as per RBI guidelines. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and long-term investments.
- Profit on sale of loan assets through direct assignment / securitisation is recognised over the residual life of the loan / pass through certificate in terms of the RBI guidelines. Loss arising on account of direct assignment / securitisation is recognised upfront on sale in the Statement of Profit & Loss.
- Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.
- Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

**(o) Leases****▪ Where the assets are taken on lease**

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method, over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act, 2013. Initial direct costs incurred specifically for operating leases are recognised as expense in the year in which they are incurred.

**▪ Where the assets are given on lease**

Leases under which risks and benefits of ownership of the asset are not substantially transferred are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act, 2013. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

**(p) Earnings per share**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year.

**(q) Taxes on income**

- Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.
- Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and right for such set off are legally enforceable. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.
- Minimum alternate tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that normal income tax will be payable. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow.
- Since the Holding 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 account.

**(r) Derivative contracts****Holding Company****Interest rate swaps**

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

**Currency interest rate swaps**

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

**Stock futures**

- Stock futures are marked-to-market on a daily basis. The debit or credit balance in the 'Mark-to-market margin – stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.
- Credit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated profit, is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- On final settlement or squaring-up of contracts for stock futures, the profit / loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in 'Mark-to-market margin – stock futures account' is recognised in the Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of such contract is determined using the weighted average method for calculating profit / loss on squaring-up.
- 'Initial margin account – stock futures', representing initial margin paid is disclosed under loans and advances.

### Banking Company in the group

- Derivative transactions comprises of forward contracts, futures, swaps and options. The Banking Company undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.
- For hedge transactions, the Banking Company identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge swaps and funding swaps are not subjected to marked to market, unless underlying transactions are marked to market. In such cases swaps are marked to market with the resultant gain or loss recorded as an adjustment to the market value of the underlying transactions.
- Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed in Profit and Loss Account.
- Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter.
- As per the RBI guidelines on 'Prudential Norms for Off balance Sheet Exposures of Banks', a standard asset provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. Realised gain / loss arise when the derivatives expire or mature or when the underlying trading assets / liabilities are sold.

### (s) Foreign currency transactions and translations

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gain or loss resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. Premium in respect of forward contracts is accounted over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

### (t) Provisions and contingencies

#### Provision against loans and advances

#### NBFC in the group:

- Contingent provision against standard assets is made at 0.40% of the outstanding standard assets, higher than the provisioning requirement of 0.30% in accordance with the RBI guidelines.
- In addition, the Holding Company maintains a general provision as Provision for Contingencies in accordance with the provisioning policy of the Holding Company and additional provision based on the assessment of portfolio including provision against identified advances that qualifies for deduction under Section 36(1)(viiia) of the Income-tax Act, 1961.
- The policy of provisioning against non-performing loans and advances has been decided by the management considering norms prescribed by the RBI under Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. As per the policy adopted by the Holding Company, the provision against non-performing loans and advances are created on a conservative basis, taking into account management's perception of the higher risk associated with the business. Certain non-performing loans and advances are considered as loss assets and full provision has been made against such assets.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- In January 2014, the RBI has issued guidelines on Restructuring of Advances applicable to Non Banking Finance Companies. As per the guidelines, a provision is required on standard accounts restructured prior to January 24, 2014 at 2.75 % from March 31, 2014, and would further increase to 3.50% from March 31, 2015, 4.25% from March 31, 2016 and 5.00% from March 31, 2017. Restructuring of standard accounts subsequent to January 23, 2014 would attract a provision at 5.00%. The Holding Company has complied with the aforesaid guidelines and on prudent basis a provision at 5.00% has been made on all outstanding restructured accounts in addition to the provision against diminution in fair value of restructured advances. Unrealised income represented by Funded Interest Term Loan ('FITL') on standard accounts restructured after January 23, 2014 are fully provided and such provision against FITL will be reversed on repayment of FITL.

### Banking Company in the group

- The Bank makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. The provision on standard advances is not reckoned for arriving at net NPAs. The provisions towards standard advance is not netted from gross advance but shown separately as "Contingent Provisions against Standard Assets" under "Long-term provisions".
- Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI.
- In case of corporate loans, provision is made for substandard and doubtful assets at the rates prescribed by the RBI. Loss assets and the unsecured portion of doubtful assets are provided / written off as per the extant RBI guidelines or higher as approved by the management. Provision on retail loans and advances, subject to minimum provisioning requirement of the RBI are assessed at borrower level, on the basis of ageing of loans based on internal provisioning policy of the Bank.
- In addition to the minimum provisioning level prescribed by RBI, the group on a prudent basis made provisions on specific advances in infrastructure sector that are not NPAs ('identified advances') but had reason to believe risk of possible slippages on the basis of the extant environment or specific information or current pattern of servicing. These provisions being specific in nature are netted off from gross advances.

### Other provisions

- A provision is recognised for a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed separately. Contingent assets are not recognised in the financial statements.

### (u) Securities issue expenses

Issue expenses of certain securities and redemption premium on certain bonds are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the securities premium account.

### (v) Brokerage expenses

Brokerage paid to the brokers on closed ended funds and commitments in portfolio management schemes are amortised over the tenure of the product or commitment period.

### (w) Misdeal stock

Misdeal stock comprises of stock that devolves due to erroneous execution of trades in the normal course of business. These securities are valued at lower of cost or market value on an individual basis. Any profit / loss on such deals is recognised in the Statement of Profit and Loss.

### (x) Service tax input credit

Service tax input credit is accounted in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credit.

### (y) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 08 SHARE CAPITAL

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
<b>AUTHORISED</b>				
Equity Shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
		5,000.00		5,000.00
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP</b>				
Equity shares of ₹ 10 each	1,595,941,570	1,595.94	1,594,020,668	1,594.02
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		1,595.94		1,594.02

#### (a) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the year:

EQUITY SHARES	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	1,594,020,668	1,594.02	1,592,780,866	1,592.78
Issued during the year - stock options exercised under the ESOS [see note (c)]	1,920,902	1.92	1,239,802	1.24
Outstanding as at the end of the year	1,595,941,570	1,595.94	1,594,020,668	1,594.02

#### (b) Terms / rights attached to equity shares

The Holding 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 and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting. During the year the Board of Directors of the Holding Company proposed dividend of ₹ 0.25 per share (2.50%) [Previous Year ₹ Nil].

In the event of liquidation of the Ultimate Holding Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Holding 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.

#### (c) Movement in stock options granted under the ESOS is as under:

	AS AT	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	NUMBER	NUMBER
Outstanding as at the beginning of the year	39,579,341	31,485,043
Add: Granted during the year	4,187,925	12,898,500
Less: Exercised during the year [see note (a)]	1,920,902	1,239,802
Less: Lapsed / forfeited during the year	5,369,110	3,564,400
Outstanding as at the end of the year	36,477,254	39,579,341

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 09 RESERVES AND SURPLUS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(A) SECURITIES PREMIUM ACCOUNT</b>		
Opening balance	2,517.57	6,203.70
Add: premium on exercise of stock options under the ESOS	3.89	15.18
Add : Transferred from stock option account	0.18	-
Less: Transfer to Minority Interest (see note 3)	-	3,701.31
<b>Closing balance</b>	<b>2,521.64</b>	<b>2,517.57</b>
<b>(B) STOCK OPTIONS OUTSTANDING</b>		
Opening balance	7.04	18.23
Less: Transferred to General Reserve [see note 9(f)]	4.92	3.68
Less: Stock options exercised / cancelled	0.18	0.95
Less: Transfer to Minority Interest [see note 3(iii)]	-	6.56
<b>Closing balance</b>	<b>1.94</b>	<b>7.04</b>
<b>(C) DEBENTURE REDEMPTION RESERVE</b>		
Opening balance	-	739.50
Less: Transferred to General Reserve [see note below, 3(i) & 9(f)]	-	(739.50)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<p>The Holding company had created Debenture Redemption Reserve (DRR) in accordance with Section 71(4) of the Companies Act, 2013 in respect of the public issues of Long-Term Infrastructure Bonds. The Holding Company creates DRR upto 25% of the value of debentures issued through public issue plus accrued interest thereon over the expected life of such debentures in accordance with Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules 2014. The Holding Company is not required to create DRR in respect of privately placed debentures under the Rules. During the previous year, the Holding Company had not created Debenture Redemption Reserve as long term infrastructure bonds were transferred to IDFC Bank Limited upon demerger of financing undertaking and as provided in the Scheme of Arrangement entire Debenture Redemption Reserve amount was transferred to General Reserve [see note 3(i)].</p>		
<b>(D) SPECIAL RESERVE U/S. 36(1)(VIII) OF THE INCOME-TAX ACT, 1961 [SEE NOTE 7(Q)]</b>		
Opening balance	3,198.25	2,853.25
Add: Transfer from surplus in the Statement of Profit and Loss [see note 9(l)]	325.00	345.00
<b>Closing balance</b>	<b>3,523.25</b>	<b>3,198.25</b>
<b>(E) SPECIAL RESERVE U/S. 45-IC OF THE RBI ACT, 1934</b>		
Opening balance	924.60	2,554.42
Add: Transfer from Statement of Profit and Loss [see note 9(l)]	25.40	8.06
Less: Share of Minority Interest	-	0.18
Less: Transfer to surplus in the Statement of Profit and Loss [see note below & 9(l)]	-	2.90
Less: Transfer to surplus in the Statement of Profit and Loss [see note 4 & 9(l)]	-	1,634.80
<b>Closing balance</b>	<b>950.00</b>	<b>924.60</b>

A Group Company has voluntarily surrendered the Certificate of Registration (COR) issued by the RBI for carrying out non-banking financial activities and for discontinuance of the NBFC business, hence special reserve of ₹ Nil (Previous Year ₹ 2.90 crore) is transferred to Statement of Profit & Loss.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS** AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(F) GENERAL RESERVE</b>		
Opening balance	670.85	844.18
Add: Transfer from stock options outstanding [see note 9(b)]	4.92	3.68
Add: Transfer from Debenture Redemption Reserve [see note 9(c)]	-	739.50
Less: Transfer to Minority Interest [see note 3(iii)]	-	918.87
Add: Additions during the year	-	2.36
<b>Closing balance</b>	<b>675.77</b>	<b>670.85</b>
<b>(G) CAPITAL RESERVE ON CONSOLIDATION</b>		
Opening balance	31.66	1.25
Add: Changes due to change in shareholding in group companies	0.67	30.41
<b>Closing balance</b>	<b>32.33</b>	<b>31.66</b>
<b>(H) FOREIGN CURRENCY TRANSLATION RESERVE [SEE NOTE 5(A)(VII)]</b>		
Opening balance	40.11	28.19
Add: Foreign exchange translation in relation to non-integral foreign operations	(5.39)	11.93
Less: Share of minority interest	0.01	0.01
<b>Closing balance</b>	<b>34.71</b>	<b>40.11</b>
<b>(I) STATUTORY RESERVES</b>		
Opening balance	118.00	-
Additions during the year	255.00	118.00
Deduction during the year	-	-
<b>Closing balance</b>	<b>373.00</b>	<b>118.00</b>
<p>As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Banking Company has transferred ₹ 255.00 (Previous Year ₹ 118.00 crore ) to Statutory Reserve.</p>		
<b>(J) CAPITAL RESERVE</b>		
Opening balance	82.50	-
Add: Additions during the year	5.50	82.50
<b>Closing balance</b>	<b>88.00</b>	<b>82.50</b>
<p>As per RBI Guidelines applicable to Bank, profit / loss on sale of investments in the 'Held to Maturity' / 'Non-Current Investments' category is recognised in the Profit and Loss Account and profit is there after appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Accordingly, the Banking Company has appropriated ₹ 5.50 crore (Previous Year ₹ 82.50 crore) being profit on sale of non-current investments net of applicable taxes and transferred to statutory reserves.</p>		
<b>(K) INVESTMENT RESERVE</b>		
Opening balance	-	-
Add: Additions during the year	0.55	-
<b>Closing balance</b>	<b>0.55</b>	<b>-</b>
<p>As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. During the year, the Bank has transferred ₹ 0.55 crore (Previous Year ₹ Nil) to Investment Reserve Account.</p>		

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS** AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(L) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
<b>Opening balance</b>	918.39	2,439.01
Profit / (Loss) for the year	699.08	(934.80)
Less: Opening adjustment of an associate [see note 21(f)]	(26.60)	7.00
Add: Transfer from Special reserve u/s. 45-IC of the RBI Act, 1934 [see note 9(e)]	-	1,637.70
<b>Less: Appropriations</b>		
<b>Transfer to reserves:</b>		
Statutory Reserves [see note 9(i)]	255.00	118.00
Capital Reserves [see note 9(j)]	5.50	82.50
General Reserve [see note 9(f)]	-	2.36
Investment Reserve [see note 9(k)]	0.55	-
Special reserve u/s. 36(1)(viii) of the Income- tax Act, 1961 [see note 9(d)]	325.00	345.00
Special reserve u/s. 45-IC of the RBI Act, 1934 [see note 9(e)]	25.40	8.06
Changes due to change in shareholding in group companies	9.89	30.87
Transfer to Minority Interest (see note 3)	-	1,607.80
<b>Dividend &amp; dividend distribution tax:</b>		
Dividend on equity shares pertaining to previous year (see note below)	-	0.25
Tax on proposed equity dividend	-	-
Tax on proposed equity dividend by subsidiary companies	-	21.63
Tax on equity dividend for previous year (see note below)	-	0.05
<b>Total appropriations</b>	621.34	2,216.52
<b>Closing balance</b>	1,022.73	918.39
<b>TOTAL RESERVES AND SURPLUS</b>	<b>9,223.92</b>	<b>8,508.97</b>

In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Holding Company paid dividend of ₹ 0.25 crore for the year 2014-15 and tax on dividend of ₹ 0.05 crore as approved by the Shareholders at the respective Annual General Meetings.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 10 SHARE APPLICATION MONEY PENDING ALLOTMENT

Share application money pending allotment represents applications received from employees on exercise of stock options granted and vested under the ESOS.

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Equity shares of face value ₹ 10 each proposed to be issued	-	-	1,874,416.00	1.87
Total amount of securities premium		-		3.79
<b>TOTAL</b>		-		5.66

The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date.

### 11 MINORITY INTEREST

	AS AT	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	%	%
<b>INDIRECT (THROUGH IDFC FINANCIAL HOLDING COMPANY LIMITED)</b>		
IDFC Bank Limited	47.12	47.02
IDFC Asset Management Company Limited	-	25.00
IDFC AMC Trustee Company Limited	-	25.00
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	18.52	18.52
<b>INDIRECT (THROUGH IDFC ASSET MANAGEMENT COMPANY LIMITED)</b>		
IDFC Investment Managers (Mauritius) Limited	-	25.00
<b>INDIRECT (THROUGH IDFC BANK LIMITED)</b>		
IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	47.12	-

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Opening minority interest	6,635.17	44.21
Add: Addition in minority interest during the year	(19.28)	6,340.99
Add: Share of profit of minority interest	540.75	277.96
Less: Share of dividend distribution tax by subsidiaries	60.34	28.00
Add: Fluctuation in foreign currency translation reserve	0.01	0.01
<b>Closing Balance</b>	<b>7,096.31</b>	<b>6,635.17</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 12 LONG - TERM BORROWINGS

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
<b>DEBENTURES &amp; BONDS (NON CONVERTIBLE) (UNSECURED) [SEE NOTE (A), (C) &amp; (D)]</b>				
Face value	34,560.90	4,693.27	36,769.75	4,334.85
Less: Unexpired discount on zero percent debentures & bonds [see note (b)]	192.55	6.24	236.74	31.23
	34,368.35	4,687.03	36,533.01	4,303.62
<b>TERM LOANS (UNSECURED) [SEE NOTE (C)]</b>				
From banks [see note (e)]	-	-	50.00	1,048.90
From others [see note (f)]	219.83	38.22	239.93	23.96
	219.83	38.22	289.93	1,072.86
<b>EXTERNAL COMMERCIAL BORROWINGS (UNSECURED) [SEE NOTE (C)]</b>				
From banks (see note (g))	-	671.66	3,735.74	331.30
From others [see note (h)]	622.07	37.23	2,254.82	145.61
	622.07	708.89	5,990.56	476.91
<b>TERM DEPOSITS</b>	1,221.71	-	371.38	-
Amount disclosed under 'other current liabilities' (see note 17)	-	(5,434.14)	-	(5,853.39)
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>36,431.96</b>	<b>-</b>	<b>43,184.88</b>	<b>-</b>
<b>THE ABOVE AMOUNT INCLUDES:</b>				
Secured borrowings [see note (a)]	1,915.00	-	763.00	-
Unsecured borrowings	34,516.96	5,434.14	42,421.88	5,853.39
	<b>36,431.96</b>	<b>5,434.14</b>	<b>43,184.88</b>	<b>5,853.39</b>

- (a) Borrowings of ₹ 1,915.00 crore (Previous year ₹ 763.00 crore ) are secured by way of a first floating pari passu charge over investments, other assets, trade receivables, cash and bank balances and loans & advances excluding investments in and other receivables from subsidiaries and affiliates and lien marked assets.
- (b) Unexpired discount is net of ₹ 103.54 crore (Previous year ₹ 195.19 crore) towards interest accrued but not due.
- (c) The entire borrowings were secured till September 30, 2015.
- (d) Interest and repayment terms of long-term borrowings - debentures and bonds (non convertible) (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
<b>FIXED RATE</b>				
Above 5 years	10,297.36	7.75 to 9.68	20,097.26	7.98 to 9.68
3-5 years	6,099.84	7.35 to 9.00	5,937.76	7.5 to 9.25
1-3 years	18,163.70	7.75 to 9.50	10,694.73	7.98 to 9.50
<b>FLOATING RATE</b>				
1-3 years	-	NA	40.00	MIBOR+150 bps
<b>TOTAL</b>	<b>34,560.90</b>		<b>36,769.75</b>	

- (e) Interest and repayment terms of long-term loans from banks (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
<b>FLOATING RATE</b>				
1-3 years	-	NA	50.00	9.75
<b>TOTAL</b>	<b>-</b>		<b>50.00</b>	

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(f) Interest and repayment terms of long-term loans from others (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
<b>FIXED RATE</b>				
Above 5 years	219.83	2.00	239.93	2.00
<b>TOTAL</b>	<b>219.83</b>		<b>239.93</b>	

(g) Interest and repayment terms of external commercial borrowings from banks (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
<b>FLOATING RATE</b>				
Above 5 years	-	NA	91.44	USD 6M LIBOR + 150 bps
3-5 years	-	NA	1,656.50	USD 6M LIBOR + 213 bps
1-3 years	-	NA	1,987.80	USD 6M LIBOR + 114 bps to 213 bps
<b>TOTAL</b>	<b>-</b>		<b>3,735.74</b>	

(h) Interest and repayment terms of external commercial borrowings from others (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
<b>FLOATING RATE</b>				
Above 5 years	168.46	USD 6M LIBOR + 150 bps	227.86	USD 6M LIBOR + 150 bps to 235 bps
Above 5 years	-	NA	1,656.50	USD 3M LIBOR + 225 bps
Above 5 years	-	NA	154.13	INBMK + 183.50 bps
3-5 years	106.81	USD 6M LIBOR + 235 bps	154.13	INBMK + 183.50 bps
3-5 years	346.80	INBMK+183.50 bps	-	NA
1-3 years	-	NA	38.54	INBMK + 183.50 bps
1-3 years	-	NA	23.66	USD 6M LIBOR + 60.20 bps
<b>TOTAL</b>	<b>622.07</b>		<b>2,254.82</b>	

### 13 OTHER LONG-TERM LIABILITIES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Lease equalisation (see note 38)	12.73	0.90
Interest accrued but not due on borrowings	1,253.65	633.79
Payables against derivative contracts	6.63	23.95
Retention money	0.02	0.02
Other payables	β	β
<b>TOTAL</b>	<b>1,273.03</b>	<b>658.66</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 14 LONG-TERM PROVISIONS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Contingent provision against standard assets [see note (a)]	292.56	336.67
<b>TOTAL</b>	<b>292.56</b>	<b>336.67</b>

(a) A contingent provision against standard assets has been created based on rate under each category of the outstanding standard assets as prescribed by RBI.

### 15 SHORT-TERM BORROWINGS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>COMMERCIAL PAPERS (UNSECURED)</b>		
Face value	390.00	-
Less: Unexpired discount [see note (a)]	1.61	-
	388.39	-
<b>COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO) (SECURED) [SEE NOTE (B)]</b>	-	9.94
<b>TERM LOANS</b>	3,696.38	-
<b>OVERDRAFT</b>	59.96	-
<b>DEPOSITS</b>		
Term Deposits	37,418.70	7,009.41
Demand Deposits	946.98	445.07
	38,365.68	7,454.48
<b>REPURCHASE AGREEMENT (REPO) (SECURED) [SEE NOTE (C)]</b>	7,776.46	9,246.00
<b>TOTAL SHORT-TERM BORROWINGS</b>	<b>50,286.87</b>	<b>16,710.42</b>
<b>THE ABOVE AMOUNT INCLUDES:</b>		
Secured borrowings	7,776.46	9,255.94
Unsecured borrowings	42,510.41	7,454.48
<b>TOTAL SHORT-TERM BORROWINGS</b>	<b>50,286.87</b>	<b>16,710.42</b>

(a) Borrowings of ₹ 7,776.46 crore (Previous Year ₹ Nil) are secured by way of a first floating pari passu charge over investments, other assets, trade receivables, cash and bank balances and loans and advances excluding investments in and other receivables from subsidiaries and affiliates of the Holding Company and lien marked assets.

(b) Borrowings under CBLO is secured against investments in government securities and treasury bills of ₹ Nil (Previous Year ₹ 35.15 crore).

(c) Borrowings under REPO are secured by assignment of government securities of ₹ 7310.30 crore (Previous Year ₹ Nil).

### 16 TRADE PAYABLE

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Total outstanding dues of micro enterprises and small enterprises (see note 41)	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Payables against derivative contracts	163.40	146.89
Other trade payables	61.60	29.35
Provision for expenses	303.76	287.02
<b>TOTAL</b>	<b>528.78</b>	<b>463.26</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 17 OTHER CURRENT LIABILITIES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Current maturities of long-term borrowings (see note 12)	5,434.14	5,853.39
Interest accrued but not due on borrowings	1,806.75	2,109.02
Income and other amounts received in advance	90.38	38.06
Funds received for investor education	0.36	0.36
Unclaimed dividend [see note (a)]	2.45	1.84
Unclaimed interest [see note (a)]	49.43	31.73
Security deposit	2.31	-
Lease equalisation (see note 38)	0.22	0.43
Other liabilities	0.01	233.51
Other payables		
Payable to gratuity fund (net) (see note 35)	2.26	4.99
Statutory dues	34.85	25.56
Others	340.71	52.27
<b>TOTAL</b>	<b>7,763.87</b>	<b>8,351.16</b>

(a) No amount of unclaimed dividend and unclaimed interest was due for transfer to the Investor Education and Protection Fund under Section 25 of the Companies Act, 2013 as at the Balance Sheet date.

### 18 SHORT-TERM PROVISIONS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Provision for employee benefits	-	4.11
Provision for income tax (net of advance payment of tax)	323.01	35.64
Provision for fringe benefit tax (net of advance payment of tax)	3.59	3.59
Provision for Mark to Market on Derivatives	2,710.37	325.15
Tax on proposed equity dividend by subsidiary companies	-	33.91
<b>TOTAL</b>	<b>3,036.97</b>	<b>402.40</b>

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

## 19 (a) TANGIBLE ASSETS

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
Freehold Land	0.04	-	-	-	0.04	-	-	-	-	-	0.04	0.04
(Previous year)	-	-	(0.04)	-	(0.04)	-	-	-	-	-	(0.04)	
Buildings												
Own Use	341.58	-	14.25	5.84	349.99	45.07	-	5.99	1.44	50.62	299.37	295.50
(Previous year)	(340.20)	-	(4.22)	(2.84)	(341.58)	(40.70)	-	(5.96)	(0.59)	(45.07)	(295.50)	
Leasehold improvements	65.25	0.02	24.43	2.16	87.50	16.16	0.02	11.47	1.44	26.17	60.34	49.09
(Previous year)	(21.23)	0.06	(43.97)	-	(65.25)	(11.06)	0.06	(5.05)	(8)	(16.16)	(49.09)	
Furniture and fixtures												
Own Use	24.93	0.01	17.64	2.05	40.51	6.16	0.01	4.64	1.40	10.39	30.12	18.78
(Previous year)	(13.18)	0.02	(14.35)	(2.62)	(24.93)	(6.66)	0.02	(2.08)	(1.60)	(6.16)	(18.78)	
Vehicles	34.27	-	23.72	4.87	53.11	9.80	-	12.02	2.49	19.33	32.78	25.47
(Previous year)	(16.62)	-	(19.97)	(2.32)	(34.27)	(4.04)	-	(6.65)	(0.89)	(9.80)	(25.47)	
Office equipment												
Own Use	30.33	0.01	15.98	0.76	45.54	15.60	0.01	7.26	0.72	21.13	25.41	13.73
(Previous year)	(20.17)	0.03	(14.32)	(4.19)	(30.33)	(15.30)	0.02	(3.41)	(4.14)	(15.60)	(13.73)	
Computers	91.09	0.02	53.07	0.73	143.42	24.75	0.01	25.13	0.70	48.17	95.26	66.34
(Previous year)	(25.01)	0.03	(71.38)	(5.33)	(91.09)	(18.33)	0.03	(10.99)	(5.59)	(24.75)	(66.34)	
Wind mills	101.25	-	-	-	101.25	35.68	-	4.60	-	41.28	59.97	65.57
(Previous year)	(101.25)	-	-	-	(101.25)	(32.07)	-	(4.60)	-	(35.68)	(65.57)	
<b>TOTAL</b>	<b>688.74</b>	<b>0.06</b>	<b>149.09</b>	<b>15.40</b>	<b>821.37</b>	<b>153.21</b>	<b>0.05</b>	<b>71.11</b>	<b>7.19</b>	<b>218.08</b>	<b>604.28</b>	<b>534.53</b>
(Previous year)	(537.65)	0.14	(168.24)	(17.30)	(688.74)	(128.17)	0.12	(38.74)	(12.82)	(153.21)	(534.53)	

## 19 (b) INTANGIBLE ASSETS (Other than internally generated)

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED AMORTISATION					NET BLOCK		
	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	AMORTISATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
Computer software	278.05	-	155.73	-	433.78	44.34	0.01	77.50	-	121.84	311.94	233.71
(Previous year)	(24.43)	0.01	(254.08)	(0.47)	(278.05)	(21.17)	(8)	(23.63)	(0.45)	(44.34)	(233.71)	
Tenancy rights	0.11	-	-	-	0.11	0.08	-	0.01	-	0.09	0.02	0.03
(Previous year)	(0.11)	-	-	-	(0.11)	(0.07)	-	(0.01)	-	(0.08)	(0.03)	
<b>TOTAL</b>	<b>278.16</b>	<b>-</b>	<b>155.73</b>	<b>-</b>	<b>433.88</b>	<b>44.41</b>	<b>0.01</b>	<b>77.51</b>	<b>-</b>	<b>121.93</b>	<b>311.96</b>	<b>233.74</b>
(Previous year)	(24.54)	0.01	(254.08)	(0.47)	(278.16)	(21.23)	(8)	(23.64)	(0.45)	(44.41)	(233.74)	
<b>TOTAL TANGIBLE AND INTANGIBLE ASSETS</b>	<b>966.90</b>	<b>0.06</b>	<b>303.82</b>	<b>15.40</b>	<b>1,255.25</b>	<b>197.62</b>	<b>0.06</b>	<b>148.62</b>	<b>7.19</b>	<b>340.01</b>	<b>916.24</b>	<b>768.27</b>
(Previous year)	(562.19)	0.15	(422.32)	(17.77)	(966.90)	(149.40)	0.13	(62.38)	(13.28)	(197.62)	(768.27)	

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 20 GOODWILL ON CONSOLIDATION

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Goodwill on subsidiaries	1,286.06	957.09

### 21 NON-CURRENT INVESTMENTS (AT COST)

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>INVESTMENT IN ASSOCIATES</b>		
Equity shares	271.21	246.92
Add: Goodwill on acquisition	9.80	9.80
Add: Adjustment for post acquisition share of loss and reserve of associates [see note (f)]	(152.54)	(87.53)
	128.47	169.19
Preference shares	54.93	46.87
<b>INVESTMENT IN A SUBSIDIARY</b>		
Equity shares [see note 5(c)]	13.00	13.00
<b>OTHER INVESTMENTS</b>		
Equity shares [see note (a)]	51.52	173.94
Preference shares	0.05	0.05
Venture capital units [see note (d)]	715.65	594.76
Government securities [see note 15(b) & 15(c)]	13,863.45	9,443.88
Mutual funds [see note (b)]	14.39	14.18
<b>TOTAL NON-CURRENT INVESTMENTS</b>	<b>14,841.46</b>	<b>10,455.87</b>
Less: Provision for diminution in value of investments [see note (e)]	141.80	40.80
<b>NET NON-CURRENT INVESTMENTS</b>	<b>14,699.66</b>	<b>10,415.07</b>
(a) Aggregate amount of quoted investments		
Cost	0.71	-
Market value	0.82	-
(b) Aggregate amount of investments in unquoted mutual funds		
Cost	13.68	14.18
Market value	16.31	14.85
(c) Aggregate amount of unquoted investments - cost	14,827.07	10,441.69
(d) Investments in venture capital units are subject to restrictive covenants.		
(e) Includes provision against subsidiary of ₹ 13.00 crore (Previous year ₹ 13.00 crore)		
(f) Includes Opening adjustment of ₹ 26.60 crore (Previous year ₹ 7.00 crore) due to change in previous year balances [see note 9(l)].		

### 22 DEFERRED TAX (NET)

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
(a) Provisions	1,391.65	-	1,816.09	-
(b) Others	(6.33)	-	(8.72)	-
(c) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	(43.07)	17.93	(67.36)	17.61
<b>DEFERRED TAX (NET)</b>	<b>1,342.25</b>	<b>17.93</b>	<b>1,740.01</b>	<b>17.61</b>

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as specified under Section 133 of the Companies Act, 2013, the Company has taken charge of ₹ 400.82 crore (Previous Year credit of ₹ 977.09 crore) in the Statement of Profit and Loss.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 23 LOANS (NET OF PROVISIONS)

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Term loans [see note (a), (c) & (d)]	38,401.90	11,462.77	42,603.92	6,794.66
Cash Credit, overdrafts and loans repayable on Demand [see note (a) & (d)]	-	2,262.51	-	894.99
Bills purchased	-	1,420.08	-	359.85
Debentures & bonds [see note (a) & (d)]	639.33	18.08	208.53	7.22
	39,041.23	15,163.44	42,812.45	8,056.72
Less: Specific Provision against identified advances	1,263.23	-	1,267.45	-
Less: Provision against non-performing loans [see note (c)]	856.60	-	829.16	1,090.10
Less: Provision against restructured loans & others	93.28	-	780.90	-
Less: Provision for Diminution in fair value of restructured assets	0.33	-	0.37	-
<b>TOTAL</b>	<b>36,827.79</b>	<b>15,163.44</b>	<b>39,934.57</b>	<b>6,966.62</b>
(a) The above amount includes				
Secured [see note (b)]	6,450.67	7,564.88	31,666.63	5,061.20
Unsecured	32,590.56	7,598.56	11,145.82	2,995.52
	<b>39,041.23</b>	<b>15,163.44</b>	<b>42,812.45</b>	<b>8,056.72</b>

(b) Loans to the extent of ₹ 31,906.73 crore (Previous Year ₹ 36,727.83 crore) are secured by:

- (i) Hypothecation of assets and / or
- (ii) Mortgage of property and / or
- (iii) Trust and retention account and / or
- (iv) Assignment of receivables or rights and / or
- (v) Pledge of shares and / or
- (vi) Negative lien and / or
- (vii) Undertaking to create a security.

(c) Loans includes non-performing loans of ₹ 1,542.10 crore (Previous Year ₹ 3,058.30 crore) against which provisions of ₹ 965.63 crore (Previous Year ₹ 1,919.26 crore) has been made in accordance with the RBI circular [see note (d)].

(d) The classification of loans under the RBI guidelines is as under:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i) Standard assets	52,662.57	47,810.87
(ii) Sub-standard assets	216.16	2,770.65
(iii) Doubtful assets	1,325.94	287.65
(iv) Loss assets	-	-
	<b>54,204.67</b>	<b>50,869.17</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 24 LOANS AND ADVANCES - OTHERS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
<b>UNSECURED</b>				
Loans and advances to related parties (see note 36)	-	18.72	-	19.50
Receivables against derivative contracts	18.15	5.43	274.75	-
Loans and advances to employees	0.86	3.42	0.73	0.69
Advance against investments	-	-	-	274.88
Security deposits	90.25	159.59	228.79	36.13
Other deposits	-	186.83	-	0.31
Advance payment of income tax (net of provision)	1,027.61	-	487.02	-
Advance payment of fringe benefit tax (net of provision)	4.07	-	4.05	-
Advance wealth tax	0.20	-	0.20	-
Other loans and advances				
Supplier advances	-	12.82	-	11.83
Initial margin account - government securities	-	-	0.60	-
Capital advances	0.06	-	0.79	-
Other advances	-	2.08	-	1.10
Prepaid expenses	10.82	29.76	3.99	19.15
Balances with government authorities - cenvat credit available [includes ₹ 0.94 crore (Previous Year ₹ 0.91 crore), considered doubtful]	-	16.56	-	19.64
	1,152.02	435.21	1,000.92	383.23
Less: Provision against doubtful advances	-	0.94	-	0.91
<b>TOTAL</b>	<b>1,152.02</b>	<b>434.27</b>	<b>1,000.92</b>	<b>382.32</b>

### 25 OTHER ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other receivables	-	32.55	-	22.86
[includes ₹ 0.70 crore (Previous Year ₹ 8.18 crore), considered doubtful]				
Less: Provision against doubtful receivables	-	0.70	-	8.18
	-	31.85	-	14.68
Bank deposits [see note (a)]	8.98	-	0.32	-
Interest accrued on deposits	0.12	0.56	0.02	1.56
Interest accrued on investments	-	1,016.69	-	609.28
Interest accrued on loans	58.98	109.90	149.03	128.92
Mark to Market receivable on Derivatives	-	2,794.06	-	343.03
Unamortised expenses				
Premium on forward contracts	-	27.33	-	27.67
Ancilliary borrowing costs	2.25	3.27	30.10	12.35
<b>TOTAL</b>	<b>70.33</b>	<b>3,983.66</b>	<b>179.47</b>	<b>1,137.49</b>

(a) Balances with Bank include deposits under lien of ₹ 3.98 crore (Previous year ₹ 0.32 crore) against bank guarantee.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 26 CURRENT INVESTMENTS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>OTHER INVESTMENTS</b>		
Equity shares	1,396.13	925.60
Preference shares	17.60	65.23
Debentures & bonds	13,067.40	6,215.97
Venture capital units	328.28	436.99
Pass through certificates	6,781.66	0.30
Certificate of deposits	-	197.02
Commercial papers	323.02	829.03
Government securities [see note 15(b) & 15(c)]	10,992.45	11,886.87
Security receipts	2,141.28	242.40
Mutual funds	2,617.38	620.13
	37,665.20	21,419.54
<b>CURRENT PORTION OF LONG-TERM INVESTMENTS</b>		
Mutual funds	-	1.50
<b>TOTAL CURRENT INVESTMENTS</b>	<b>37,665.20</b>	<b>21,421.04</b>
Less: Provision for diminution in value of investments	1,335.50	1,133.19
<b>NET CURRENT INVESTMENTS</b>	<b>36,329.70</b>	<b>20,287.85</b>
(a) Aggregate amount of quoted investments		
Cost	293.87	41.91
Market value	272.56	31.66
(b) Aggregate amount of investments in unquoted mutual funds		
Cost	599.80	621.63
Market value (Net asset value)	630.84	650.77
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual fund.		
(c) Aggregate amount of other unquoted investments - cost	36,771.53	20,757.50

### 27 TRADE RECEIVABLES (UNSECURED)

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>CONSIDERED GOOD</b>		
Outstanding for a period less than six months from the date they are due for payment	54.39	35.87
Outstanding for a period exceeding six months from the date they are due for payment	-	-
<b>CONSIDERED DOUBTFUL</b>		
Outstanding for a period less than six months from the date they are due for payment	-	-
Outstanding for a period exceeding six months from the date they are due for payment	7.89	3.37
	7.89	3.37
Less: Provision against doubtful receivables	7.89	3.37
	-	-
<b>TOTAL</b>	<b>54.39</b>	<b>35.87</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 28 CASH AND BANK BALANCES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>CASH AND CASH EQUIVALENTS [SEE NOTE (C)]</b>		
Cash on hand (see note 43)	36.56	11.62
Cheques on hand	2.26	10.49
<b>Balances with Reserve Bank of India :</b>		
In current accounts	2,958.58	1,889.22
In deposit accounts	-	-
<b>Balances with banks:</b>		
In current accounts	2,110.51	1,006.12
In deposit accounts	75.26	50.29
	5,183.17	2,968.74
<b>OTHERS</b>		
<b>Balances with banks:</b>		
In earmarked accounts:		
- unclaimed dividend	2.34	1.84
- unclaimed interest	49.43	27.10
In deposit accounts [see note (a) & (b)]	47.49	37.46
	99.26	66.40
<b>TOTAL</b>	<b>5,282.43</b>	<b>3,034.14</b>

- (a) Balances with banks include deposits under lien of ₹ 47.49 crore (Previous Year ₹ 37.46 crore) against bank guarantees and overdraft facility.
- (b) Balances with banks include deposits of ₹ 25.06 crore (Previous Year ₹ 30.37 crore) having original maturity of more than 12 months.
- (c) Cash and cash equivalents as referred in the Cash Flow Statement.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 29 REVENUE FROM OPERATIONS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest [see note (a)]	8,773.94	7,600.51
Other financial services [see note (b)]	795.00	595.62
Dividend income [see note (c)]	21.75	19.69
Net profit on sale of investments [see note (d)]	653.66	765.89
Profit from trading in derivatives and foreign currency contracts	152.68	(78.41)
Brokerage	54.26	35.85
Other operating income [see note (e)]	6.89	3.13
<b>TOTAL</b>	<b>10,458.18</b>	<b>8,942.28</b>

#### (a) DETAILS OF INTEREST INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest on loans [see note (i)]	5,345.82	5,364.95
Interest on deposits and loan to a financial institution	15.13	1,245.72
Interest on balances with Reserve Bank of India and other inter-bank funds	58.66	38.72
Interest on investments		
Current investments	3,292.17	457.97
Long-term investments	62.16	493.15
<b>TOTAL</b>	<b>8,773.94</b>	<b>7,600.51</b>

(i) Interest on loans includes interest on debentures & bonds of ₹ 42.94 crore (Previous Year ₹ 5.80 crore).

#### (b) DETAILS OF INCOME FROM OTHER FINANCIAL SERVICES

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Fees	795.00	595.62
<b>TOTAL</b>	<b>795.00</b>	<b>595.62</b>

#### (c) DETAILS OF DIVIDEND INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Current investments	4.22	0.07
Long-term investments	17.53	19.62
<b>TOTAL</b>	<b>21.75</b>	<b>19.69</b>

#### (d) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Current investments	639.18	431.01
Long-term investments	14.48	334.88
<b>TOTAL</b>	<b>653.66</b>	<b>765.89</b>

#### (e) DETAILS OF OTHER OPERATING INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Sale of power	6.89	3.13
<b>TOTAL</b>	<b>6.89</b>	<b>3.13</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS** AS AT AND FOR THE YEAR ENDED MARCH 31, 2017**30 OTHER INCOME**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest on income tax refund	7.66	25.77
Other interest	0.04	0.09
Miscellaneous income	1.84	2.22
<b>TOTAL</b>	<b>9.54</b>	<b>28.08</b>

**31 EMPLOYEE BENEFITS EXPENSE**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Salaries	728.03	587.70
Contribution to provident and other funds [see note 35]	35.53	33.58
Gratuity expense	14.24	4.25
Staff welfare expenses	16.40	14.51
<b>TOTAL</b>	<b>794.20</b>	<b>640.04</b>

**32 FINANCE COSTS**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest expense	6,450.39	5,451.22
Other borrowing cost	199.94	284.33
<b>TOTAL</b>	<b>6,650.33</b>	<b>5,735.55</b>

**33 PROVISIONS AND CONTINGENCIES**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Contingent provision against standard assets	(29.23)	70.51
Provision for contingencies (see note below)	-	(1,587.48)
Specific provision against identified advances	(495.45)	464.22
Provision against non-performing loans, restructured loans, doubtful debts / advances & others (net)	653.63	832.25
Provision for diminution in value of investments (net)	143.52	539.07
Provision for unhedged foreign currency exposure	1.21	8.17
Provision for mark to market on derivatives	4.23	-
<b>TOTAL</b>	<b>277.91</b>	<b>326.74</b>

Note: Provision for contingencies has been utilised to create provisions against specific identified advances.

**34 OTHER EXPENSES**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Rent [see note 38(i)]	111.29	84.18
Rates and taxes	43.42	4.08
Electricity	13.69	11.76
Repairs and maintenance		
Buildings	2.81	1.63
Equipments	4.12	4.00
Others	30.50	19.17
Insurance charges	16.22	5.38
Travelling and conveyance	36.92	29.82
Printing and stationery	12.95	7.65
Communication costs	23.90	20.10
Advertising and publicity	19.23	11.70
Professional fees	250.06	147.67
Directors' sitting fees	2.18	1.89
Commission to directors	1.41	0.67
Bad debts written off	-	4.22
Loss on retirement of fixed assets (net)	5.17	3.27
Brokerage	26.53	19.30
Other operating expenses	89.09	59.94
Contribution for corporate social responsibility (CSR)	12.44	27.31
Auditors' remuneration [see note (a)]	3.56	4.05
Shared service costs recovered [see note (b)]	0.29	0.07
Miscellaneous expenses	99.42	58.39
<b>TOTAL</b>	<b>805.20</b>	<b>526.25</b>

**(a) Break up of auditors' remuneration:**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Audit fees	2.46	1.82
Tax audit fees	0.26	0.42
Taxation matters	0.21	0.51
Other services	0.51	1.11
Out-of-pocket expenses	0.11	0.04
Service tax	0.51	0.55
	4.06	4.45
Less: Service tax set off claimed	0.50	0.40
<b>TOTAL</b>	<b>3.56</b>	<b>4.05</b>

(b) Shared service costs recovery includes ₹ 0.24 crore (Previous Year ₹ 0.36 crore) recovered from IDFC Foundation.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**35** In accordance with Accounting Standard 15 on 'Employee Benefits' as specified under Section 133 of the Companies Act, 2013 the following disclosures have been made:

- i. The Group 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)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Provident fund	29.77	18.98
Pension fund	2.06	1.70
Superannuation fund	3.71	2.71

- ii. The details of the Group's post - retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and relied upon by the Auditors:

	(₹ IN CRORE)			
	FOR THE YEAR ENDED MARCH 31, 2017		FOR THE YEAR ENDED MARCH 31, 2016	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>				
Liability at the beginning of the year	50.65	-	41.91	-
Liabilities assumed on acquisition	-	-	-	-
Current service cost	10.18	-	9.02	-
Interest cost	5.02	-	4.09	-
Reversed during the current year	-	-	-	-
Liabilities settled on divestiture	0.01	-	25.79	-
Distributed on Divestiture	0.06	-	(25.73)	-
Benefits paid	(6.85)	-	(4.62)	-
Actuarial loss	8.54	-	0.19	-
Liability at the end of the year	67.60	-	50.65	-
<b>FAIR VALUE OF PLAN ASSETS:</b>				
Fair value of plan assets at the beginning of the year	46.61	-	42.48	-
Expected return on plan assets	4.52	-	3.98	-
Contributions	19.15	-	7.99	-
Benefits paid	(7.23)	-	(4.62)	-
Distributed on Divestiture	-	-	(23.88)	-
Reversed during the current year	-	-	-	-
Assets assumed on acquisition	-	-	22.70	-
Actuarial gain / (loss) on plan assets	1.43	-	(2.04)	-
Fair value of plan assets at the end of the year	64.47	-	46.61	-
Total actuarial loss / (gain) to be recognised	7.11	-	2.24	-
<b>ACTUAL RETURN ON PLAN ASSETS:</b>				
Expected return on plan assets	4.52	-	3.98	-
Actuarial gain / (loss) on plan assets	1.43	-	(2.04)	-
Actual return on plan assets	5.95	-	1.93	-
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>				
Liability at the end of the year	67.60	-	50.65	-
Fair value of plan assets at the end of the year	64.47	-	46.61	-
Reversed during the year	-	-	-	-
Unrecognised past service cost	-	-	-	-
Amount recognised in the Balance Sheet under 'Loans and Advances'	-	-	-	-
Amount recognised in the Balance Sheet under 'Other current liabilities'				
Current	(0.84)	-	4.04	-
Non-Current	-	-	-	-

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)			
	FOR THE YEAR ENDED MARCH 31, 2017		FOR THE YEAR ENDED MARCH 31, 2016	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
<b>EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>				
Current service cost	10.18	-	9.02	-
Interest cost	5.02	-	4.09	-
Expected return on plan assets	(4.52)	-	(3.98)	-
Net actuarial loss / (gain) to be recognised	7.11	-	3.73	-
Losses / (Gains) on Acquisition / Divestiture	(3.56)	-	1.05	-
Reversed during the year	-	-	-	-
Liabilities assumed on acquisition	-	-	-	-
Liabilities settled on divestiture	0.01	-	-	-
Amount not recognised as an Asset	-	-	-	-
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	14.24	-	13.91	-
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>				
Opening net liability / (Asset)	3.72	-	(0.40)	-
Expense recognised	5.23	-	13.91	-
Contribution by the Group	(2.53)	-	(7.70)	-
Amount recognised in the Balance Sheet under 'Other current liabilities'	2.69	-	5.52	-
Expected employer's contribution next year	4.15	-	5.10	-

	FOR THE YEAR ENDED				
	MARCH 31, 2017	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014	MARCH 31, 2013
<b>EXPERIENCE ADJUSTMENTS:</b>					
Defined benefit obligation	74.34	50.65	41.91	31.83	26.84
Plan assets	69.34	44.97	42.48	29.41	26.59
Deficit	(5.00)	(5.68)	0.56	(2.42)	(0.25)
Experience adjustments on plan liabilities	1.93	(0.30)	1.09	3.67	(0.12)
Experience adjustments on plan assets	1.30	(3.54)	3.03	0.03	1.03

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	(%)	(%)
<b>INVESTMENT PATTERN:</b>		
<b>Insurer managed funds</b>	100.00	100.00
Government securities	28.02	44.00
Deposit and money market securities	30.50	9.52
Debentures / bonds	30.09	36.41
Equity shares	7.39	10.07
<b>PRINCIPAL ASSUMPTIONS:</b>		
Discount rate (p.a.)	6.90 to 7.35	7.95 to 8.00
Expected rate of return on assets (p.a.)	7.50	9.00
Salary escalation rate (p.a.)	8.00	8.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**36** As per Accounting Standard 18 on 'Related Party Disclosures' as specified under Section 133 of the Companies Act, 2013, the related parties of the Group are as follows:

### SUBSIDIARIES:

#### (a) Direct

IDFC Foundation

### JOINTLY CONTROLLED ENTITIES

#### (a) Through subsidiaries

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited

Rail Infrastructure Development Company (Karnataka) Limited

Narayana Hrudayalaya Surgical Hospital Private Limited (upto January 31, 2016)

### ASSOCIATES:

#### (a) Direct

Feedback Infra Private Limited (up to September 30, 2015)

Millennium City Expressways Private Limited (w.e.f. from May 19, 2014 & up to September 30, 2015)

#### (b) Through subsidiary

Jetpur Somnath Tollways Limited

Feedback Infra Private Limited (w.e.f. October 1, 2015)

Millennium City Expressways Private Limited (w.e.f. October 1, 2015)

### ENTITIES OVER WHICH CONTROL IS EXERCISED:

#### (a) Through subsidiaries

India PPP Capacity Building Trust

### KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:

(a) Dr. Rajiv B. Lall - Executive Chairperson (up to September 30, 2015)

(b) Mr. Vikram Limaye - Managing Director & CEO

### RELATIVES OF KEY MANAGEMENT PERSONNEL: (WHERE TRANSACTIONS EXIST).

(a) Ms. Bunty Chand (Up to September 30, 2015)

(b) Mr. Bharat Mukund Limaye

l) The nature and volume of transactions of the Holding Company with the above mentioned related parties are summarised below:

PARTICULARS	(₹ in crore)							
	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>								
Dividend	-	-	0.60	0.60	-	-	-	-
Fees	-	-	1.12	-	-	-	-	-
Interest	-	-	50.92	47.91	-	-	-	-
<b>EXPENDITURE</b>								
Remuneration paid	-	-	-	-	-	-	10.06	9.48
Corporate Social Responsibility	10.37	26.63	-	-	-	-	-	-
Interest Expense	2.62	0.03	0.06	-	0.82	0.08	-	-
Shared Service Cost	0.24	0.36	-	-	-	-	-	-
Rent paid	-	-	-	-	-	0.01	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS** AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>ASSETS / TRANSACTIONS</b>								
Purchase of investments	-	-	32.35	28.64	-	-	-	-
Advances recovered	0.76	1.50	-	-	-	-	-	-
Advances recoverable - balance outstanding	18.72	19.50	512.25	469.11	-	-	-	-
Purchase of fixed assets	-	0.03	-	-	-	-	-	-
Sale of fixed assets	-	β	-	-	-	-	-	-
Interest unrealised	-	-	0.31	-	-	-	-	-
Loans Repaid	-	-	-	8.26	-	-	-	-
Outstanding Equity Investment	13.00	13.00	335.95	303.59	-	-	-	-
<b>LIABILITIES / TRANSACTIONS</b>								
Trade payable- balance outstanding	-	-	-	-	5.43	1.76	-	-
Current account balance	0.04	5.24	-	-	0.02	0.45	-	-
Fixed deposits placed	31.64	30.35	1.96	-	11.47	8.09	-	-
Interest on term deposit	0.02	-	0.01	-	0.08	-	-	-

II) The nature and volume of transactions of the Holding Company with the above mentioned related parties are detailed below:

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>								
<b>Dividend</b>								
Feedback Infra Private Limited	-	-	0.60	0.60	-	-	-	-
<b>Fees</b>								
Feedback Infra Private Limited	-	-	1.12	-	-	-	-	-
<b>Interest income</b>								
Feedback Infra Private Limited	-	-	11.98	6.57	-	-	-	-
Millennium City Expressways Private Limited	-	-	38.94	41.34	-	-	-	-
<b>EXPENDITURE</b>								
<b>Remuneration paid</b>								
Dr. Rajiv B. Lall	-	-	-	-	-	-	4.65	4.32
Mr. Vikram Limaye	-	-	-	-	-	-	5.41	5.16
<b>Corporate Social Responsibility</b>								
IDFC Foundation	10.37	26.63	-	-	-	-	-	-
<b>Interest expense</b>								
IDFC Foundation	2.62	0.03	-	-	-	-	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.11	β	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.71	0.08	-	-
Feedback Infra Private Limited	-	-	0.06	-	-	-	-	-
<b>Shared Service Cost</b>								
IDFC Foundation	0.24	0.36	-	-	-	-	-	-
<b>Rent paid</b>								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	-	0.01	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS** AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>ASSETS / TRANSACTIONS</b>								
<b>Purchase / subscription of Investments</b>								
Jetpur Somnath Tollways Limited	-	-	8.06	11.25	-	-	-	-
Millennium City Expressways Private Limited	-	-	24.29	17.39	-	-	-	-
<b>Advances recovered</b>								
IDFC Foundation	0.76	1.50	-	-	-	-	-	-
<b>Advances recoverable - balance outstanding</b>								
IDFC Foundation	18.72	19.50	-	-	-	-	-	-
Feedback Infra Private Limited	-	-	125.96	60.00	-	-	-	-
Millennium City Expressways Private Limited	-	-	386.29	409.11	-	-	-	-
<b>Purchase of fixed assets</b>								
IDFC Foundation Limited	-	0.03	-	-	-	-	-	-
<b>Sale of fixed assets</b>								
IDFC Foundation Limited	-	β	-	-	-	-	-	-
<b>Interest unrealised</b>								
Feedback Infra Private Limited	-	-	0.31	-	-	-	-	-
<b>Loans repaid</b>								
Millennium City Expressways Private Limited	-	-	-	8.26	-	-	-	-
<b>Outstanding Equity Investment</b>								
Feedback Infra Private Limited	-	-	20.09	20.09	-	-	-	-
IDFC Foundation	13.00	13.00	-	-	-	-	-	-
Jetpur Somnath Tollways Limited	-	-	97.57	89.50	-	-	-	-
Millennium City Expressways Private Limited	-	-	218.29	194.00	-	-	-	-
<b>LIABILITIES / TRANSACTIONS</b>								
<b>Trade Payable- Balance outstanding</b>								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	5.19	1.46	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.24	0.30	-	-
<b>Current account balance</b>								
IDFC Foundation Limited	0.04	5.24	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.01	0.37	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.01	0.08	-	-
<b>Fixed deposits placed</b>								
IDFC Foundation Limited	31.64	30.35	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	9.35	7.98	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	2.12	0.11	-	-
Feedback Infra Private Limited	-	-	1.96	-	-	-	-	-
<b>Interest accrued on term deposit</b>								
IDFC Foundation	0.02	-	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.07	-	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.01	-	-	-
Feedback Infra Private Limited	-	-	0.01	-	-	-	-	-



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**37** The Group is engaged in financing by way of loans, asset management and investment banking and Institutional Broking. The Group does not have any reportable geographic segment. Since the revenues, profit or assets of the asset management segment, institutional broking and investment banking segment individually do not exceed 10% of the Group's revenues, profit or assets, the Group has one reportable segment i.e. Financing in terms of Accounting Standard 17 on 'Segment Reporting' as specified u/s 133 of the Companies Act, 2013. Segment information for asset management, investment banking and institutional broking is grouped under business segment 'Others'. Financing Segment includes Banking Business.

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>I SEGMENT OPERATING REVENUE</b>		
(a) Financing	9,999.76	8,603.68
(b) Others	525.25	544.78
TOTAL	10,525.01	9,148.46
Less: Inter segment revenue	66.83	206.18
TOTAL OPERATING INCOME	10,458.18	8,942.28
<b>II SEGMENT RESULTS</b>		
(a) Financing	1,610.86	(1199.97)
(b) Others	172.94	214.88
(c) Unallocated	7.66	25.77
<b>Profit before tax</b>	1,791.46	(959.32)
Less: Provision for tax	482.87	(367.46)
<b>Profit after tax</b>	1308.59	(591.86)
	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>III SEGMENT ASSETS</b>		
(a) Financing	113,515.91	83,001.23
(b) Others	1,658.33	1,650.51
(c) Unallocated	2,373.90	2,217.14
TOTAL	117,548.14	86,868.88
<b>IV SEGMENT LIABILITIES</b>		
(a) Financing	99,156.92	69,963.41
(b) Others	130.74	129.92
(c) Unallocated	344.31	31.73
TOTAL	99,631.97	70,125.06
<b>V CAPITAL EMPLOYED</b>		
(a) Financing	14,358.99	13,037.82
(b) Others	1,527.59	1,520.59
(c) Unallocated	2,029.59	2,185.41
TOTAL	17,916.17	16,743.82
	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
<b>VI CAPITAL EXPENDITURE (INCLUDING CAPITAL WORK-IN-PROGRESS)</b>		
(a) Financing	316.88	439.97
(b) Others	10.24	12.34
TOTAL	327.12	452.31
<b>VII DEPRECIATION AND AMORTISATION</b>		
(a) Financing	141.40	56.10
(b) Others	7.22	6.28
TOTAL	148.62	62.38
<b>VIII SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION</b>		
(a) Financing*	273.38	2,954.07
(b) Others	4.57	-
TOTAL	277.95	2,954.07

\* Includes exceptional item of ₹ Nil (Previous year ₹ 2,638.72 crore)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**38** In accordance with Accounting Standard 19 on 'Leases' as specified under section 133 of the Companies Act, 2013, the following disclosures in respect of operating leases are made:

- i. The Group Companies have taken office premises / branches / ATMs under operating leases, which expire between August 2017 to December 2025 (Previous Year September 2016 to May 2020). Rent includes gross rental expenses of ₹ 98.46 crore (Previous Year ₹ 65.77 crore). The committed lease rentals in the future are:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Not later than one year	92.54	106.50
Later than one year and not later than five years	271.82	303.80
Later than five years	80.86	132.83

**39** In accordance with Accounting Standard 20 on 'Earnings Per Share' as specified under Section 133 of the Companies Act, 2013:

- i. The basic earnings per share has been calculated based on the following:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Net profit / (loss) after tax available for equity Shareholders	699.08	(934.80)
Weighted average number of equity shares	1,595,860,566	1,593,794,088

- ii. The reconciliation between the basic and the diluted earnings per share is as follows:

	(₹)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Basic earnings per share	4.38	(5.87)
Effect of outstanding stock options	β	β
Diluted earnings per share	4.38	(5.87)

- iii. The basic earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity Shareholders by the weighted average number of equity shares for the respective years, whereas the diluted earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective years.

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Weighted average number of shares for computation of basic earnings per share	1,595,860,566	1,593,794,088
Dilutive effect of outstanding stock options	321,671	1,011,998
Weighted average number of shares for computation of diluted earnings per share	1,596,182,237	1,594,806,086

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
<b>(A) CONTINGENT LIABILITIES</b>		
<b>(i) Claims not acknowledged as debts in respect of :</b>		
Income-tax demands under appeal (net of amounts provided)	6.53	81.23
[including ₹ 0.06 crore (Previous Year ₹ 0.05 crore) on account of proportionate share in an associate company]		
Other claims	7,559.20	0.49
<b>(ii) Guarantees issued:</b>		
As a part of project assistance, the following guarantees have been issued:		
Financial guarantees	723,142.34	1,318.98
[including ₹ Nil (Previous Year ₹ 19.79 crore) on account of proportionate share in an associate company]		
Performance guarantees	-	10.18
<b>(iii) Other financial guarantees</b>		
	31.43	22.97
[including ₹ 31.43 crore (Previous Year ₹ 22.97 crore) on account of proportionate share in an associate company]		
<b>(iv) Liability on account of outstanding forward exchange and derivative contracts :</b>		
Forward Contracts	5,178,472.27	21,142.12
Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	4,003,658.56	12,412.05
Foreign currency options	575,271.24	1,934.68
<b>(v) Acceptances, endorsements and other obligations</b>		
	260,696.12	1,396.01
<b>(B) CAPITAL COMMITMENTS</b>		
(i) Uncalled liability on shares and other investments partly paid	13,406.66	291.83
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	5,323.11	209.81
[including ₹ 3.02 crore (Previous Year ₹ 62.45 crore) on account of proportionate share in associate companies]		

### 41 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(a) Principal amount remaining unpaid to any supplier at the end of the accounting year.	0.02	-
(b) Interest due thereon remaining unpaid to any supplier at the end of the accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above information takes into account only those suppliers whose response to inquiries made by the Company for this purpose has been received.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 42 STATEMENT OF NET ASSETS AS PER SCHEDULE III TO THE COMPANIES ACT, 2013 FOR THE YEAR ENDED MARCH 31, 2017

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET PROFIT	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
<b>IDFC Limited- Consolidated</b>	100.00	10,819.86	100.00	699.08
IDFC Limited- Standalone	5.11	553.14	2.99	20.91
<b>DOMESTIC SUBSIDIARIES</b>				
IDFC Alternatives Limited	0.77	83.37	2.25	15.70
IDFC AMC Trustee Company Limited	0.00	0.15	0.01	0.04
IDFC Asset Management Company Limited	7.49	809.92	14.26	99.69
IDFC Projects Limited	0.04	3.94	(4.68)	(32.75)
IDFC Securities Limited	4.32	466.90	0.83	5.80
IDFC Trustee Company Limited	0.02	2.29	0.14	0.99
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	6.16	666.52	10.40	72.67
IDFC Financial Holding Company Limited	0.06	6.77	(0.27)	(1.88)
IDFC Bank Limited	139.12	15,054.04	171.10	1,196.25
IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	2.11	228.03	(8.91)	(62.28)
<b>FOREIGN SUBSIDIARIES</b>				
IDFC Capital (Singapore) Pte Ltd	1.70	183.91	(0.12)	(0.87)
IDFC Capital (USA) Inc.	0.05	5.13	(0.47)	(3.32)
IDFC Investment Managers (Mauritius) Limited	0.01	1.50	(0.03)	(0.22)
IDFC Securities Singapore Pte Ltd	0.03	3.10	(0.31)	(2.14)
<b>Minority Interest</b>	(65.59)	(7,096.31)	(77.35)	(540.75)
<b>ASSOCIATE COMPANIES</b>				
Feedback Infra Private Limited	0.12	12.83	0.37	2.60
Jetpur Somnath Tollways Private Limited	(0.39)	(42.64)	(3.53)	(24.70)
Millennium City Expressways Private Limited	(1.13)	(122.73)	(6.68)	(46.66)

Note: Amount of net assets and net profit or loss are after considering inter-company elimination.

### Statement of Net Assets as per Schedule III to the Companies Act, 2013 for the year ended March 31, 2016

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET LOSS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
<b>IDFC Limited- Consolidated</b>	100.00	10,102.99	100.00	(934.80)
IDFC Limited- Standalone	4.41	445.30	136.96	(1280.27)
<b>DOMESTIC SUBSIDIARIES</b>				
IDFC Alternatives Limited	0.63	63.73	(1.93)	18.03
IDFC AMC Trustee Company Limited	0.00	0.10	(0.00)	0.01
IDFC Asset Management Company Limited	8.03	811.29	(11.90)	111.26
IDFC Finance Limited	0.00	0.08	(0.25)	2.35
IDFC Projects Limited	0.86	86.52	3.84	(35.89)
IDFC Securities Limited	4.76	480.57	(1.98)	18.53
IDFC Trustee Company Limited	0.04	3.85	(0.06)	0.56
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	5.20	524.88	(4.08)	38.14
IDFC Financial Holding Company Limited	(0.00)	(0.18)	0.12	(1.16)
IDFC Bank Limited	140.62	14,207.09	(58.39)	545.81

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET LOSS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
<b>FOREIGN SUBSIDIARIES</b>				
IDFC Capital (Singapore) Pte Ltd	2.01	202.65	0.40	(3.71)
IDFC Capital (USA) Inc	(0.07)	(7.03)	0.25	(2.30)
IDFC Investment Managers (Mauritius) Limited	0.02	1.75	0.02	(0.23)
IDFC Securities Singapore Pte Ltd	0.05	5.10	0.32	(2.98)
<b>Minority Interest</b>	(65.68)	(6635.16)	29.73	(277.96)
<b>ASSOCIATE COMPANIES</b>				
Feedback Infra Private Limited	0.10	10.01	(0.23)	2.13
Jetpur Somnath Tollways Private Limited	(0.22)	(21.85)	2.32	(21.71)
Millennium City Expressways Private Limited	(0.75)	(75.71)	4.86	(45.40)

Note: Amount of net assets and net profit or loss are after considering inter-company elimination.

**43** Details of Specified Bank Notes (SBNs) held and transacted during the period November 8, 2016 to December 30, 2016 for the Group is provided in table below

PARTICULARS	(₹ IN CRORE)		
	SBNS	OTHER DENOMINATION NOTES	TOTAL
Closing cash on hand as on November 8, 2016	0.63	0.19	0.82
Add: permitted receipts	81.88	328.07	409.95
Less: permitted payments	-	130.60	130.60
Less: Amount deposited in banks	82.51	197.09	279.61
Closing cash on hand as on December 30, 2016	β	0.57	0.57

**44** Figures of ₹ 50,000 or less have been denoted by β.

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

**Vinod Rai**  
Independent Non-Executive Chairperson

**Vikram Limaye**  
Managing Director & CEO

**Bipin Gemani**  
Chief Financial Officer

**Ketan Kulkarni**  
Company Secretary

Mumbai | April 28, 2017



IDFC LIMITED

# IDFC LIMITED

**Corporate Identity Number:** L65191TN1997PLC037415 [info@idfc.com](mailto:info@idfc.com); [www.idfc.com](http://www.idfc.com)

**Regd. Office:** KRM Tower, 7<sup>th</sup> Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. **Tel:** + 91 44 4564 4000 **Fax:** +91 44 4564 4022

**Corp. Office:** Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. **Tel:** + 91 22 4222 2000 **Fax:** +91 22 2654 0354

## NOTICE

**NOTICE** is hereby given that the Twentieth Annual General Meeting (“**AGM**”) of the Members of IDFC Limited (“**IDFC**” or “**the Company**”) will be held on **Friday, July 28, 2017 at 2.00 p.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 financial statements of the Company for the financial year ended March 31, 2017 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, 2017 and the Report of the Auditors thereon.
2. To declare dividend on equity shares of the Company.
3. To appoint a Director in place of Mr. Chintamani Bhagat (DIN - 07282200), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass the following as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 140, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee, Price Waterhouse & Co, Chartered Accountants, LLP (FRN 304026E/E300009) be and are hereby appointed as the Statutory Auditors of the Company, in place of the retiring auditors, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), for a period of five (5) years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 25<sup>th</sup> Annual General Meeting of the Company to be held for FY22, subject to ratification by the Members at every Annual General Meeting till the 24<sup>th</sup> Annual General Meeting, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.”

### SPECIAL BUSINESS

5. **Appointment of Mr. Manish Kumar 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. Manish Kumar (DIN - 07379535), who was appointed as an Additional Director of the Company w.e.f. January 11, 2017 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. Manish Kumar 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. Ketan S. Kulkarni, 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.”

6. **Appointment of Mr. Soumyajit Ghosh 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. Soumyajit Ghosh (DIN - 07698741),

# NOTICE (continued)

who was appointed as an Additional Director of the Company w.e.f. January 11, 2017 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. Soumyajit Ghosh 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. Ketan S. Kulkarni 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.”

## 7. Appointment of Mr. Sunil Kakar as a Director of the Company

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. Sunil Kakar (DIN - 03055561), who was appointed as an Additional Director of the Company 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. Sunil Kakar for the office of a Director of the Company, be and is hereby appointed as a Director w.e.f. July 16, 2017.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Mr. Ketan S. Kulkarni, 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.”

## 8. Appointment of Mr. Sunil Kakar as Managing Director & CEO of the Company

To consider, and if thought fit, to pass the following as an **Ordinary Resolution**:-

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the

time being in force, read with Schedule V of the Companies Act, 2013 and Article 169 of Articles of Association of the Company and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, approval of the members of the Company be and is hereby accorded to appoint Mr. Sunil Kakar (DIN - 03055561), as Managing Director & Chief Executive Officer (“**MD & CEO**”), designated Key Managerial Personnel of the Company for a period of three (3) years w.e.f. July 16, 2017, on the terms and conditions, including remuneration, as set out hereunder, with further liberty to the Board including any Committee thereof, to alter, modify or revise from time to time, the said terms and conditions of appointment and remuneration of Mr. Kakar in such manner as may be considered appropriate and in the best interests of the Company and as may be permissible by law:

- i. Basic Salary: in the range of ₹ 9 lacs to ₹ 12 lacs per month.
- ii. Perquisites and Allowances: In addition to the Basic Salary, Mr. Sunil Kakar will also be entitled to the perquisites and allowances like house rent allowance or rent free furnished accommodation in lieu thereof, house maintenance allowance, variable pay / performance linked incentives, employee stock options, conveyance allowance, medical reimbursement, leave travel allowance, special allowance, use of Company car for official purposes, telephone at residence, contribution to provident fund, superannuation fund and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors of the Company with Mr. Kakar from time to time.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable.

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. Kakar within the terms mentioned above.

**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or inadequate profits in any financial year, the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Mr. Kakar as minimum remuneration with the approval of the Central Government, if required, read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

# NOTICE (continued)

**RESOLVED FURTHER THAT** Mr. Kakar shall not be liable to retire by rotation during his tenure as MD & CEO.

**RESOLVED FURTHER THAT** for purpose of giving effect to the foregoing resolution, the Board of Directors or any Committee thereof and / or Mr. Ketan Kulkarni, Company Secretary, be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

## 9. Reappointment of Mr. S. S. Kohli as an Independent Director of the Company

To consider, and if thought fit, to pass the following as a **Special 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, including any statutory modification(s) or re-enactment(s) thereof for time being in force and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. S. S. Kohli (DIN - 00169907), in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Mr. S. S. Kohli for the office of Independent Director of the Company, be and is hereby reappointed as an Independent Director of the Company for a period of two (2) years, to hold office from the conclusion of the ensuing AGM till the conclusion of the 22<sup>nd</sup> AGM of the Company to be held for FY19 and who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr. S. S. Kohli 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 16<sup>th</sup> AGM of the Company held on July 29, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Mr. Ketan S. Kulkarni 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.”

## 10. Reappointment of Ms. Marianne Økland as an Independent Director of the Company

To consider, and if thought fit, to pass the following as a **Special 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, including any statutory modification(s) or re-enactment(s) thereof for time being in force and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time Ms. Marianne Økland (DIN - 03581266), in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Ms. Marianne Økland for the office of Independent Director of the Company, be and is hereby reappointed as an Independent Director of the Company for a period of two (2) years, to hold office from the conclusion of the ensuing AGM till the conclusion of the 22<sup>nd</sup> AGM of the Company to be held for FY19 and who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Ms. Marianne Økland 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 16<sup>th</sup> AGM of the Company held on July 29, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Mr. Ketan S. Kulkarni 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.”

## 11. 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)



# NOTICE (continued)

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 Articles of Association, 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 ₹ 10,000 crore (Rupees Ten Thousand Crore only), under one or more shelf disclosure documents, during the period from the conclusion of 20<sup>th</sup> (Twentieth) Annual General Meeting (“AGM”) until the conclusion of 21<sup>st</sup> (Twenty First) 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 ₹10,000 crore (Rupees Ten Thousand Crore only) shall be within the overall borrowing limit as approved by the Members at the 19<sup>th</sup> (Nineteenth) AGM under Section 180(1)(c) of the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mr. Bipin Gemani - Chief Financial Officer and Mr. Ketan Kulkarni, 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

**Ketan S. Kulkarni**  
Company Secretary

Mumbai | June 24, 2017

## 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 ketan.kulkarni@idfc.com.
  4. Brief resume and other details of Directors 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.
  5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Company and at the AGM.
  6. The Register of Contracts or Arrangements, in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Company and at the AGM.

# NOTICE (continued)

7. 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.
8. 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 the Corporate Office of the Company i.e. Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 and at the Registered Office i.e. KRM Tower, 7<sup>th</sup> Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and will also be available at the venue of the AGM.
9. 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.
10. **Dividend:**
  - a) the register of Members and share transfer books will remain closed from **Saturday, July 22, 2017 to Friday, July 28, 2017** (both days inclusive) for determining the names of Members eligible to receive dividend on equity shares.
  - b) Dividend as recommended by the Board of Directors for the financial year ended March 31, 2017, at the rate of 2.5% i.e. ₹ 0.25 per equity share of ₹ 10 each, if approved by the Members at the AGM, will be payable on or after **Friday, July 28, 2017**, to those Members who hold shares -
    - In dematerialised mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on **Friday, July 21, 2017**.
    - In physical mode, if their names appear in the Register of Members at the close of business hours on **Friday, July 21, 2017**. The instruments of transfer in respect of shares held in physical form of the Company should be lodged with Karvy Computershare Private Limited [Unit: IDFC Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, India ("**Karvy**"), so as to reach them on or before **Friday, July 21, 2017**.
11. Members are requested to address all correspondence, including change in address, bank account details and dividend matters, to Karvy at the address given in point no. 10 above. 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. 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 FY10 must reach the Company or Karvy on or before July 31, 2017, failing which it would be transferred to IEPF after that date.
13. The shares in respect of the Members who have not claimed the Dividend for consecutive period of 7 (seven) years, i.e. since FY10 would be transferred to IEPF. Members who have not claimed the Dividend since FY10 are requested to claim the same to avoid their shares being transferred to IEPF.
14. **GREEN INITIATIVE:**
  - a) In support of the Green Initiative, the Annual Report for FY17, Notice and instructions for E-Voting alongwith 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 FY17 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](http://www.idfc.com).
  - b) The Company urges the Members to communicate their e-mail id to the Registrar and Share Transfer Agent - Karvy, so that the Company can send future communications to these Members in electronic mode. Members are requested to send a signed letter, communicating their Name, Folio No. / DP ID / Client ID and e-mail address either by e-mail (scanned copy) to [ketan.kulkarni@idfc.com](mailto:ketan.kulkarni@idfc.com) or send a hard copy thereof to Karvy.
15. **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

# NOTICE (continued)

e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date i.e. **Friday, July 21, 2017**, 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 **Sunday, July 23, 2017** at 9:00 a.m. and ends on **Thursday, July 27, 2017** 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. **Friday, July 21, 2017**.
  - 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.
16. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.idfc.com](http://www.idfc.com)) and on the Service Provider's website

([evoting.karvy.com](http://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.

17. The route map of the venue of the Meeting forms part of this Notice.

## 18. 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 **Sunday, July 23, 2017 at 9:00 a.m to Thursday, July 27, 2017 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, AADHAR card or Driving License to enter the AGM hall.

# NOTICE (continued)

## ANNEXURE TO NOTICE

### Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out all material facts:

#### Item no. 5 & 6

##### **Appointment of Mr. Manish Kumar and Mr. Soumyajit Ghosh as Nominee Directors representing Government of India**

Mr. Manish Kumar and Mr. Soumyajit Ghosh were appointed as Additional Directors of the Company on January 11, 2017 representing Government of India, which holds 16.38% of equity stake of the Company. They hold the office of Director up to the date of this AGM pursuant to Section 161 of the Companies Act, 2013 and Article 130 of the Articles of Association of the Company.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from Members along with a deposit of ₹ 100,000/- each proposing the candidature of Mr. Manish Kumar and Mr. Soumyajit Ghosh for appointment as Nominee Directors representing Government of India.

The profile of Mr. Manish Kumar and Mr. Soumyajit Ghosh are given in the Exhibit to this Notice.

Except Mr. Manish Kumar 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 resolutions set out in Item No. 5 & 6.

The Board of Directors recommend passing of Ordinary Resolutions as set out in Item No. 5 & 6 for approval of the Shareholders.

#### Item No. 7 & 8

##### **Appointment of Mr. Sunil Kakar as Managing Director & CEO of the Company**

The Board of Directors of National Stock Exchange of India Limited (“NSE”) at its meeting held in January 2017 selected Mr. Vikram Limaye as Managing Director & Chief Executive Officer (“MD & CEO”) of NSE, subject to approval from Securities Exchange Board of India (“SEBI”) and Shareholders of NSE. The Shareholder of NSE accorded their approvals in March 2017 and SEBI granted conditional approval in June 2017 for appointment of Mr. Limaye as MD & CEO of NSE. In view of the same, Mr. Vikram Limaye has tendered his resignation as MD & CEO of IDFC with effect from July 15, 2017.

The Board of the Company at its meeting held in February 2017 discussed about the probable candidate in place of Mr. Limaye. After taking into consideration the views of all the Directors in respect of finding a suitable and appropriate replacement for the position of MD & CEO, the Board was of the opinion that an internal candidate within the group who is well conversant not only with the existing businesses but also with the people, policies, procedures and work culture would be a better choice to avoid any incoherence. Accordingly, the NRC and the Board, at their meetings held on June 24, 2017, recommended the appointment of Mr. Sunil Kakar, who is currently Chief Financial Officer (“CFO”) of IDFC

Bank, as the Managing Director & CEO of IDFC for a period of three years with effect from July 16, 2017, subject to the approval of the Shareholders, on such terms and conditions as mentioned in the resolution set out in item no. 8. Mr. Kakar was the former CFO of IDFC Limited before setting up of IDFC Bank and is well acquainted with the group and subsidiary businesses. A brief profile of Mr. Kakar is given in the Exhibit to this Notice.

Except Mr. Sunil Kakar, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in the resolutions set out in Item No. 7 & 8.

The Board of Directors recommend passing of Ordinary Resolutions as set out in Item No. 7 & 8 for approval of the Shareholders.

#### Item no. 9 & 10

##### **Reappointment of Mr. S. S. Kohli and Ms. Marianne Økland as Independent Directors of the Company**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meetings held on April 28, 2017 approved the reappointment of Mr. S. S. Kohli and Ms. Marianne Økland as Independent Directors (“IDs”) for a period of 2 (two) years, to hold office till the conclusion of the 22<sup>nd</sup> AGM of the Company to be held for FY19. The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from Members along with a deposit of ₹ 100,000/- each proposing the candidature of Mr. S. S. Kohli and Ms. Marianne Økland for reappointment as IDs of the Company.

Mr. Kohli and Ms. Økland were appointed as IDs for a period of 3 (three) years from the conclusion of the 17<sup>th</sup> AGM of the Company held for FY14 till the conclusion of the ensuing AGM of the Company. As per the provisions of Section 149(10) & (11) of the Companies Act, 2013, an ID shall be eligible for another term, if the same is approved by the Shareholders by way of Special Resolution. First term of Mr. Kohli and Ms. Økland is getting over at the ensuing AGM to be held for FY17. Considering their valuable contributions and continued association, it is proposed to reappoint them as IDs of the Company for 2 (two) years from the conclusion of the ensuing AGM till the conclusion of 22<sup>nd</sup> AGM to be held for FY19. They fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and are Independent of the Management. In the opinion of the Board, Mr. Kohli and Ms. Økland have the necessary knowledge, experience and expertise for being reappointed as IDs. They shall not be liable to retire by rotation. They 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 16<sup>th</sup> AGM of the Company held on July 29, 2013.

# NOTICE (continued)

Mr. Kohli and Ms. Økland have 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 their affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013.

The profile of Mr. S. S. Kohli and Ms. Marianne Økland have been given in the Exhibit to this Notice.

Except Mr. S. S. Kohli and Ms. Marianne Økland, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in the resolutions set out in Item No. 9 & 10.

The Board of Directors recommend passing of Special Resolutions as set out in Item No. 9 & 10 for approval of the Shareholders.

## **Item no. 11**

### **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 ₹ 10,000 crore (Rupees Ten Thousand Crore only). The said limit of ₹ 10,000 crore shall be within the overall borrowing limit as approved by the Shareholders at the 19<sup>th</sup> (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 Special Resolution as set out in Item No. 11 for approval of the Shareholders.

By order of the Board of Directors

**Ketan S. Kulkarni**

Company Secretary

Mumbai | June 24, 2017.

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Companies Act, 2013 and Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of Directors proposed to be appointed/reappointed.

<b>Name of the Director</b>	<b>Mr. Manish Kumar</b>	<b>Mr. Soumyajit Ghosh</b>
Date of Birth (Age)	June 25, 1975 (41 years)	October 11, 1974 (42 years)
Date of Appointment	January 11, 2017	January 11, 2017
Detailed Profile including Nature of Expertise	<p>He is Master in HR Management, and PGEDFM and act as a Nominee Director of Government of India.</p> <p>Mr. Manish Kumar is Under Secretary with Department of Financial Services (DFS), Ministry of Finance (MoF), Government of India (GOI).</p> <p>He is currently holding the charge of Industrial Relations (IR) where he is handling matters related to industrial relations and macro management of HR policies, etc in Public Sector Banks (PSBs). He is also carrying the charge of Establishment matters of the employees of DFS.</p>	<p>He is B.Sc. Statistics (Hons) and act as a Nominee Director of Government of India.</p> <p>Mr. Soumyajit Ghosh is Under Secretary with Department of Financial Services (DFS), Ministry of Finance, Government of India. He has experience in Administration of Financial Rules and has handled administrative matters pertaining to Promotions of All India Services, legal issues and procurement matters, including defense procurement.</p> <p>Presently, he is handling administrative &amp; other matters relating to Financial Institutions namely, EXIM Bank, IIFCL, IFCI Limited etc. he is also handling the issues relating to the revival of stressed assets in infrastructure sector.</p>
No. of Board Meetings attended during 2016-17	2/3	2/3
Directorships held in all other companies	NIL	NIL
Memberships/ Chairmanships of Committees of the Board of all companies	NIL	NIL
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	NIL
Remuneration last drawn by the Director	NIL	NIL

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Companies Act, 2013 and 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. S. S. Kohli	Ms. Marianne Økland
Date of Birth (Age)	April 10, 1945 (72 years)	May 3, 1962 (55 years)
Date of Appointment as Independent Director	July 9, 2012	October 1, 2011
Detailed Profile including Nature of Expertise	Mr. Kohli has over 40 years of experience in the banking sector. He has been the Chairman and Managing Director of the Punjab and Sind Bank and Punjab National Bank. He has also served as the Chairman and Managing Director of India Infrastructure Finance Company Limited and has also held the Chairmanship of the Indian Banks' Association and has chaired several committees associated with financial sector policy.	Ms. Økland has been a member of our board of directors since October 2011. In addition she serves as a Non-Executive Director of IDFC Alternatives, Scorpio Tankers (a NYSE listed shipping company) and the National Bank of Greece. Ms. Økland is also a Managing Director of Avista Partners, a London based consultancy company that provides advisory services and raises capital. Previously, she was a non-executive director at NLB (Slovenia) and Islandsbanki (Iceland). Between 1993 and 2008, Ms. Økland held various investment banking positions at JP Morgan Chase & Co. and UBS where she focused on debt capital raising and structuring. Prior to that Ms. Økland headed European operations of Marsoft, a Boston, Oslo and London based consulting company advising on shipping strategies and investments. Ms. Økland holds a M.Sc. degree in Finance and Economics from the Norwegian School of Economics and Business Administration where she also worked as a researcher and taught mathematics and statistics.
No. of Board Meetings held and attended during 2016-17	7/7	7/7
Directorships held in all other companies	<ol style="list-style-type: none"> <li>S V Creditline Private Limited</li> <li>BLS International Services Limited</li> <li>ACB (India) Limited</li> <li>IL&amp;FS Financial Services Limited</li> <li>Reliance Infrastructure Limited</li> <li>BSES Rajdhani Power Limited</li> <li>BSES Yamuna Power Limited</li> <li>Seamac Limited</li> <li>Asian Hotels (West) Limited</li> <li>IDFC Infrastructure Finance Limited</li> <li>Bussan Auto Finance Services India Pvt. Ltd.</li> </ol> <b>Foreign Companies</b> <ol style="list-style-type: none"> <li>IL&amp;FS Global Financial Services (UK) Ltd.</li> <li>IL&amp;FS Global Financial Services (ME) Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>IDFC Financial Holding Company Limited</li> <li>IDFC Alternatives Limited</li> </ol> <b>Foreign Companies</b> <ol style="list-style-type: none"> <li>Scorpio Tankers Inc</li> <li>National Bank of Greece</li> </ol>
Memberships/ Chairmanships of Committees [includes only Audit and Stakeholders' Relationship Committee]	<b>Chairperson of Audit Committee of:</b> <ol style="list-style-type: none"> <li>IL&amp;FS Financial Services Limited</li> <li>Reliance Infrastructure Limited</li> <li>ACB (India) Limited</li> <li>IDFC Infrastructure Finance Limited</li> <li>BSES Rajdhani Power Limited</li> </ol> <b>Member of Audit Committee of:</b> <ol style="list-style-type: none"> <li>BSES Yamuna Power Limited</li> <li>Seamac Limited</li> <li>Asian Hotels (W) Ltd</li> </ol> <b>Member of Stakeholders' Relationship Committee of:</b> <ol style="list-style-type: none"> <li>IDFC Limited</li> </ol>	<b>Member of Audit Committee of:</b> <ol style="list-style-type: none"> <li>IDFC Limited</li> <li>Scorpio Tankers Inc</li> <li>National Bank of Greece</li> </ol>
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	(i) Sitting Fees; and (ii) Commission* *Refer Table 3 of the Corporate Governance Report which forms part of this Annual Report	
Remuneration last drawn by the Director	Refer Table 4 of the Corporate Governance Report which forms part of this Annual Report	

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Companies Act, 2013 and Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of Directors proposed to be appointed/reappointed.

<b>Name of the Director</b>	<b>Mr. Sunil Kakar</b>
Date of Birth (Age)	October 1, 1957 (59 years)
Date of Appointment	July 16, 2017
Detailed Profile including Nature of Expertise	<p>Mr. Sunil Kakar is the Chief Financial Officer at IDFC Bank and was named in this position in 2015 pursuant to the transfer and demerger process. He is responsible for Strategic Planning, Finance &amp; Accounts and Investor Relations.</p> <p>He joined IDFC in 2011 as the Group Chief Financial Officer and was responsible for Finance &amp; Accounts, Business Planning and Budgeting, Investor Relations, Resource Raising and IT. He is also a member of IDFC Group's Management Committee.</p> <p>Prior to joining IDFC, Mr. Kakar worked with Max New York Life Insurance Company since 2001, as CFO. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation. As part of the start-up team in Max New York Life, Mr. Kakar was part of the core group responsible for the successful development of the insurance business.</p> <p>In his previous assignment, he worked with Bank of America for 18 years in various roles, covering Business Planning &amp; Financial Control, Branch Administration and Operations, Market Risk Management, Project Management and Internal Controls. As a CFO from 1996 to 2001, Mr. Kakar spearheaded the Finance function at Bank of America.</p> <p>Mr. Kakar holds an MBA in Finance from XLRI and a degree in engineering from IIT Kanpur.</p>
No. of Board Meetings attended during 2016-17	N.A.
Directorships held in all other companies	<ol style="list-style-type: none"> <li>1. IDFC Projects Limited</li> <li>2. IDFC Alternatives Limited</li> <li>3. IDFC Securities Limited</li> <li>4. IDFC Trustee Company Limited</li> <li>5. IDFC AMC Trustee Company Limited</li> <li>6. IDFC Foundation</li> <li>7. Uniquist Infra Ventures Private Limited</li> </ol>
Memberships/ Chairmanships of Committees of the Board of all companies	<p><b>Member of Audit Committee of:</b></p> <ol style="list-style-type: none"> <li>1. IDFC Projects Limited</li> <li>2. IDFC Alternatives Limited</li> <li>3. IDFC Securities Limited</li> <li>4. IDFC AMC Trustee Company Limited</li> <li>5. IDFC Foundation</li> </ol>
Number of Equity Shares held in the Company	NIL
Inter-se relationship with other Directors/Manager/KMP	No relationship
Details of Remuneration sought to be paid	As provided in resolution set out in Item No. 8 of the Notice
Remuneration last drawn by the Director	N.A.











IDFC LIMITED

**IDFC LIMITED****Corporate Identity Number:** L65191TN1997PLC037415 info@idfc.com; www.idfc.com**Regd. Office:** KRM Tower, 7<sup>th</sup> Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. **Tel:** + 91 44 4564 4000 **Fax:** +91 44 4564 4022**Corp. Office:** Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. **Tel:** + 91 22 4222 2000 **Fax:** +91 22 2654 0354**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]  
**20<sup>th</sup> ANNUAL GENERAL MEETING - JULY 28, 2017**

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 :

- Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her
- Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 20<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, July 28, 2017 at 2.00 p.m. at The Music Academy, T.T.K Auditorium (Main Hall), Near Acropolis Building, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India and at any adjournment thereof in respect of such resolutions as are indicated below:

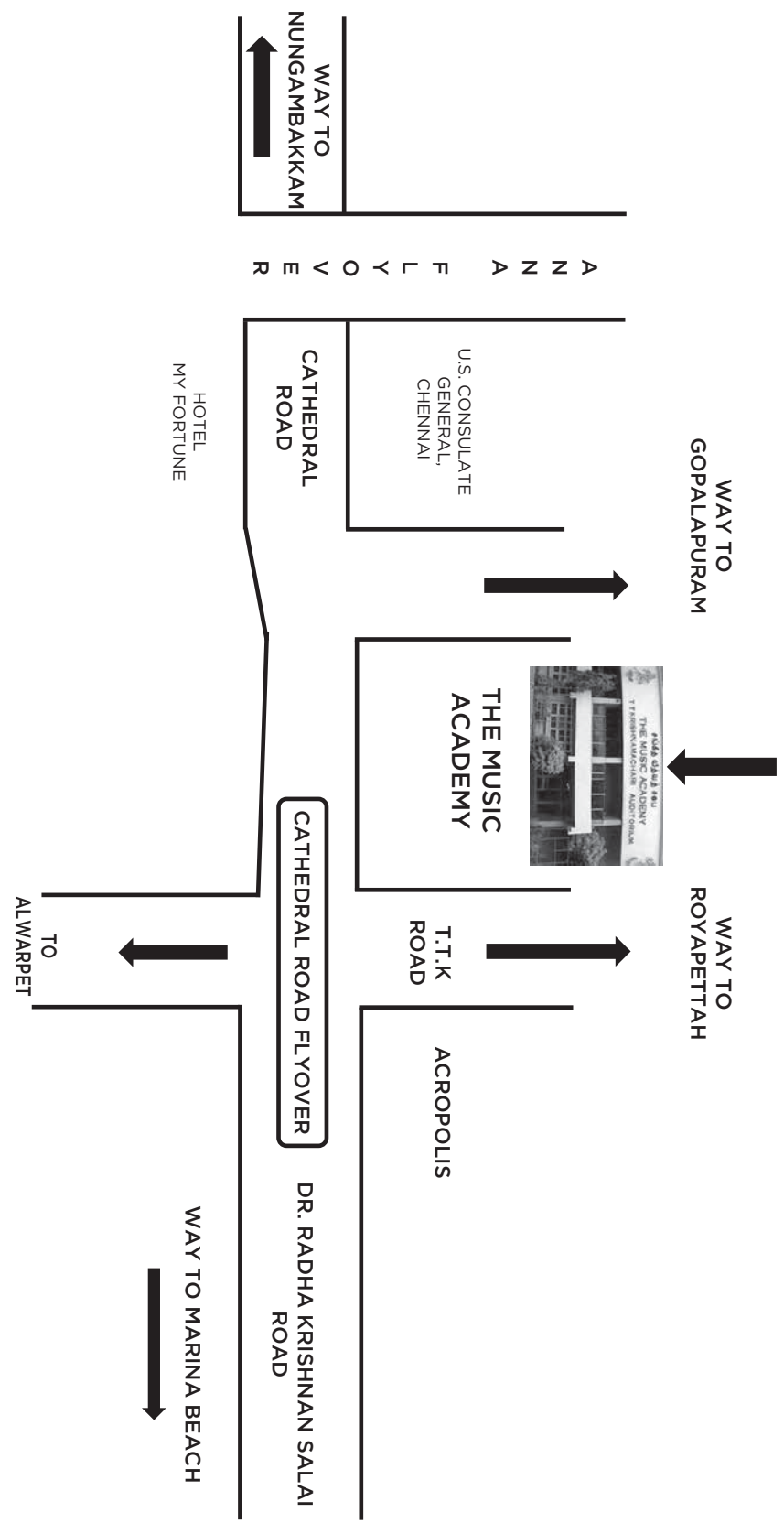
Sr. No.	Particulars	Vote (Optional?) (Please put a (✓) mark or please mention no. of shares)		
		For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1.	To receive, consider and adopt: a. the audited financial statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors thereon; and b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon.			
2.	To declare dividend on equity shares of the Company			
3.	To appoint a director in place of Mr. Chintamani Bhagat (DIN - 07282200), who retires by rotation and being eligible, offers himself for reappointment			
4.	To appoint Auditors and to fix their remuneration.			
<b>SPECIAL BUSINESS</b>				
5.	Appointment of Mr. Manish Kumar (DIN - 07379535) as a Nominee Director representing Government of India			
6.	Appointment of Mr. Soumyajit Ghosh (DIN - 07698741) as a Nominee Director representing Government of India			
7.	Appointment of Mr. Sunil Kakar (DIN - 03055561) as a Director of the Company			
8.	Appointment of Mr. Sunil Kakar (DIN - 03055561) as Managing Director & CEO of the Company			
9.	Reappointment of Mr. S. S. Kohli (DIN - 00169907) as an Independent Director of the Company			
10.	Reappointment of Ms. Marianne Økland (DIN - 03581266) as an Independent Director of the Company			
11.	Offer and Issue of Non-Convertible Securities through Private Placement			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

AFFIX  
Revenue  
Stamp of  
₹ 1**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.**


**20<sup>th</sup> 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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## DISCLOSURE AS PER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

### A SUMMARY OF STATUS OF ESOPs GRANTED

The position of the existing schemes is summarized as under:

SR. NO.	PARTICULARS	ESOS 2016
1	Date of Shareholder's Approval	May 09, 2005, July 18, 2008, July 29, 2013 & June 25, 2016
2	Total Number of Options approved under ESOPs	111,715,910 Options which were 7% of issued and paid up capital as on March 31, 2017.
3	Vesting requirements	Options granted would vest not less than one year from the date of grant of such Options.
4	Exercise Price or Pricing Formula	Exercise price shall be as decided by the Nomination and Remuneration Committee, subject to a minimum of the face value per share.
5	Maximum term of Options granted	Options granted would vest not less than one year from the date of grant of such Options. The Employee Stock Options granted shall be capable of being exercised within a maximum period of five years from the date of vesting.
6	Source of shares	Primary
7	Variation in terms of ESOP	There is no variation in the terms of the Options during the financial year ended March 31, 2017
8	Method used to account for ESOP	Intrinsic Value Method

The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2016-17 is ₹ Nil. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2016- 17 would be ₹ (3.89) crore. The effect of adopting the fair value method on the net income and earnings per share is presented below:

### B PRO FORMA ADJUSTED NET INCOME AND EARNING PER SHARE

PARTICULARS	₹ IN CRORE
<b>Net Income as Reported</b>	<b>55.75</b>
Add: Intrinsic Value Compensation Cost	-
Less: Fair Value Compensation Cost	(3.89)
<b>Net Profit (Pro Forma)</b>	<b>59.64</b>
<b>Earning Per Share: Basic</b>	
As Reported (₹)	0.35
Adjusted Pro Forma (₹)	0.37
<b>Earning Per Share: Diluted</b>	
As Reported (₹)	0.35
Adjusted Pro Forma (₹)	0.37

### C OPTION MOVEMENT DURING THE YEAR 2016-17

SR. NO.	PARTICULARS	NUMBERS
1	Number of Options outstanding at the beginning of the year	39,579,341
2	Number of Options granted during the year	4,187,925
3	Options Forfeited / lapsed during the year	5,369,110
4	Options Vested during the year	5,221,984
5	Options Exercised during the year	1,920,902
6	Total number of shares arising as a result of exercise of options	1,920,902
7	Money realised by exercise of options (₹ In crore)	5.81
8	Options outstanding at the end of the year	36,477,254
9	Options exercisable at the end of the year	23,179,849

### D WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING 2016-17 WHOSE:

(a) Exercise price equals market price (₹)	Weighted average exercise price of the stock options granted during the year is ₹ 52.32
(b) Exercise price is greater than market price	Nil
(c) Exercise price is less than market price	Nil



## E WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2016-17 WHOSE

(a) Exercise price equals market price (₹)	Weighted average fair value of the stock options granted during the year is ₹ 14.95
(b) Exercise price is greater than market price	Nil
(c) Exercise price is less than market price	Nil

## F EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2016-17 TO:

### I SENIOR MANAGERIAL PERSONNEL

NAME	DESIGNATION	NO. OF OPTIONS GRANTED	WEIGHTED AVERAGE EXERCISE PRICE ₹
Mr. Vikram Limaye	Managing Director & CEO	3,415,279	52.67
Mr. Bipin Gemani	CFO	258,754	49.84
Mr. Narendra Gangan	Head Compliance	238,792	43.40
Mr. Ketan Kulkarni	CS	25,000	52.08

### II EMPLOYEES WHO WERE GRANTED, DURING ANY ONE YEAR, OPTIONS AMOUNTING TO 5% OR MORE OF THE OPTIONS GRANTED DURING THE YEAR

NAME	DESIGNATION	NO. OF OPTIONS GRANTED	WEIGHTED AVERAGE EXERCISE PRICE ₹
Mr. Vikram Limaye	Managing Director & CEO	3,415,279	52.67
Mr. Bipin Gemani	CFO	258,754	49.84
Mr. Narendra Gangan	Head Compliance	238,792	52.08

### III IDENTIFIED EMPLOYEES WHO WERE GRANTED OPTION, DURING ANY ONE YEAR EQUAL TO OR EXCEEDING 1% OF THE ISSUED CAPITAL (EXCLUDING OUTSTANDING WARRANTS AND CONVERSIONS) OF THE COMPANY AT THE TIME OF GRANT: NONE

## G METHOD AND ASSUMPTIONS USED TO ESTIMATE THE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR:

The fair value of the Options granted has been estimated using the Black Scholes Option Pricing model. Each tranche of vesting has been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same have been detailed below:

VARIABLES	WEIGHTED AVG.
1. Stock Price (₹)	52.32
2. Volatility	41.32 %
3. Risk Free Interest Rate	7.05 %
4. Exercise Price (₹)	52.32
5. Expected Life (in years)	4.10 years
6. Dividend Yield	5.00 %

### ASSUMPTIONS

#### STOCK PRICE

Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

#### VOLATILITY

The historical volatility over the expected life has been considered to calculate the fair value.

#### RISK-FREE INTEREST RATE

The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

#### EXERCISE PRICE

Exercise Price of each specific grant has been considered.

#### EXPECTED LIFE

Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

#### DIVIDED YIELD

Expected dividend yield has been calculated on the basis of latest dividend.