August 26, 2021

The Manager - Listing Department	The Manager - Listing Department
National Stock Exchange of India Limited Bandra Kurla Complex Bandra (E) Mumbai 400051 NSE Scrip Code: IDFC	**BSE Limited** 1st Floor, P. J. Towers, Dalal Street, Mumbai 400001 BSE Scrip Code: 532659

Dear Sir / Madam,

Sub: Intimation of the Twenty Fourth (24th) Annual General Meeting ("AGM") of the Company, Annual Report & E-Voting

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), this is to inform you that the **24th Annual General Meeting (AGM)** of **IDFC Limited** ('IDFC' or 'the Company') will be held on **Wednesday, September 22, 2021** at **11:00 a.m.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means ("VC / OAVM"), without physical presence of the Members at a common venue.

In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020 read with circulars dated December 9, 2020 and January 15, 2021, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March, 2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report have been uploaded on the website of the Company at www.idfc.com.

Following agenda items are proposed for consideration by the Shareholders at the ensuing AGM:

ORDINARY BUSINESS

Sr. No	Details of the Proposed Resolution	Ordinary/ Special Resolution
1.	To consider and adopt: a. the audited standalone financial statements of the Company for the financial year ended March 31, 2021 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, 2021 and the Report of the Auditors thereon.	**Ordinary**

IDFC Limited
Corporate Office: 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400021 Tel: +91 22 4222 2000
Reg. Office: 4th floor, Capitale Tower, 555, Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai – 600 018 Tel: +91 (44) 4564 4201 FAX: +91 (44) 4564 4222
CIN: L65191TN1997PLC037415 info@idfc.com www.idfc.com

2.	To consider and appoint Statutory Auditors and to fix their remuneration	**Ordinary**

SPECIAL BUSINESS

Sr. No	**Details of the Proposed Resolution**	**Ordinary/ Special Resolution**
3.	Appointment of Dr. Jaimini Bhagwati as an Independent Director	**Ordinary**
4.	Appointment of Mr. Anil Singhvi as an Independent Director	**Ordinary**
5.	Appointment of Mr. Vinod Rai as Non-Independent Non- Executive Director	**Ordinary**
6.	Payment of Commission to Non-Executive Directors	**Ordinary**

Further, we are attaching herewith the 24th Annual Report of the Company for the financial year 2020-21 along with Business Responsibility Report and other annexures. The same are also uploaded on the website of the Company i.e. http://www.idfc.com/investor_relations/annual_report.htm.

E-Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, IDFC is providing the facility to its Members holding shares in physical or dematerialized form to exercise their right to vote by electronic means on all or any of the businesses specified in the Notice convening the AGM **(Remote E-Voting).** Accordingly, for the purpose of determining the Shareholders eligible to cast their votes electronically / physically, the Company has fixed **Wednesday, September 15, 2021** as the cut-off date. The Company has engaged the services of KFin Technologies Private Limited to provide the e-voting facility. The Remote e-voting will commence on **Saturday, September 18, 2021 at 9:00 a.m.** and end on **Tuesday, September 21, 2021 at 5.00 p.m.**

We would further like to inform that the Board of Directors of the Company has appointed Mr. B. Narasimhan (FCS No. 1303) and COP No. 10440) of M/s BN & Associates, Company Secretaries, as a Scrutinizer to scrutinize the e-voting process.

We request to take the above information on record.

Thanking you,
Yours faithfully,

For IDFC Limited

Mahendra N Shah
Company Secretary

C.C: Ms. Krishna Priya Maddula, KFin Technologies Private Ltd.

IDFC LIMITED

24th Annual Report
2020-21

SAVE PAPER,
SAVE TREES,
SAVE THE EARTH.

406,000+ Shareholders have already registered their email id.

In accordance with General Circular No. 20/2020 dated May 5, 2020 issued by Ministry of Corporate Affairs and circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, the Company has sent the Annual Report / Notice of AGM only through electronic mode to those Shareholders whose e-mail Ids were registered with the Company / RTA / Depository Participants and will not be sending physical copies of the same.

Those members who have not registered their email addresses with the Company's RTA / Depository Participants, as the case may be, are requested to visit https://ris.kfintech.com/email_registration/ and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions. In case of any queries, shareholder may write to einward.ris@kfintech.com.

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year was a difficult and a challenging one for all of us. Covid-19 impacted all sectors of the economy. Banks and financial services companies, as proxies for the economy, were impacted significantly. The severity of the second wave of Covid-19 belied hopes of an early economic recovery but with vaccination efforts gaining momentum, there is hope that normalcy in economic activity would be restored in the later part of the coming financial year.

The Reserve Bank of India vide their letter dated July 20, 2021 has clarified that after expiry of the 'lock in' period of 5 years, IDFC Limited can exit as promoter of IDFC FIRST Bank Limited.

In pursuit of creating maximum value for shareholders, over the last few years the Board has been focused on cleaning up the corporate structure of the IDFC Group while awaiting the expiry of the 5-year lock in period. Most of the non-core entities/investments of the IDFC Group have been disinvested, as per the details below:

SR NO	PARTICULARS OF BUSINESS / ENTITY / ASSETS SOLD	SOLD/DISPOSED OFF ON
1	Private Equity business carried on through IDFC Alternatives	June 30, 2018 and January 31, 2019
2	IDFC Infrastructure Finance Limited	Tranche 1 on March 12, 2019 and Tranche 2 on March 30, 2020
3	IDFC Securities Limited and IDFC Capital USA Inc	June 10, 2020
4	Liquidation of IDFC Capital Singapore Pte Ltd	February 24, 2021
5	Windmills	August 14, 2020
6	Office Premises at Naman chambers	November 26, 2020
7	Merger of IDFC Alternatives, IDFC Trustee and IDFC Projects with IDFC Limited	Expected by March 31, 2022
8	Detachment of IDFC Foundation	Expected by June 30, 2022

The remaining entities in the IDFC Group corporate structure are IDFC FIRST Bank, IDFC AMC and IDFC Foundation. In addition, there are two joint venture companies held under IDFC Foundation, Delhi Integrated Multi-Modal Transit Systems Limited and Infrastructure Development Corporation (Karnataka) Limited. IDFC Foundation owns 50% and 49.5% equity in these entities with the State Government of NCT, Delhi and the State Government of Karnataka as joint venture partners respectively. As part of its charter it has invested in these two joint venture entities which are highly regarded. IDFC Foundation is a Not For Profit-Section 8 company, which restricts the payment of dividend and repatriation of capital on winding up/ liquidation to its parent. However, alienation of the investments by Foundation and detachment of Foundation are a pre-requisite for the optimum restructuring of IDFC for creating maximum value for shareholders. IDFC management has been making full efforts in this direction but progress on this front has been slow in view of challenging nature of specific conditions that exist in the joint venture agreements.

The Board is strongly committed and very focused on creating maximum value for shareholders in a reasonable period of time. Towards this goal, earlier this year the Board has proactively appointed a Strategic Advisor to examine in comprehensive detail the strategic options available for creating maximum shareholder value within a reasonable period of time. The Strategic Advisor has presented various options to the Board which are being examined in detail. Resolution of IDFC Foundation and the underlying JVs however remains critical to implement any of these options.

The bank raised additional capital of Rs. 2,000 crore during the financial year to strengthen its capital adequacy to address challenges arising due to Covid-19. We invested Rs. 800 crore in the preferential offer of the bank to comply with the regulatory mandate of maintaining promoter stake during the first 5 years of operations of the bank. Of the Rs. 800 crore invested in the bank, Rs. 600 crore was from internal resources and the remaining Rs. 200 crore was raised through a loan from a leading housing finance company. The loan has however been fully pre-paid during the financial year and the balance sheet of IDFC as on March 31, 2021, is debt-free.

Our Bank is now a strong retail franchise focused on retail assets and retail liabilities.

The bank's retail loans (including inorganic portfolio) constitute 67% of loans as on 31st March 2021. Retail loans increased 26% year-on-year to Rs. 73,673 crore as on March 31, 2021 from Rs. 57,310 crore as on March 31, 2020.

The CASA ratio of the bank improved to 51.75% as on March 31, 2021 from 31.87% as on March 31, 2020. CASA deposits increased to Rs. 45,896 crore as on March 31, 2021 from Rs. 20,661 crore as on March 31, 2020, an increase of 122% over the year.

Total customer deposits increased to Rs. 82,725 crore as on March 31, 2021 from Rs. 57,719 crore as on March 31, 2020, an annual increase of 43%.

For the financial year, Net Interest Income of the bank increased by 21% to Rs. 7,380 crore in FY21 from Rs. 6,076 crore in FY20. NIM was at 4.98% as compared to 3.91% in a year ago. Total income for the financial year, increased by 24% to Rs. 10,207 crore, as compared to Rs. 8,237 crore a year ago.

Our bank's Gross NPA marginally improved by 3 bps to 4.15% as on March 31, 2021. Net NPA improved by 18 bps to 1.86% as on March 31, 2021.

Capital adequacy ratio of the Bank was strong at 16.32% with CET-1 Ratio at 15.62% including additional equity capital of Rs. 3,000 crore raised through a qualified institutional placement in early part of the coming financial year.

The branch network of the bank stands at 596, with 592 ATMs and 85 recyclers across the country as on March 31, 2021.

Our mutual fund performed well during the fiscal, showing strong momentum with average annual assets under management growing 19.3%, sharply outperforming the industry growth of 8.6%. Our full-year market share increased to 4.0% in FY21 from 3.7% in FY20. We expect that our differentiated strategy will deliver better than market growth in the medium to long term while carefully managing risk to our franchise. We may however, witness intermittent periods of wider variance in near-term growth rates relative to the industry. Our overall financial outcomes reflect a combination of higher core fee income, proactive expense management along with Covid-19 related savings, and higher investment gains resulting in a best year ever performance from a net profits standpoint at Rs. 144 crore.

To conclude, notwithstanding a challenging financial year and uncertainties unleashed by Covid-19, our employees have worked very hard to create a strong, robust and vibrant platform. I take this opportunity to thank each one of them for their sincere efforts.

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

Vinod Rai
Non-Executive Chairman

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. VINOD RAI
Independent Non-Executive Chairman (till May 25, 2021)
Non-Independent Non-Executive Chairman (w.e.f. May 25, 2021)

DR. JAIMINI BHAGWATI
Independent Director (w.e.f. May 25, 2021)

MS. RITU ANAND
Independent Director

MR. AJAY SONDHI
Independent Director

MR. ANIL SINGHVI
Independent Director (w.e.f. May 25, 2021)

MR. SUNIL KAKAR
Managing Director & CEO

MR. ANSHUMAN SHARMA
Nominee-Government of India (till March 25, 2021)

MR. SOUMYAJIT GHOSH
Nominee-Government of India (till March 25, 2021)

OFFICES

REGISTERED OFFICE
CHENNAI
4th Floor, Capitale Tower,
555 Anna Salai, Thiru Vi Ka Kudiyiruppu,
Teynampet, Chennai - 600 018
TEL: +91 44 4564 4202
FAX: +91 44 4564 4222

CORPORATE OFFICE
MUMBAI
906/907, 9th Floor, Embassy Centre,
Jamnalal Bajaj Road,
Nariman Point, Mumbai – 400021
TEL: +91 22 2282 1549
FAX: +91 22 2421 5052

CORPORATE INFORMATION

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

STATUTORY AUDITORS
Price Waterhouse & Co LLP
Chartered Accountants

PRINCIPAL BANKER
IDFC FIRST Bank Limited

COMPANY SECRETARY
Mr. Mahendra N. Shah

REGISTRAR AND SHARE TRANSFER AGENT
KFin Technologies Private Limited
(formerly known as Karvy Fintech Private Limited)
(Unit: IDFC Limited)
Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally,
Hyderabad - 500 032.
TEL: 040-67162222 / 79611000
FAX: 040-23431551
TOLL FREE: 1800 309 4001
E-MAIL: einward.ris@kfintech.com
WEBSITE: www.kfintech.com

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Fourth Annual Report on the business and operations of the Company together with the audited financial statements, prepared under Ind-AS, for the financial year ended March 31, 2021.

OPERATIONS REVIEW

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

During the year, Balance Sheet size decreased from Rs. 9,331.88 crore as on March 31, 2020 to Rs. 9,303.78 crore as on March 31, 2021. Profit after tax and other comprehensive income was lower at Rs. 8.87 crore for FY 2020-21 as compared to Rs. 64.22 crore in FY 2019-20. Net worth of the Company increased from Rs. 9,255.56 crore as on March 31, 2020 to Rs. 9,261.10 crore as on March 31, 2021.

During the year, the Company transferred Rs. 1.80 crore to Special Reserve u/s 45-IC of Reserve Bank of India ("RBI") Act, 1934. Details of business overview and outlook of the Company and its subsidiaries are appearing in the chapter Management Discussion and Analysis which forms part of this report.

DIVIDEND

The Board of Directors has not recommended any dividend for FY21.

DIVIDEND DISTRIBUTION POLICY

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

SUBSIDIARY COMPANIES

The Company has seven domestic direct indirect subsidiaries, one foreign indirect Subsidiary, Four Associate Companies and two Joint Ventures as on March 31, 2021 which are given in **Table 1.**

IDFC SECURITIES LIMITED

During FY20, IDFC & IDFC FHCL had entered into an understanding with Mr. Dharmesh Mehta along with other investors ("Acquirers") to sale its entire equity stake (100%) held in IDFC Securities Limited after obtaining the necessary regulatory approvals. IDFC Securities was an indirect subsidiary company of IDFC Limited as on March 31, 2020. During the year, on June 10, 2020, IDFC transferred equity stake in IDFC Securities Limited to the Acquirers, after obtaining all necessary regulatory approvals, at a consideration of Rs. 86 crore. The same was informed to the stock exchanges. Accordingly, as on March 31, 2021, IDFC Securities Limited ceased to be subsidiary company of IDFC FHCL.

Consequently, IDFC Securities Singapore Pte. Ltd and IDFC Capital USA which were subsidiaries of IDFC Securities Limited also ceased to be subsidiaries of the group.

IDFC Capital(Singapore) Pte. Ltd.

During the year, an application was filed for liquidation of IDFC Capital (Singapore) Pte Ltd, which has since been liquidated on February 24, 2021 after obtaining all necessary regulatory approvals and completing all necessary formalities.

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 Companies Act, 2013 ("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. Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources and IDFC Foundation activities, have been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 6 employees as on March 31, 2021 and 336 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 is 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

There was no change in the share capital of the Company during FY21. As on March 31, 2021, the total paid up capital of IDFC was 1,596,358,316 equity shares of Rs. 10 each.

MANAGEMENT DISCUSSION ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

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

01 SUBSIDIARY COMPANIES

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
Domestic Subsidiaries			
i.	IDFC Financial Holding Company Limited ("IDFC FHCL")	Direct	100%
ii.	IDFC Foundation (a Company within the meaning of section 8 of the Act)	Direct	100%
iii.	IDFC Projects Limited	Direct	100%
iv.	IDFC Alternatives Limited	Direct	100%
v.	IDFC Trustee Company Limited	Direct	100%
vi.	IDFC AMC Trustee Company Limited	Indirect through IDFC FHCL	100%
vii.	IDFC Asset Management Company Limited ("IDFC AMC")	Indirect through IDFC FHCL	99.96%
Foreign Subsidiaries			
i.	IDFC Investment Managers (Mauritius) Ltd.	Indirect through IDFC AMC	99.96%
Associate			
i.	Novopay Solutions Private Limited	Direct	23.83%
ii.	IDFC FIRST Bank Limited	Indirect through IDFC FHCL	39.98%
iii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	39.98%
iv.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Projects Limited	26%
Joint Ventures			
i.	Delhi Intigrated Multi - Modal Transit System Limited	Indirect through IDFC Foundation	50%
ii.	Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	Indirect through IDFC Foundation	49.49%

BUSINESS RESPONSIBILITY REPORT

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

PUBLIC DEPOSITS

During FY21, 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 Whistle Blower Policy /Vigil Mechanism are posted on the website of the Company: www.idfc.com.

FOREIGN EXCHANGE

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

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Government of India, Ministry of Finance, Department of Financial Services withdrew nominations of Mr. Anshuman Sharma (DIN: 07555065) and Mr. Soumyajit Ghosh (DIN: 07698741) as Nominee Directors from the Board of IDFC Limited vide its letter dated March 25, 2021 with immediate effect.

The Board places on record its sincere appreciation for the valuable contribution and services rendered by them.

The Shareholders of the Company vide a special resolution passed at its 23rd AGM held on September 25, 2020, reappointed Mr. Sunil Kakar (DIN: 03055561) as Managing Director & Chief Executive Officer of IDFC Limited wef July 16, 2020 till September 30, 2022.

The Shareholders of the Company at its 23rd AGM held on September 25, 2020 approved the appointment of Mr. Ajay Sondhi (DIN: 01657614), as an Independent Director of the Company for a period of 3 (three) consecutive years, from w.e.f. November 08, 2019 to November 07, 2022.

The Shareholders of the Company, at its 21st AGM held on July 31, 2018, appointed Mr. Vinod Rai (DIN : 00041867) as an Independent Non-executive Chairman for the second term for a period of 3 (three) consecutive years, from July 31, 2018 to July 30, 2021. The Nomination and Remuneration Committee and Board of Directors of IDFC Limited, at its respective meetings held on May 25, 2021 proposed the appointment of Mr. Vinod Rai as a Non-Executive Director (Non-Independent) on the Board of IDFC Limited with immediate effect up to May 22, 2023.

The Nomination and Remuneration Committee and Board of Directors of IDFC Limited, at its respective meetings held on May 25, 2021 also proposed the appointment of Dr. Jaimini Bhagwati (DIN: 07274047) and Mr. Anil Singhvi (DIN: 00239589) as Additional Directors in the category of Independent Director of the Company with immediate effect for a consecutive period of 3 (three) years.

The Company has only 6 (six) directors out of which 4 (four) are Independent Directors. Apart from Managing Director whose term is upto September 2022, only Non-Independent Director is Mr. Rai whose appointment will be considered by shareholders at this AGM. Accordingly, there is no Director who is liable to retire by rotation at this AGM.

The Shareholders of the Company are requested to approve the appointment of Mr. Vinod Rai, Dr. Jaimini Bhagwati and Mr. Anil Singhvi which forms part of the Notice for convening the ensuing AGM.

FRAMEWORK FOR APPOINTMENT OF DIRECTORS

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

DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act. Pursuant to IICA, Companies (Accounts) Amendments Rules, 2019 Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 dated 22nd October, 2019, all Independent Directors on the Board of the Company completed registration on Data Bank.

SPECIAL BUSINESS

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

i. Appointment of Mr. Vinod Rai
ii. Appointment of Dr. Jaimini Bhagwati as an Independent Director
iii. Appointment of Mr. Anil Singhvi as an Independent Director
iv. Payment of commission to Non-Executive Directors

SHAREHOLDERS' UPDATE BOARD AND ITS COMMITTEES

During the year, 9 (Nine) Board Meetings and 4 (four) Audit Committee Meetings were held. The Audit Committee was reconstituted on June 09, 2021. The Committee is chaired by Mr. Anil Singhvi (DIN: 00239589) and has Ms. Ritu Anand (DIN: 05154174), Mr. Vinod Rai (DIN: 00041867) and Mr. Ajay Sondhi (DIN: 01657614) as its Members All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION

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

NOMINATION & REMUNERATION COMMITTEE / REMUNERATION POLICY

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

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

AUDITORS

STATUTORY AUDITORS

At the 20th AGM of the Company held on July 28, 2017, the Shareholders had approved the appointment of Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E/ E300009) ("PWC") as Statutory Auditors for a period of 5 years to hold office from the conclusion of the 20th AGM till the conclusion of the 25th AGM of the Company.

As per the guidelines issued by RBI vide RBI/ 2020-21/25 ref no. DOS.CO.ARG/ SEC.01/08.091.001/2021-22 dated April 27, 2021 for appointment/reappointment Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks excluding Regional Rural Banks (RRBs), United Co-operative Banks (UCBs) and NBFCs including Housing Finance Companies (HFCs) entities regulated by the Reserve Bank of India have to mandatorily rotate Statutory Auditors at the end of 3 (three) years. The said guidelines would be applicable for FY 2021-22 and onwards. NBFCs shall have flexibility to adopt these guidelines from H2(second half) of FY 2021-22. Accordingly, The Audit Committee and Board of Directors of IDFC Limited, at its respective meeting held on July 28, 2021 and August 11, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Limited for a period of 3 years' . The Shareholders of the Company are requested to approve the appointment of Khimji Kunverji Co LLP which forms part of the Notice for convening the ensuing AGM.

COST AUDIT

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company is not required to undertake cost audit.

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 FY21. The Secretarial Audit Report is appended as **Annexure 3.** There are no qualifications or observations or adverse remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

INTERNAL CONTROL SYSTEMS

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal Audit of the Company is regularly carried out. The Audit Reports of Internal Auditors i.e. M/s Grant Thornton India LLP ("GT"), along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

GT 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. 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 FY21 and the date of this Board's report.

INSTANCES OF FRAUD REPORTED BY THE AUDITORS

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

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

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

ANTI SEXUAL HARASSMENT POLICY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- ➢ In that in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ➢ In that such accounting policies have been selected and applied consistently and 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, 2021 and of the Profit of the Company for the year ended on that date;
- ➢ In that proper and sufficient care has been taken for the

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- ➢ In that the annual financial statements have been prepared on a going concern basis;
- ➢ In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- ➢ In that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

GREEN INITIATIVE

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

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

ANNUAL RETURN

An Annual Return of the Company is available on the website: www.idfc.com

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (“CSR”) was re-constituted on June 09, 2021. Dr. Jaimini Bhagwati was inducted as the Chairman of the CSR Committee wef June 09, 2021. The CSR Committee consists of three Directors:

i. Dr. Jaimini Bhagwati (DIN: 07274047), Chairman
ii. Mr. Ajay Sondhi (DIN: 01657614)
iii. Mr. Sunil Kakar ((DIN: 03055561)

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 4**.

Pursuant to MCA circular read with The Companies (amendment) Act, 2020 the Company had made contribution of Rs. 0.55 crore to PM CARES fund as CSR activities in addition to the minimum prescribed requirement for FY20, which was offset against the CSR obligation arose in FY21.

RELATED PARTY TRANSACTIONS

The Company has in place the policy on Related Party Transactions and the same has been uploaded on the website of the Company i.e. www.idfc.com. In all related party transactions that were entered into during the financial year, an endeavour was made consistently that they were on an arm’s length basis and were in the ordinary course of business. IDFC has always been committed to good corporate governance practices, including matters relating to Related Party Transactions.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm’s length basis, Form AOC-2 is not applicable to the Company. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during the year by your Company.

EMPLOYEE STOCK OPTION SCHEME

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

The Company determines the fair value of options using the black shoes model which takes into account the excercise price, the term of the option, share price at grant date, expected price volatility, dividend yield and risk free interest rate for the term of the option.

The fair value so determined is charged to profit & loss account as employee benefit expense over the vesting period of the grant.

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

ACKNOWLEDGEMENTS

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

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

FOR AND ON BEHALF OF THE BOARD

Vinod Rai
Non-Executive Chairman
New Delhi
Date: June 14, 2021

ANNEXURE 1

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

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

PART A SUBSIDIARIES

SR NO.	NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Alternatives Limited	0.22	273.35	273.96	0.39
	(Previous Year)	0.22	269.78	276.42	6.42
2	IDFC AMC Trustee Company Limited	0.05	0.28	0.38	0.05
	(Previous Year)	0.05	0.22	0.31	0.04
3	IDFC Asset Management Company Limited	2.68	376.81	488.96	109.47
	(Previous Year)	2.68	289.94	401.26	108.64
4	IDFC Capital (Singapore) Pte. Ltd.# (till February 24, 2021)	-	-	-	-
	(Previous Year)	21.60	(17.82)	4.03	0.25
5	IDFC Capital (USA) Inc.* (till June 10, 2020)	-	-	-	-
	(Previous Year)	4.62	2.82	7.52	0.08
6	IDFC Foundation	13.00	32.98	57.23	11.25
	(Previous Year)	13.00	42.16	71.91	16.75
7	IDFC Investment Managers (Mauritius) Limited ^	4.31	(3.48)	0.87	0.05
	(Previous Year)	3.20	(3.02)	0.28	0.10
8	IDFC Projects Limited	85.55	(179.60)	0.39	94.44
	(Previous Year)	85.55	(179.47)	0.43	94.35
9	IDFC Securities Limited (till June 10, 2020)	-	-	-	-
	(Previous Year)	14.14	59.62	118.82	45.06
10	IDFC Securites Singapore Pte. Ltd* (till June 10, 2020)	-	-	-	-
	(Previous Year)	19.68	(19.38)	0.59	0.29
11	IDFC Trustee Company Limited	0.05	0.49	0.56	0.01
	(Previous Year)	0.05	0.52	0.58	0.01
12	IDFC Financial Holding Company Limited	9,029.24	127.53	9,251.54	94.77
	(Previous Year)	9,029.24	83.73	9,128.93	15.96
13	IDFC IEH Tactical Fund (till March 16, 2021)	-	-	-	-
	(Previous Year)	28.05	(3.53)	24.63	0.11
14	IDFC IEH Conservative Fund	32.75	(1.13)	32.09	0.47
	(Previous Year)	41.00	(1.30)	40.27	0.57

* Exchange rates:

* Exchange rate as on June 10, 2020

Closing Rate : 1 USD = Rs. 75.53

Average Rate : 1 USD = Rs. 75.42

Exchange rate as on November 20, 2020

Closing Rate : 1 USD = Rs. 73.56
Average Rate : 1 USD = Rs. 74.71

^ Exchange rate as on March 31, 2021

Closing Rate : 1 USD = Rs. 75.39
Average Rate : 1 USD = Rs. 71.07

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

Rs. IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	OTHER COMPREHENSIVE INCOME	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING	
							PREFERENCE	EQUITY
130.85	-	16.86	13.29	-	3.57	-	-	100%
115.35	-	2.24	4.11		(1.87)	-	-	100%
-	0.30	0.09	0.02	(0.01)	0.06	-	-	100%
-	0.30	0.02	ß	-	0.02	-	-	100%
379.83	347.84	190.99	47.96	0.99	144.02		-	99.96%
263.09	305.79	108.29	28.24	(0.65)	79.40		-	100.00%
-	ß	(0.05)	-	-	(0.05)	-	-	0%
-	11.95	9.25	-	-	9.25	-	-	100%
-	0.42	0.03	-	-	0.03	-	-	0%
-	1.44	0.09	0.01	-	0.08	-	-	100%
38.84	9.53	(5.81)	3.50	0.12	(9.19)	-	-	100%
42.11	7.74	(7.98)	-	0.04	(8.02)	-	-	100%
-	-	(0.46)	-	-	(0.46)	-	-	99.96%
-	-	(0.65)	-	-	(0.65)	-	-	100%
-	-	(0.11)	0.02	-	(0.13)	-	-	100%
-	-	(0.90)	(0.03)	-	(0.87)	-	-	100%
-	6.19	(4.12)	(0.29)	-	(3.82)	-	-	0%
4.62	39.82	(7.92)	0.43	1.12	(7.23)	-	-	100%
-	-	(0.13)	-	-	(0.13)	-	-	0%
-	-	(2.81)	-	-	(2.81)	-	-	100%
-	-	(0.03)	ß	-	(0.03)	-	-	100%
-	0.20	0.40	0.10	-	0.30	-	-	100%
9,245.81	61.62	55.74	11.94	-	43.80	-	-	100%
8,519.66	120.34	119.78	13.68	-	106.10	-	-	100%
-	0.35	(2.57)	-	-	(2.57)	-	-	0%
11.25	(2.82)	(3.58)	(0.01)	-	(3.57)	-	-	71%
11.56	1.11	(0.12)	0.40	-	(0.52)	-	-	91.60%
15.09	2.54	1.25	2.00	-	(0.75)	-	-	73%

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi: June 14, 2021

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai: June 14, 2021

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai: June 14, 2021

Mahendra N. Shah
Company Secretary
(ACS: 4222)
Mumbai: June 14, 2021

ANNEXURE 1

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

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

Part B ASSOCIATES AND JOINT VENTURES

SL. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED
1	Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016
3	Shares/Units of Associate/Joint Ventures held by the company on the year end		
	Numbers of shares/units	2,268,937,489	2,231,998
	Amount of Investment in Associates/Joint Venture	8,354.46	232.40
	Extend of Holding %	39.98%	39.98%
4	Description of how there is significant influence	Associate (see note 1)	Associate (see note 1)
5	Reason why the associate/joint venture is not consolidated	NA	NA
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	6,555.56	36.96
7	Profit / (Loss) for the year		
	i. Considered in Consolidation	(253.13)	12.15
	i. Not Considered in Consolidation	-	-

(i) Names of associates or joint ventures which have been liquidated or sold during the year.

- Uttarakhand Infrastructure Development Company Limited (Under Liquidation) - joint venture of IDFC Foundation is under liquidation.

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

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

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

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

Rs. IN CRORE

JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED	NOVOPAY SOLUTIONS PRIVATE LIMITED	DELHI INTEGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED ("IDECK")
March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
January 11, 2011	March 6, 2017	March 23, 2011	March 23, 2011
42,637,400	227,145	73,045	4,948,505
132.19	35.62	14.73	15.48
26.00%	23.83%	50.00%	49.49%
Associate (see note 3)	Associate	Associate (see note 2)	Associate (see note 2)
See note 4	NA	NA	NA
7.13	2.43	60.30	45.30
-	(0.44)	0.84	(3.04)
(1.58)	-	-	-

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi: June 14, 2021

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai: June 14, 2021

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai: June 14, 2021

Mahendra N. Shah
Company Secretary
(ACS: 4222)
Mumbai: June 14, 2021

ANNEXURE 2

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

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

i. **The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.**
The ratio of the remuneration of MD & CEO to the median remuneration of the employees of IDFC Limited for FY21 was 19x.

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

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

iv. **The number of permanent employees on the rolls of the Company.**
There were 6 employees of the Company as on March 31, 2021.

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

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

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

ANNEXURE 3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2021

[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
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu,
Teynampet,
Chennai-600018Tamil Nadu

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IDFC Limited having **CIN No - L65191TN1997PLC037415** (hereinafter called the 'Company') for the financial ended on 31st March 2021 ('the Year'/ 'Audit Period'/ 'Period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts /statutory compliances and expressing our opinion thereon.

We are issuing this report based on :

(i) Our **verification** of the Company's books, papers,soft copies of various records, scanned copies of minutes of the Board, its Committees, forms and returns filed and other records maintained by the Company and furnished to us compliance related action taken by the company during the financial year ended 31st March 2021 as well as before the date of issue of this report;

(ii) **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / senior managerial Personnel of the company and taken on record by the Audit Committee / Board of Directors, and

(iii) **Representations** made, documents produced and information provided by the Company, its officers, agents, and authorised representatives during our conduct of Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2021, the Company has:

i. Complied with the statutory provisions listed hereunder, and

ii. Board-processes and compliance mechanisms are in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this Report, along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined soft copies of the various records sent over mail as provided by the Company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year according to the applicable provisions/ clauses of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

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

(iv) The following Regulations, Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

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

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

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

d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

(v) Secretarial Standards issued by The Institute of Company Secretaries of India .

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March 2021 but before the date of issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

(i) **Complied with** the applicable provisions/clauses of the Act, Rules and SEBI Regulations mentioned under of paragraph 1.1

(ii) **Generally complied** with the applicable provisions/ clauses of :

(a) The Act and rules mentioned under paragraph 1.1 (i);

(b) The Secretarial Standards on meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above applicable to meetings of the Board, Committees constituted by the Board held during the year, the 23rd Annual General Meeting held on 25th September 2020 and circular resolutions passed by the Board during the year. The Compliance of the provisions of the Rules made under the Act with regard to the Board meetings and Committee meetings held through video conferencing were verified based on the minutes of the meetings provided by the company.

1.3 We are informed that, during the year, the company was not required to initiate any compliance related action in respect of the following laws/rules/regulations/standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March 2021

[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]

d) The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998;

e) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

1.4 We have also examined, on test check basis, the relevant documents and records maintained by the Company with respect to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and other relevant guidelines and circulars issued by the Reserve Bank of India from time to time and to the extent of capital adequacy norms and periodic reporting to be done by the Company

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on 31st March 2021 comprised of:

(i) One Managing Director, and

(ii) Three Non- Executive Independent Directors (including one Woman Independent Director).
Prior to 25th March 2021, the Company had six Directors on the Board, which was in compliance with Regulation 17(1)(c) of SEBI LODR Regulations 2015 and all committees of the Company were duly constituted as per the relevant provisions of SEBI LODR Regulations and the Companies Act 2013.

On 25th March 2021, the Company received a letter from the Government of India, Ministry of Finance, Department of Financial Services intimating the withdrawal of nomination of Mr. Anshuman Sharma (DIN:- 07555065) and Mr. Soumyajit Ghosh (DIN:- 07698741) as Nominee Directors from the Board of Directors of the Company with immediate effect.

Pursuant to the immediate withdrawal of nomination of two Directors on March 25, 2021, the number of directors on the Board of the Company reduced from six directors to four directors, which is not in accordance with the requirements of Regulation 17(1)(c)of the SEBI(LODR)Regulations, 2015 as on March 31, 2021. However, the Board of Directors at its meeting held on 25th May 2021 have appointed Dr. Jaimini Bhagwati (DIN: 07274047) and Mr. Anil Singhvi (DIN:-00239589) as Additional Directors in the category of Independent Directors, subject to receipt of other regulatory approvals. Hence, the Company has complied with the requirements of Regulation 17(1)(c) of SEBI LODR Regulations, 2015 within the prescribed timelines and the composition of the Board is in compliance with the said SEBI LODR Regulations, 2015 as on the date of this Report.

2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act :

(i) Re-appointment of Mr. Soumyajit Ghosh (DIN:- 07698741) as a director of the Company by the Shareholders at the 23rd AGM held on 25th September 2020.

(ii) Regularization of appointment of Mr Ajay Sondhi (DIN:01657614) as an Independent Director of the Company w.e.f. 08th November 2019 for a period of three consecutive years by the Shareholders at the 23rd AGM held on 25th September 2020.

(iii) Re-appointment of Mr. Sunil Kakar (DIN:-03055561) as Managing Director and Chief Executive Officer, designated as Key Managerial Personnel of the Company w.e.f. 16th July 2020 till 30th September 2022, by the Shareholders at the 23rd AGM held on 25th September 2020.

(iv) The Board of Directors of the Company at its meeting held on 25th June 2020 had approved the extension in the terms of Mr. Bipin Gemani (Chief Financial Officer) and Mr. Mahendra Shah (Company Secretary) till 30th September 2022.

(v) Cessation of Mr. Soumyajit Ghosh (DIN:- 07698741) and Mr. Anshuman Sharma (DIN:- 07555065) as Nominee Directors of the Government of India, Ministry of Finance, Department of Financial Services, from the Board of Directors of the Company w.e.f. 25th March 2021.

2.3 Adequate notices were given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 Notice for the Board meetings was sent to directors at least seven days in advance, as required under Section 173(3) of the Act and SS-1.

2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the board meetings.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for circulating them so was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers, and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Decisions were carried through; the majority of the Board and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, which were required to be captured and recorded as part of the minutes.

SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March 2021

[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]

3. Compliance mechanism

There are reasonably adequate systems and processes prevalent in the company, which are commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events/ actions

We further report that during the audit period, the following specific events / actions having a major bearing on the Company's affairs took place :-

a) Pursuant to Share Purchase Agreement dated 07th November 2019, the Company through its wholly owned subsidiary i.e. IDFC Financial Holding Company Limited (IDFC FHCL) has completed the transaction involving sale of its 100% equity stake held in the IDFC Securities Limited to Mr. Dharmesh Mehta along with other investors on 10th June 2020.
Consideration of Rs. 86 crores was received by IDFC FHCL against disposal of its 100% shareholding in IDFC Securities Limited.

Subsequent to the completion of this transaction, the IDFC group does not hold any shares in IDFC Securities Limited.

b) The Company has sold 25 Nos. Wind Power Plants of 20MW capacity commissioned at village Bairu, Indroka and Salodi, Dist. Jodhpur, Rajasthan ("windmils") to M/s Champak Pragathi Foundation ("Acquirers"/ "buyers") for a consideration of Rs. 20.34 crore, of which Rs. 18 crore was received in advance.

Transfer application was made with the Rajasthan Renewable Energy Corporation (RRECL) for approval of transfer of Power Purchase Agreement in favour of the buyers stated above , post which the balance Rs. 2.34 crore would be received. However, as on year end on March 31, 2021, the approval in respect of the transfer application is still pending with RRECL.

For BNP & Associates
Company Secretaries
[Firm Regn. No.:-P2014MH037400]
PR No.:-637/2019

Kalidas Ramaswami
Partner
FCS No. 2440
COP No. 22856
UDIN: F002440C000459578

Mumbai I June 14, 2021

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

ANNEXURE A - TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

To,
The Members,
IDFC Limited

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related actions taken by the Company after 31st March 2021 but before the date of issue of this report.
4. We have considered compliance related actions taken by the company based on independent legal / professional opinions obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events ,wherever required.
8. Our 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
[Firm Regn. No.:-P2014MH037400]
PR No.:-637/2019

Kalidas Ramaswami
Partner
FCS No. 2440
COP No. 22856
UDIN: F002440C000459578

Mumbai I June 14, 2021

ANNEXURE 3A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members
IDFC Limited
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru vi kudiyiruppu,
Teynampet, Chennai,
Tamil Nadu 600018.

We have examined the relevant books, papers, minutes books, forms and returns filed, notices received from the Directors for the financial year 2020-2021 and other records maintained by the Company and also the information provided by the officers, agents and authorised representatives of **IDFC Limited** having **CIN No. L65191TN1997PLC037415** (hereinafter referred to as the ‘Company’) having its Registered office at 4th Floor, Capitale Tower, 555 Anna Salai, Thiru vi ka kudiyiruppu, Teynampet, Chennai 600018, Tamil Nadu for the purpose of issue of this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide notification no. SEBI/ LAD/ NRO/GN/2018/10 dated 09th May 2018 issued by SEBI.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal of Ministry of Corporate Affairs (MCA) i.e. www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO.	NAME OF THE DIRECTOR	DIN	DESIGNATION	DATE OF APPOINTMENT*
1	Mr. Vinod Rai	00041867	Independent Non-Executive Chairman	30/06/2015
2	Mr. Ajay Sondhi	01657614	Independent Director	08/11/2019
3	Ms. Ritu Anand	05154174	Independent Director	16/08/2019
4	Mr. Sunil Kakar	03055561	Managing Director	16/07/2017

*Dates of appointment of Directors as stated above are based on information appearing on the MCA Portal.

Ensuring the eligibility of every director for appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No.:-P2014MH037400]
PR No.:-637/2019

Kalidas Ramaswami
Partner
FCS No. 2440
COP No. 22856
UDIN No: F002440C000459591

Mumbai I June 14, 2021

ANNEXURE 3B

SECRETARIAL COMPLIANCE REPORT

For the financial year ended March 31, 2021

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

To,
The Board of Directors
IDFC Limited

We, BNP & Associates, Company Secretaries, have examined:

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

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

(c) website of the Company,

(d) any other documents / filings , as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2021 **("Review Period")** compliance with respect to provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
- (e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 and circulars/ guidelines issued thereunder;

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

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

SR. NO	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	DEVIATIONS	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY
1.	Regulation 17 (1) (c) of SEBI LODR Regulations 2015	Prior to 25th March 2021, the Company had six Directors on the Board, which was in compliance with Regulation 17(1)(c) of SEBI LODR Regulations 2015 and all committees of the Company were duly constituted as per the relevant provisions of SEBI LODR Regulations and the Companies Act 2013. On 25th March 2021, the Company has received a letter from the Government of India, Ministry of Finance, Department of Financial Services intimating the withdrawal of nomination of Mr. Anshuman Sharma (DIN:- 07555065) and Mr. Soumyajit Ghosh (DIN:- 07698741) as Nominee Directors from the Board of Directors of the Company with immediate effect. Pursuant to the immediate withdrawal of nomination of two Directors, the number of directors on the Board of the Company has reduced from six directors to four directors. Pursuant to Regulation 17(1)(c) of the SEBI (LODR) Regulations, the Board shall comprise of not less than six directors.	The Board of Directors at its meeting held on 25th May 2021 have appointed Dr. Jaimini Bhagwati (DIN:- 07274047) and Mr. Anil Singhvi (DIN:-00239589) as Additional Directors in the category of Independent Directors, subject to receipt of other regulatory approvals. Hence, the Company has complied with the requirements of Regulation 17(1)(c) of SEBI LODR Regulations, 2015 within the prescribed timelines and the composition of the Board is in compliance with the said SEBI LODR Regulations, 2015 as on the date of this Report.

SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2021

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

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

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

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

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

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

For BNP & Associates
Company Secretaries
[Firm Regn. No.:-P2014MH037400]
PR No.:-637/2019

Kalidas Ramaswami
Partner
FCS No. 2440
COP No. 22856
UDIN: F002440C000459666

Mumbai I June 14, 2021

ANNEXURE 4

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. **Brief outline on CSR Policy of the Company.**

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

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

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

The object of the CSR activities would seek to –

(a) serve the poor, marginalised and underprivileged

(b) promote inclusion

(c) be sustainable

(d) meet needs of the larger community and society

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

(a) research and studies in all or any of the activities mentioned in Schedule VII

2. **Composition of CSR Committee:**

SL. NO.	NAME OF DIRECTOR	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Sunil Kakar	Chairman	1	1
2.	Vinod Rai*	Member	1	1
3.	Anshuman Sharma**	Member	1	1

* the Corporate Social Responsibility (CSR) Committee was re-consitiuted on June 09, 2021. As on date, the CSR Committee consists of three Directors, Dr. Jaimini Bhagwati as the Chairman Mr. Ajay Sondhi and Mr. Sunil Kakar as its Members.
** Ceased to be Director of the Company wef March 25, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.
www.idfc.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable as the Company's average CSR obligation has not more than 10 Cr. in the three immediately preceding financial year as per Section 135 (5) of the Act.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SL. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN RS. CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN RS. CR.)
1	NA	NA	NA
TOTAL			

6. Average net profit of the company as per section 135(5): - Rs. 45.32 Crore

7. (a) Two percent of average net profit of the company as per section 135(5): - Rs. 0.91 Crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil

(c) Amount required to be set off for the financial year, if any: O.55 Crore*

(d) Total CSR obligation for the financial year (7a+7b-7c).: Rs. 0.36 Crore **

* The Company had additionally contributed Rs. 0.55 Crore towards Prime Minister's CARES fund in the previous year which the Company desires to offset against the CSR obligation arising in the current year.

** Amount spent towards CSR related activities during the year.

CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTD.)

8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CR.)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT	DATE OF TRANSFER
0.91	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		PROJECT DURATION	AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.						NAME	CSR REGISTRATION NUMBER
1.	Research & studies on various social and economic issues directly impacting welfare of people	Various clauses of Schedule VII	No	All India Coverage	All India Coverage	Cont.	0.35	0.35	Nil	No	IDFC Foundation	CSR00001386
	TOTAL						**0.35**	**0.35**				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1.	Improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects,	No	All India Coverage	All India Coverage	0.01	No	IDFC Foundation	CSR00001386
2.	PM Care Fund		Yes	Maharashtra	Mumbai	0.55	Yes		
	TOTAL					**0.56**			

(a) Amount spent in Administrative Overheads: - Nil

(b) Amount spent on Impact Assessment, if applicable: Nil

(c) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 0.91 Crore*

(d) Excess amount for set off, if any: Nil

SL. NO.	PARTICULAR	AMOUNT (IN RS. CR)
(i)	Two percent of average net profit of the company as per section 135(5)	0.91
(ii)	Total amount spent for the Financial Year	0.91*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

* Including Rs. 0.55 crore towards Prime Minister's CARES fund the Company had additionally contributed in the previous year.

CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTD.)

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SL. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN RS. CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN RS. CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN RS. CR.)
				NAME OF THE FUND	AMOU-NT (IN RS. CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SL. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT.	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION.	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.).	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	Institute	Research & studies on various social and economic issues directly impacting welfare of people	2014-15	Cont.	0.83	0.83	22.36	Ongoing
	TOTAL				**0.83**	**0.83**	**22.36**	

*The excess spending of ₹ 0.83 Cr. has been made out of the previous year's CSR contribution available with the implementing agency i.e. IDFC Foundation.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)**.
    (a) Date of creation or acquisition of the capital asset(s): NA
    (b) Amount of CSR spent for creation or acquisition of capital asset.: NA
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Mr. Sunil Kakar
Managing Director & CEO
Mumbai: June 14, 2021

Dr. Jaimini Bhagwati
Chairman of CSR Committee
New Delhi: June 14, 2021

MANAGEMENT DISCUSSION & ANALYSIS

1. Impact of Covid-19 on Indian Economy

The countrywide lockdown brought nearly all economic activities to an abrupt halt. Though supply of essential items has been ensured by the government, it will take time for the economy to return to normal. The second wave of Covid-19 witnessed during this year was devastating. However, with vaccination efforts gaining momentum, there is hope that normalcy in economic activity would be restored in the second half of FY 2021-22. Trials have shown that the current suite of vaccines are effective against the new variants. The government is also taking steps to increase vaccine supply, including the recent decision to allow the import of vaccine. A combination of high seroprevalence in large cities, effective masking, hygiene and an efficient vaccine roll out as well as better preparedness for a possible third wave should put India in a stronger position in the months to come.

2. IDFC Limited – Current Status

IDFC Limited ("IDFC") is registered with the Reserve Bank of India as an NBFC (I). It has minimal business operations. It continues to hold investments in IDFC FIRST Bank (Bank) and IDFC Asset Management Company (IDFC AMC) through its wholly owned subsidiary IDFC Financial Holding Company Limited. IDFC and IDFC FIRST Bank are two listed entities of IDFC Group and IDFC AMC is an unlisted entity. As on March 31, 2021 IDFC held 39.98% in IDFC FIRST Bank and 99.96% in IDFC AMC. IDFC's holding in IDFC FIRST Bank has further reduced to 36.60% post the QIP issue done by the Bank in April 2021.

During the year, the standalone Balance Sheet size reduced from Rs. 9,331.88 crore as on March 31, 2020 to Rs. 9,303.78 crore as on March 31, 2021. Profit after tax and other comprehensive income was lower at Rs. 8.87 crore for FY 2020-21 as compared to Rs..64.22 crore in FY 2019-20. Net worth of the Company increased from Rs. 9,255.56 crore as on March 31, 2020 to Rs. 9,261.10 crore as on March 31, 2021.

3. Simplification of Corporate Structure

Efforts to simplify the corporate structure continued. During the year the following activities were completed towards the same:

- In keeping with the overall strategy of exiting non-retail businesses, the sale of IDFC Securities (business dealing with investment banking and institutional equities) was concluded and sale proceeds received.

- Office premises at Naman Chambers and Windmills were sold.
- IDFC Capital (Singapore) Pte Limited a wholly owned subsidiary of IDFC Alternatives was liquidated.
- Disputed tax liabilities were settled under the Vivad se Vishwas Scheme launched by the Government of India.

A favourable arbitration award was received in the matter of a road project sponsored by IDFC Projects Limited between Jetpur Somnath Tollways Private Limited (JSTPL) and National Highway Authority of India (NHAI).

4. Capital raise by IDFC FIRST Bank

- The bank raised additional capital of Rs. 2,000 crore during the fiscal to strengthen its capital adequacy. IDFC invested Rs. 800 crore in the preferential offer of the bank to comply with the regulatory mandate of maintaining its promoter stake during the first 5 years of operations of the bank. Of the Rs. 800 crore invested in the bank, Rs. 600 crore was from internal resources and the remaining Rs. 200 crore was raised through a loan from a leading housing finance company. The loan was fully pre-paid during the fiscal year and the balance sheet of IDFC as on March 31, 2021, was debt-free.

5. Overview of Group Companies

5A. IDFC FIRST BANK

Retailisation (Strong Growth in Retail Assets)

The retail book of the bank increased 26% (excluding the The Emergency Credit Line Guarantee Scheme (ECLGS) portfolio of Rs. 1,687 crore as on March 31, 2021) year-on-year (Y-o-Y) to Rs. 73,673 crore as on March 31, 2021 from Rs. 57,310 crore as on March 31, 2020. Retail constitutes 67% of funded loan assets as on March 31, 2021 including retail PSL buyouts.

The wholesale funded book decreased by 14% to Rs. 33,920 crore as on March 31, 2021 from Rs. 39,388 crore as on March 31, 2020. Infrastructure loans (part of wholesale) decreased by 27% to Rs. 10,808 crore as on March 31 2021 from Rs. 14,840 crore as on March 31, 2020. Infrastructure loans are only 9.23% of total funded assets as on March 31, 2021 as compared to 13.87% as on March 31, 2020.

Strong Growth in Retail Liabilities

CASA deposits increased by 122% Y-o-Y to Rs. 45,896 crore as on March 31, 2021 from Rs. 20,661 crore as on March 31, 2020. CASA Ratio improved to 51.75% as on March 31, 2021 from 31.87% as on March 31, 2020. Average CASA Ratio (calculated on daily CASA balance) also improved to 50.23% as on March 31, 2021 from 27.72% as on March 31, 2020.

Total customer deposits increased to Rs. 82,725 crore as on March 31, 2021 from Rs. 57,719 crore as on March 31, 2020, Y-o-Y increase of 43%. Top 20 Depositors' concentration as % to total customer deposits has reduced to 7.75% as on March 31, 2021 from 20.36% as on March 31, 2020.

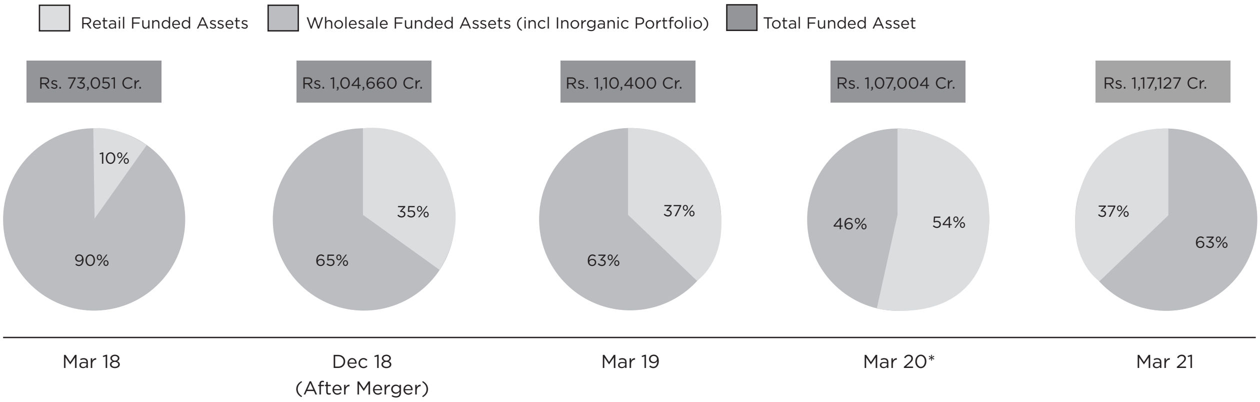
The IDFC First Bank Fixed Deposit program has the highest safety rating of FAAA by CRISIL.

Strong Growth in Core Earnings

- *Strong NII Growth:* Total Net Interest Income (NII) increased by 21% to Rs. 7,380 crore in FY21 from Rs. 6,076 crore in FY20. NII for Q4 FY21 grew by 15% Y-o-Y to Rs. 1,960 crore from Rs. 1,700 crore in Q4 FY20 (NII in Q4 FY21 includes the impact of Rs. 55 crore on account of interest on interest provision, following the order of the Honorable Supreme Court).
- *Strong NIM improvement:* The Net Interest Margin (NIM) for FY21 was at 4.98% as compared to 3.91% in FY20. The quarterly NIM improved to 5.09% in Q4 FY21 as compared to 4.61% in Q4 FY20.
- *Strong Growth in Total Income (NII + Fees and Other Income+ Trading Gain):* Total income increased by 24% to Rs. 10,207 crore in FY21 from Rs. 8,237 crore in FY20. Quarterly total income grew 14% Y-o-Y to Rs. 2,801 crore in Q4 FY21 from Rs. 2,451 crore in Q4 FY20.

Retalisation (Strong growth in Retail Assets)

- The Bank provides financing for prime home loans, affordable home loans, business banking, loan against property, car loans, consumer durables and other such products to salaried and self – employed individuals and entities which is a large opportunity in India.
- We have strong demonstrated capabilities on this front developed through greenfield efforts over the last 10 years and we have maintained high asset quality, and consistently rising profitability over the years.

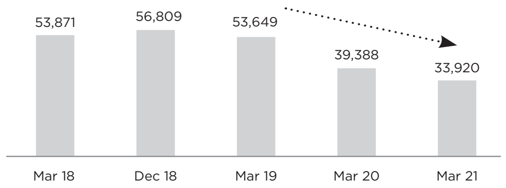


The Bank inorganically acquired portfolio as PSL retail loans. Including this as part of Retail Loan Book, the Retail contribution to the overall Loan Assets is 67% as of March 31, 2021.

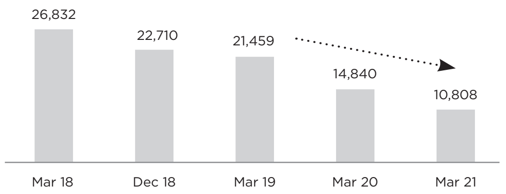
**Gross of Inter-Bank Participant Certificate (IBPC) transactions..*

- *Core Pre-Provisioning Operating Profit (excluding Trading gains & impact of interest on interest reversal):* Core pre-provisioning operating profit (PPOP) grew by 11% to Rs. 1,964 crore in FY21 from Rs. 1,764 crore in FY20. Quarterly core PPOP de-grew by 1.5% Y-o-Y to Rs. 460 crore in Q4 FY21 as compared to core PPOP of Rs. 468 crore in Q4 FY20.
- *Provision:* Total provisions stood at Rs. 2,638 crore in FY21 as compared to Rs. 4,754 crore in FY20. Quarterly provisions for Q4 FY21 were Rs. 603 crore as compared to Rs. 679 crore in Q4 FY20.
- *Profit After Tax:* Net profit for FY21 was Rs. 452 crore as compared to

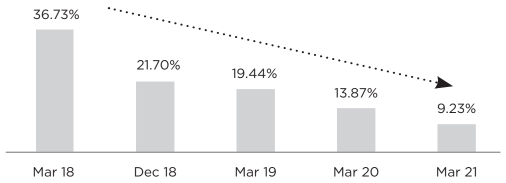
1 The Bank reduced the wholesale funded assets by CAGR of 29% between Mar-19 and Mar-21



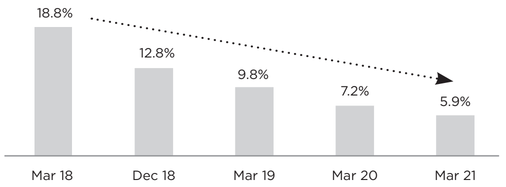
2 Out of this, infrastructure financing (Rs. crore) has reduced by 41% CAGR between Mar-19 to Mar-21



3 The Bank reduced Infrastructure financing portfolio as % of total funded assets from 37% (Mar-18) to 9% (Mar 21)

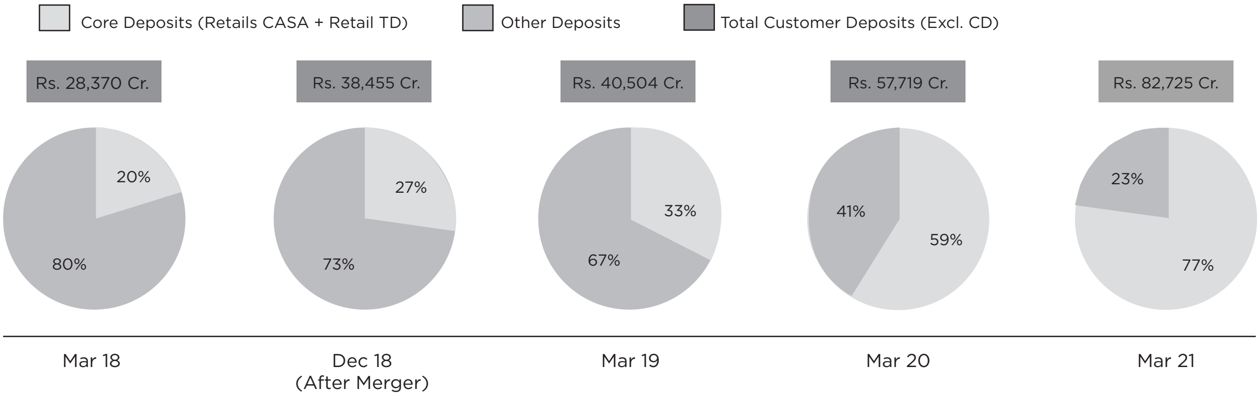


4 The Bank also proactively reduced the concentration risk by improving top 10 borrowers' concentration from 18.8% (Mar-18) to 5.9% (Mar-21)



Strong Grwoth in Retial Liabilities

- The Bank is focused for retailization of the liabilities which is reflected in the growth in its Core Deposits.
- Such Deposits are sticky and sustainable in nature in comparison to Corporate Deposits or Certificate of Deposits.
- We are happy to report that the Bank has increased the Core Deposits (Retail CASA + Retail Term Deposits) as a % of Total Custome Deposits of the Bank as on March 31, 2021 to 77% from 27% as on December 31, 2018 (merger quarter).
- The Liability Franchise is strong and well diversified across retail depositors.



a loss of Rs. 2,864 crore in FY20. Quarterly net profit grew by 79% Y-o-Y to Rs. 128 crore in Q4 FY21 from Rs. 72 crore in Q4 FY20.

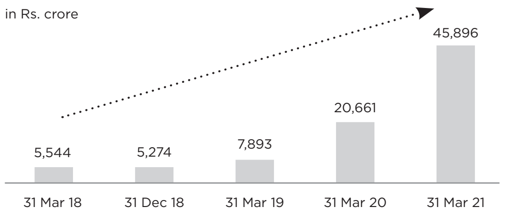
Asset Quality

The Bank's Gross NPA marginally improved by 3 bps to 4.15% as on March 31, 2021 as compared to 4.18% as of December 31, 2020 (proforma). The Bank's Net NPA improved by 18 bps to 1.86% as of March 31, 2021 from 2.04% as of December 31, 2020 (proforma). The Bank's Gross & Net NPA were 2.60% and 0.94% respectively as on March 31, 2020 which increased in FY21 due to COVID-19 impact. Provision Coverage Ratio (PCR) improved by 388 bps to 56.23% as of March 31, 2021 from 52.35% as of December 31, 2020 (proforma). The PCR is at 64.95% including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22.

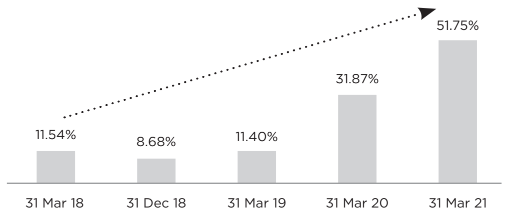
Asset Quality on Retail Loan Book

Retail Asset Gross NPA increased by 13 bps to 4.01% as on March 31, 2021 from 3.88% as of December 31, 2020

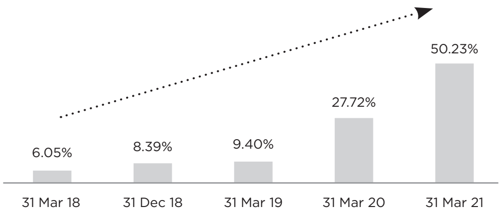
1 **CASA Deposits has grown by Rs. 40,622 crore since merger with YoY growth (FY21) of 122%**



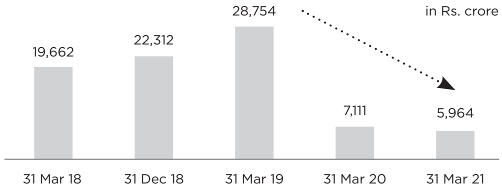
2 **As a result, the CASA Ratio (%) of the Bank has grown from 8.68% (Dec-18) at merger to 51.75% (Mar-21)**



3 **Average CASA Ratio (on daily CASA balances)(%) also shows strong improvement over the years**

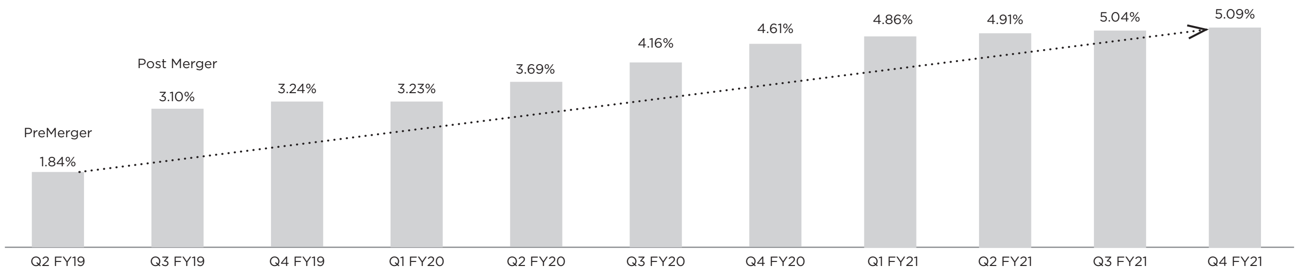


4 **With healthy growth of the Retail Deposits including CASA, the Bank successfully reduced dependency on Certificate of Deposits in the last 2 years**



Strong Growth in Core Earnings

- The NIM of the bank has accelerated to **5.09%** post merger (Q4-FY21) despite accounting for reversal of Interest on Interest of Rs. 55 crore.
- Interest income from the loans originated through Business correspondents being booked net of the origination and servicing expense incurred by business correspondents. Effective from Q4 FY21 such income is now booked as gross interest income and the origination expenses pertaining to this book is included in the operating expense line of the Bank. For the fair comparison purposes, the previous period interest income and opex figures, and the resultant NIM% have been reinstated.
- As per our earlier guidance, we aspire to take it to 5-5.5% in the next 5 years. We are on track for reaching there.



(proforma). Retail Asset Net NPA improved by 45 bps to 1.90% as of March 31, 2021 from 2.35% as of December 31, 2020 (proforma). The GNPA and NNPA as on March 31, 2021 are higher by 175 bps and 77 bps respectively from the Pre-COVID average GNPA and NNPA of 2.27% and 1.13% respectivelyThis is considered to be quite normal considering the pandemic situation. The management believes, as economic activities revive, a significant portion of overdues will be collected bringing the GNPA and NNPA back to pre-COVID level.

The Bank has implemented a list of initiatives, specifically in credit policy and collections, to factor for COVID-19 impact on its retail loans and the results of the same have been very positive.

- The New to Credit customers represent only 10% of the disbursals (by value) in Q4-FY21 as compared to 18% in Q4-FY19.
- 83% of the customers sourced (by value) now in Q4-FY21 has Credit Bureau Score above 700 as compared to 61% in Q4-FY19.
- The overall collection efficiency for standard loans improved every month since July 2020 and in March 2021, it was near 100 % of the pre-covid (Feb-20) levels.
- Going forward, the Bank would continue to actively monitor the portfolio quality and tighten credit standard further in the context of the second wave of COVID-19 pandemic.

Strong Capital Adequacy

Capital Adequacy Ratio of the Bank was strong at 16.32% with CET-1 Ratio at 15.62% including additional equity capital of Rs. 3,000 crore raised through QIP on April 6, 2021, calculated on figures as on March 31, 2021. Excluding the capital raised, the capital adequacy as of March 31 would have been 13.77% with CET-1 ratio of 13.27%.

Franchise

The network stands at 596 branches, 592 ATMs and 85 recyclers across the country as on March 31, 2021.

Bank maintains strong overall Asset Quality

IN RS. CRORE	DEC-19 (Pre-Covid)	MAR-20	PROFORMA DEC-20 (Post-Covid)	MAR-21 (Post-Covid)	SEUQENTIAL (Q0Q) MOVEMENT
GNPL	2,511	2,280	4,044	4,303	Increased by Rs. 259 crore
Provisions for GNPL	1,440	1,471	2,117	2,420	Increased by Rs. 303 crore
NNPL	1,071	809	1,927	1,883	Decreased by Rs. 44 crore
GNPA (%)	2.83%	2.60%	4.18%	4.15%	Decreased by 3 bps
NNPA (%)	1.23%	0.94%	2.04%	1.86%	Decreased by 18 bps
Provision Coverage Ratio %	57.35%	64.53%	52.35%	56.23%	Increased by 388 bps

- Earlier, the Supreme Court vide an interim order dated September 03, 2020 had directed to stop NPA classification till further orders. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Honourable Supreme Court. Accordingly, the Bank has continued with asset classification of borrower accounts as per the extant RBI Instructions.
- Including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22, the PCR would be 64.95% on reported GNPA and NNPA as on March 31, 2021.
- The total restructured (approved & implemented) book including retail and wholesale loans stood at 0.9% of the total funded assets.

5B. IDFC ASSET MANAGEMENT COMPANY

Mutual Fund Industry Overview

Despite the pandemic, the financial year (FY) 2020-21 turned out to be a positive one for the Mutual Fund industry. After the initial uncertainty, a string of fiscal and monetary measures, along with a reduction in the number of active infections and news of effective vaccines helped stabilize and then led to a sharp recovery in markets. However, the resurgence of the virus in late Q4 muddled the outlook once again.

During the year FY21 the mutual fund industry witnessed net inflows of over Rs. 2.08 lakh crores, an increase of 140% vs FY20, led by fixed income asset class (with net flows of over Rs. 2.03 lakh crores). Despite the sharp market correction post-March'20 fall, equity net flows remained muted throughout the year, with tentative signs of a reversal to inflows in March'21. The industry also continued to add new folios, with the overall folios count increased by over 81 lakhs to 9.79 crores, while the number of unique investors is up by over 14 lakhs to 2.22 crores. SIP throughput remained strong with total SIP Accounts increasing to 3.73 crores (up by 19% vs FY20), while SIP AUM was Rs 4,27,916 crores (about 13% of the overall MF Industry AUM). The average AUM per retail folio has increased by 33% to Rs.1.77 lakh in March 2021 from Rs.1.33 lakh in March 2020. The average AUM per folio of retail investors in both B30 and T30 cities rose by 35% and 33% to Rs.1.04 lakh and Rs.2.30 lakh in March 2021 from March 2020, respectively.

Strong Financial Performance in FY 2020-21

Despite the external challenges, we continued our strong momentum in FY21 with Average Annual AUM growing ~19.3% YoY, sharply outperforming the industry growth of 8.6%. This resulted in a full-year market share increase to 4.0% from 3.7% in FY20. In the second half of FY21, our growth moderated as low risk-free rates resulted in a 'chase-for-yield'. However, we continued with our prudent stance on credit and 'true-to-label' approach to portfolio construction. We expect that our differentiated strategy will deliver better than market growth in the medium to long term while carefully managing risk to our franchise, though we may witness intermittent periods of wider variance in near-term growth rates relative to the industry.

Our overall financial outcomes reflect a combination of higher core fee income, proactive expense management along with Covid-19 related savings, and higher investment gains leading to a PAT (*Including other comprehensive income)* of Rs. 144 Cr (+81.4% vs. last year) – resulting in our best year ever from a profitability standpoint.

Navigating Operational Challenges Through Preparedness and Resilience

During the financial year, the AMC successfully dealt with Covid-19 related disruptions and emerging challenges. Having tested and activated our business continuity plans before the first government-mandated lockdown in March 2020, we delivered a smooth transition to 'digital ways' of doing business for our customers and distribution partners. Worldwide, cyber risk continues to remain one of the major risks facing financial companies, including IDFC AMC. Therefore, we further strengthened our IT and security infrastructure to protect our customer data and operations from potential malware and cyber threats. We also launched a slew of digital initiatives to keep employees connected, and engaged with the organization while working from home. We are very proud that all functions worked smoothly to serve clients without any major disruptions, and continued to fully comply with regulatory requirements.

Product Suite Expansion

Building further on our strong fixed income platform, the AMC expanded its product range by launching the IDFC Floating Rate Fund as well as India's first Gilt Index funds - the IDFC Gilt 2027 Index Fund and IDFC Gilt 2028 Index Fund. These new funds successfully marry unique opportunities in the current market conditions and needs of our customers - underlining our ability to innovate to deliver across different types of market environments. These new products received a strong response from our customers and distribution partners, and we garnered over Rs. 800 Cr through these NFOs. The AMC plans to launch several new products in FY22 in the Equity as well as Fixed Income space to cater to evolving customer demand and needs.

Investor Awareness Programs That Stood Out

A steady flow of memorable campaigns such as Smart Bano, Invest Karo, #DateyRaho, and #PaisonKoRokoMat ensured that IDFC Mutual Fund continued to generate mindshare with our customers and distribution partners. The #PaisonKoRokoMat was built upon an innovative storyboard and unique characterization to nudge savers to overcome inertia and explore mutual funds. The campaign received an overwhelmingly positive response from the investor community.

Safety-First Approach for Employees

Our business continuity plans and scaled up technology infrastructure also extended to our employees working from home. This enabled our teams to be efficient and productive, irrespective of where the team members were working from. Even as conditions improved, IDFC AMC took a conservative 'safety-first' approach and urged employees to step out only if necessary. Towards the end of Q4 with the resurgence of the virus, this approach allowed us to function smoothly, without any major disruptions. Continued team engagement activities throughout the year enabled teams to be connected while working remotely. We believe our cautious approach to Covid-19 resulted in higher employee morale, and higher productivity – thereby resulting in a true win-win.

Accelerated Investments in Technology

We accelerated our adoption of digital capabilities to cater to a new way of working during the pandemic. New features were added to the IDFC MF website as well as our distributor-centric app 'Saathi'. A unique digital marketing platform 'IDFC Pocketbook' was launched to help distributors take IDFC AMC products to investors in new and interesting ways. Partner engagement was scaled up through unique programs run by sales and branch operations teams. The AMC continues to strengthen its analytics platform by launching a personal business assistant app called 'Cuddle', enabling the sales team with up-to-date and relevant data to help clients and distribution partners make the most informed choice.

Additionally, a new website, www.idfcamc.com was launched for Corporate and Non-MF clients, and we launched a video KYC facility on our website, sharply reducing paperwork in on-boarding new clients.

Liquid Alternatives

The AMC is registered as a Portfolio Manager with the Securities and Exchange Board of India ("SEBI") to carry out Portfolio Management Services pursuant to SEBI (Portfolio Managers) Regulations, 2020. We currently offer IDFC NEO Equity Portfolio, a PMS portfolio that incorporates Artificial Intelligence and Machine Learning, with an objective to outperform the BSE 200 Index.

The AMC also acts as an Investment Manager to IDFC India Equity Hedge Fund, a Category III Alternative Investment Fund. We are currently offering IDFC IEH Conservative Fund, which seeks to generate absolute and uncorrelated returns from Indian equity markets while maintaining volatility lower than Indian equity market volatility.

Responsible Corporate Citizen

As the unprecedented wave of pandemic swept across the country, the ones impacted most were those who were already underserved. The pandemic forced daily wage earners to abandon their workplace and head back to their village, mostly covering long distances on foot. Through our partnership with United Way – Mumbai, IDFC AMC provided food and water supply to satisfy their immediate needs. Additionally, IDFC AMC also provided medicines, masks and PPE kits to front line health workers.

While it was clear that some are immediately affected by the pandemic, one section that received lesser attention were children and how the pandemic affected their education. IDFC AMC continued to fulfil its commitments towards promoting education for the girl child and weaker sections of our society in partnership with leading NGOs. Through our work with various NGOs such as Nanhi Kali, Saajha, STiR Education and Technoserve, we have directly or indirectly supported the education of over 18 lakh children across the country.

5C. IDFC INSTITUTE

Research and Studies

IDFC Institute has been set up as an independent, economic development-focused think/do tank. Our approach to public policy issues rests on a solid foundation of evidence-based research. IDFC Institute continued to be a thought leader on urbanisation. The World Economic Forum (WEF) published our white paper, Indian Cities in the Post-Pandemic World, which compiled a series of interviews with experts including Alain Bertaud, Jessica Seddon, to chart out a new urban reforms agenda. In collaboration with the WEF, we are hosting an expert Working Group with the Government of Punjab on urban reforms. We also continued to build expertise in the area of criminal justice reform. In partnership with the Madhya Pradesh Police, we conducted a study on internal communication, intrinsic motivation and agency of constables on COVID-19 duty across all districts and launched PARIMAL (Pracademic Action Research Initiative with Multidisciplinary Approach Lab) within their state police academy. We set up the Data Governance Network (DGN) in 2019 to bridge the gap in research on data governance. DGN produces research that informs policymaking and generates dialogue among a wide audience on key themes such as privacy, consent, digital rights and surveillance. In its second year, DGN published several papers and policy briefs on issues ranging from competition law to community ownership of non-personal data and established a partnership with **NITI Aayog** to organise webinars and training sessions on the theme of Technology for Governance, to bring cutting edge global expertise on tech for governance to government officials in India.

In March 2020, we set up an **expert task**

force to help the government respond to Covid-19 — this included the first serological surveys in Mumbai and Karnataka. The results of our serological surveys in Mumbai were included in the World Health Organisation's Global Solidarity Trial and published in Lancet Global Health. The results from the surveys in Karnataka and Tamil Nadu were published respectively in JAMA and MedrXiv. We developed a state-wide communications strategy for the Government of Punjab to encourage early testing, which was widely used by several departments including the District Public Relations Office. We are currently working with their Health Department on a statewide vaccine hesitancy campaign. We wrote a white paper for the World Bank India office on the Pradhan Mantri Garib Kalyan Yojana, the Indian government's relief package of Rs 1.70 trillion, that examined issues of coverage, identification and implementation. Our data science team supported numerous state governments; for instance, we helped build and streamline some of the early Covid case dashboards for the Government of Maharashtra and have been working with the Government of Tamil Nadu, supporting them with the analysis of seroprevalence surveys and with modelling bed capacity during the second wave. The Track 2 Task Force has representatives from the World Bank, Omidyar Network, Gates Foundation, Rockefeller Foundation, UChicago, MIT, NYU, Dalberg, McKinsey and BCG, and is backed by a team of 50-60 researchers at Stanford University, MIT and elsewhere.

In 2020-21, we convened several webinars to facilitate discussions through informed, candid and substantive conversations. We hosted **virtual roundtables** and **brown bags** on a host of issues including public health, access to justice, governance reforms, building state capacity and data governance. We wrote and published actively in leading newspapers like Mint, Hindustan Times, Bloomberg Opinion, among others. All our research, reports, databases and recommendations are in the public domain and freely accessible through our website: www.idfcinstitute.org.

6. Risk Management

IDFC Limited is a holding company for its various businesses. Wherever applicable, concerned businesses have a robust risk management practice in place to proactively identify and manage various types of risks, namely, credit, market and operational risks.

7. 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 a programme of internal audits, review by management and documented policies, guidelines and procedures. These are designed to ensure that financial and other records are reliable for preparing financial information and other reports and for maintaining regular accountability of the company's assets. The internal auditors present their report on a quarterly basis in operating companies and half yearly basis in holding companies to the audit committee of the respective boards.

8. Human Resources

IDFC LIMITED had 6 employees as on March 31, 2021.

CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

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

COMPOSITION OF THE BOARD

As on date, IDFC's Board consisted of 6 Directors, comprising of (i) Four IDs, (ii) One Non-Executive Chairman and (iii) One Managing Director & Chief Executive Officer ("MD & CEO"). The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields viz. banking, global finance, accounting and economics which enable the Board to discharge its responsibilities and provide effective leadership to the business. None of the Directors of your Company are inter-se related to each other. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations ("SEBI LODR Regulations"), read with Section 149(4) of the Companies Act, 2013 ("Act") with the Company having Independent Non-Executive Chairman and more than one third of the Board comprising of IDs.

Table 1 gives details of the composition of the Board of Directors for FY21 including their Directorships and Memberships/ Chairpersonships of committees in other companies, along with details of the attendance at Board meetings and the Annual General Meeting ("AGM"), respectively.

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

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the AGM. Additional meetings are held whenever necessary. The agenda and the explanatory notes are circulated in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Since the Board of IDFC includes Directors from various parts of the world, it may not be possible for each of them to be physically present at all the meetings. Hence, the Company makes use of video conferencing facility and other audio-visual means, whenever necessary, to enable larger participation of Directors in the meetings. Members of the Senior Management are invited to attend the Board Meetings to make presentations and provide additional inputs to the items under discussion. The Minutes of Board Meetings of subsidiary companies of IDFC are 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 FY21, the Board met 9 (Nine) times and the intervening period between two Board Meetings was well within the limit prescribed. The requisite quorum was present during all the meetings of the Board of Directors. The annual calendar of meetings is broadly determined at the beginning of each year. The Board Meetings were held on April 08, 2020; April 15, 2020; April 28, 2020; June 25, 2020; August 27, 2020; November 10, 2020, January 18, 2021, February 13, 2021 and March 01, 2021. Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

01 COMPOSITION OF BOARD OF DIRECTORS FOR FY21

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD DURING TENURE AND ATTENDED IN FY21	WHETHER ATTENDED LAST AGM ON SEPT. 25, 2020	NO OF DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC)[1]	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC)[2]	DIRECTORSHIP IN THE LISTED COMPANY
Independent Directors					
Mr. Vinod Rai (Independent Non-Executive Chairman)	9/9	YES	5	5 (including 3 chairmanship)	1. IDFC Limited 2. APOLLO TYRES LIMITED
Mr. Ajay Sondhi	9/9	YES	1	1	1. IDFC Limited
Ms. Ritu Anand	9/9	YES	2	3 (including 1 chairmanship)	1. IDFC Limited
Government Nominee Directors					
Mr. Anshuman Sharma[3]	7/9	NO	N.A.	N.A.	NA
Mr. Soumyajit Ghosh[3]	7/9	NO	N.A.	N.A.	NA
Managing Director & Chief Executive Officer					
Mr. Sunil Kakar	9/9	YES	6	2	1. IDFC FIRST Bank Limited 2. IDFC Limited

1. Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.
2. Includes only Audit Committee and Stakeholders' Relationship Committee.
3. Ceased to be Nominee Director w.e.f. March 25, 2021.

INFORMATION PROVIDED TO THE BOARD

The Board agenda is prepared by the Company Secretary of the Company in consultation with the Chairman and MD & CEO of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are backed by comprehensive background information to enable the Board to take informed decisions and are sent to the Directors well in advance pursuant to the provisions of the Secretarial Standard - I and other applicable provisions of the Act and Rules made thereunder to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarifications on the matter listed therein. The Board also passes resolutions by circulation on need basis, which are noted and confirmed in the subsequent Board Meeting.

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

With a view to leverage technology and reduce paper consumption, the Company has adopted electronic form for transmitting Board / Committee Agenda papers to Directos.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board Committees are set up as per the provisions of the Act and / or SEBI LODR Regulations or as per the requirement of the Company. However, every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board.

The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of these Committees are placed before the Board for its review. The Committees ensure that any feedback or observations made by them during the course of meetings form part of the Action Taken Report for their review at the next meeting. All Committees comprises of requisite number of IDs as prescribed by the Act or SEBI LODR Regulation or any other regulatory authority. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company Secretary officiates as the Secretary to all the Committee Meetings. The composition of various committees of the Board is in line with the applicable regulations and is hosted on the website of the Company: www.idfc.com.

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

A. Audit Committee
B. Nomination & Remuneration Committee

02 ATTENDANCE DETAILS OF COMMITTEE MEETINGS FOR FY21

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDERS' RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	STRATEGY & INVESTMENT COMMITTEE
Mr. Vinod Rai	4/4	2/2	C 1/1	C 1/1	1/1	C 10/10
Mr. Ajay Sondhi	4/4	C 2/2	-	-	-	10/10
Ms. Ritu Anand	C 4/4	-	1/1	1/1	C 1/1	9/10
Mr. Sunil Kakar	-	-	-	-		9/10
Mr. Anshuman Sharma[1]	3/4	-	1/1	-	1/1	-
Mr. Soumyajit Ghosh[1]	-	2/2	-	1/1	-	-

1. Ceased to be a Member w.e.f. March 25, 2021

C. Risk Management Committee
D. Stakeholders' Relationship Committee
E. Corporate Social Responsibility Committee
F. Strategy and Investment Committee
G. IT Strategy Committee

Composition and Attendance of Directors at Committee Meeting(s) for FY21 are given in **Table 2**. Attendance is presented as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY21.

A. AUDIT COMMITTEE

The Audit Committee comprises of four Members, having majority of IDs. The Committee re constituted on June 09, 2021. The Committee is chaired by Mr. Anil Singhvi and has Ms. Ritu Anand, Mr. Vinod Rai and Mr. Ajay Sondhi as its Members with any two Members forming the quorum.

The Committee met four times during FY21. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were June 25, 2020; August 27, 2020; November 10, 2020 and February 13, 2021.

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

The role of the Audit Committee includes the following:

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

The Nomination & Remuneration Committee ("NRC") was re-constituted on June 09, 2021. Ms. Ritu Anand was inducted as a Member of the NRC Committee. The Nomination & Remuneration Committee comprised of Mr. Ajay Sondhi as the Chairman, Mr. Vinod Rai and Ms. Ritu Anand as its Members, all of whom are IDs. The quorum of the meeting is any two

03 CRITERIA FOR PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

PARTICULARS	AMOUNT IN RS.
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

Members. The Committee met two times during the year on June 22, 2020 and February 13, 2021.

The role of NRC includes the following:

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
b. Scrutinizing the nominations of the Directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation.
c. Formulation of criteria for evaluation of performance of every Director and the Board as a whole.
d. Devising a policy on Board diversity.
e. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal & shall carry out evaluation of every Director's performance.
f. Administering the Employee Stock Option Plan of the Company and determining eligibility of employees for stock options.
g. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / re-enactments thereof from time to time.

REMUNERATION POLICY

IDFC pays remuneration to the Executive Director ("ED") by way of salary, perquisites including retirement benefits (fixed component) and a variable component based on the recommendation of the NRC and approval of the Board and the Shareholders of the Company. The Company has a Board approved Remuneration policy in place which is hosted on the website of the Company www.idfc.com. The remuneration paid to ED is determined keeping in view the industry benchmark and the performance of the Company 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 21st AGM held on July 31, 2018. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as Chairpersonship of the Committees.

The criteria for payment of commission to NEDs are given in **Table 3**. IDFC will pay a sum not exceeding ₹ 70 Lacs as commission to its NEDs for FY21. 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, 2021, none of the NEDs held any shares of the Company.

Table 4 gives details of remuneration paid to the Directors during FY21. The Company did not advance loans to any of its Directors during FY21. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2021. As per the current term of employment, the notice period of Mr. Sunil Kakar, MD & CEO is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

C. RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") was re-constituted on June 09, 2021. Ms. Ritu Anand was inducted as Chairperson and Mr. Anil Singhvi and Dr. Jaimini Bhagwati were inducted as member of RMC committee w.e.f. June 09, 2021. The Risk Management Committee comprises of three Members, with Ms. Ritu Anand as the Chairperson, and Mr. Anil Singhvi and Dr. Jaimini Bhagwati as its members with any two Members forming the quorum. The Committee met one time during the year on June 25, 2020.

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

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee ("SRC") was re-constituted

04 DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS

AMOUNT IN Rs.

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY & PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION PAID FOR FY 20	PAID DURING FY21 TOTAL
Mr. Vinod Rai	00041867	12,00,000	-	-	21,50,273	33,50,273
Ms. Ritu Anand	05154174	11,25,000	-	-	8,24,863	19,49,863
Mr. Ajay Sondhi	01657614	11,50,000	-	-	5,15,984	16,65,984
Mr. Anshuman Sharma[1]	07555065	-	-	-	-	-
Mr. Soumyajit Ghosh[1]	07698741	-	-	-	-	-
Mr. Sunil Kakar	03055561	-	4,85,44,613	41,53,560	-	-
Mr. S S Kohli[2]	00169907	-	-	-	6,22,404	6,22,404
Ms. Marianne Økland [2]	03581266	-	-	-	7,71,858	7,71,858
Mr. Chintamani Bhagat[3]	07282200	-	-	-	5,97,541	5,97,541

1. Ceased to be Director of the Company wef March 25, 2021
2. Retired as an Independent Director w.e.f. September 30, 2019
3. Retired as Nominee Director w.e.f. September 30, 2019

on June 09, 2021. The Stakeholders' Relationship Committee consists of four Directors - Mr. Vinod Rai as the Chairman, Ms. Ritu Anand, Dr. Jaimini Bhagwati and Mr. Anil Singhvi as its members with any two Members forming the quorum. The Committee met one time during the year on June 25, 2020.

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, Allotment and Share Transfer Committee ("ASTC") was re constituted on June 09, 2021. Dr. Jaimini Bhagwati was inducted as a member of the committee. ASTC comprising of Mr. Sunil Kakar as the Chairman, Dr. Jaimini Bhagwati and Mr. Mahendra N Shah as members who look into share allotment, 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. Mahendra N Shah, the Company Secretary is designated as the Compliance Officer in terms of the SEBI LODR Regulations whose designated e-mail address for investor complaints is mahendra.shah@idfc.com. All complaints received during the year have been redressed to the satisfaction of the Shareholders and none of them were pending as at the end of FY21.

Details of queries and grievances received and attended by the Company during FY21 are given in **Table 5.**

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility ("CSR") was re-constituted on June 09, 2021. Dr. Jaimini Bhagwati was inducted as the Chairman of the CSR Committee wef June 09, 2021. The CSR Committee consists of three Directors, Dr. Jaimini Bhagwati as the Chairman Mr. Ajay Sondhi and Mr. Sunil Kakar as its Members. The quorum of the meeting is two Members.

During the year one meeting was held on June 25, 2020.

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 4** to the Board's Report.

F. STRATEGY AND INVESTMENT COMMITTEE

The Strategy and Investment Committee was reconstituted on June 09, 2021. Dr. Jaimini Bhagwati and Mr. Anil Singhvi were inducted as members of the Committee. The Starategy and Investment Committee consist of 6 members, namely Mr. Vinod Rai as the Chairman, Mr. Ajay Sondhi, Ms. Ritu Anand, Mr. Anil Singhvi and Dr. jaimini Bhagwati as its members.

The Committee met ten times during the year on April 10, 2020, April 20, 2020, August 21, 2020, September 21, 2020, October 16, 2020, November 25, 2020, December 05, 2020, December 22, 2020, March 08, 2021 and March 15, 2021.

Terms of Reference of the Strategy & Monitoring Committee

a. To oversee divestment of non strategic assets and investments
b. Examine in details the options available for unlocking value for IDFC shareholders and timelines
c. Other strategic directions for engaging in dialogues with Regulators and Stakeholders
d. To make recommendation to the Board about strategic decisions taken at the meeting
e. To examine and recommend

05 NATURE OF COMPLAINTS RECEIVED AND ATTENDED DURING FY21

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2020	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2021
1	Non-receipt of Dividend warrants	NIL	62	62	NIL
2	Non-receipt of Annual Report	NIL	NIL	NIL	NIL
3.	Complaints received from:				
	- SEBI	NIL	2	2	NIL
	- Stock Exchange	NIL	NIL	NIL	NIL
4.	Non-receipt of Refund	NIL	NIL	NIL	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	NIL	NIL	NIL
6.	Non-receipt of Securities	NIL	NIL	NIL	NIL

compensation/incentive framework for Senior Management Team which executes project "Unlock Value"

f. The Committee hold meetings at such intervals as may be necessary to discuss or finalise strategy or related matters and for monitoring timelines

G. IT STRATEGY COMMITTEE

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

The Committee met two times during the year on June 25, 2020 and November 10, 2020.

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

Terms of reference of IT Strategy Committee includes:

a. Approving IT strategy and policy documents for an effective strategic planning. IT strategy will be based on the NBFC Business strategy.
b. Communicating and monitoring information technology strategy internally and externally so that all employees, partners, suppliers, and contractors understand the Company-wide strategic plan and how it carries out the company's overall goals.
c. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
d. Ensuring IT investments are in line with business requirements, accepted IT Security standards within agreed budgets.
e. Review of IT team strength, IT outsourced activities and guide in resource mobilizing for executing strategies.
f. Ensuring proper controls exist towards IT risks giving a balance of risks and benefits.
g. Driving technology decision-making that creates medium- and long-term improvement.
h. Reviewing key strategic priorities and translating them into a comprehensive strategic plan for technology initiatives.
i, Monitoring the execution of the IT policy, ISMS policy, BCP policy, DR policy, IT Outsourcing policy.
j. IT Budgets review and approval
k. IT projects review and approve delivery schedules.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on February 13, 2021 without the presence of the Non-Independent Directors and senior management team of the Company.

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

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

BOARD EVALUATION

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

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

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

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

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

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

06 ANNUAL GENERAL MEETINGS HELD DURING THE LAST THREE YEARS

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY18	Sir Mutha Venkatasubba Rao Concert Hall (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 03	July 31, 2018	2.00 p.m.	i. Reappointment of Mr. Vinod Rai as an Independent Director of the Company ii. Offer and Issue of Non-Convertible Securities through Private Placement. iii. Alteration of Articles of Association
FY19	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.	September 30, 2019	11.30 a.m.	i. Offer and Issue of Non-Convertible Securities through Private Placement
FY20	Through Video Conferencing recorded at 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400021	September 25, 2020	11:00 a.m.	i. Reappointment of Mr. Sunil Kakar as Managing Director & CEO

responsibilities of IDs. Details of the same are given on the website of the Company: www.idfc.com.

CODE OF CONDUCT

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

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

APPOINTMENT / REAPPOINTMENT / RESIGNATION OF DIRECTORS

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

1. Reappointment of Mr. Sunil Kakar (DIN: 03055561), as Managing Director & Chief Executive Officer ("MD & CEO"), designated Key Managerial Personnel of the Company w.e.f. July 16, 2020 till September 30, 2022
2. Appointment of Mr. Ajay Sondhi (DIN: 01657614), as an Independent Director of the Company for a period 3 (three) consecutive years, from w.e.f. November 08, 2019 to November 07, 2022
3. Government of India, Ministry of Finance, Department of Financial Services withdrew nominations of Mr. Anshuman Sharma (DIN: 07555065) and Mr. Soumyajit Ghosh (DIN: 07698741) as Nominee Directors from the Board of IDFC Limited wide its letter dated march 25, 2021 with immediate effect

The Board places on record its sincere appreciation for the services rendered by the Nominee Directors during their tenure in the Company.

CEO & CFO CERTIFICATION

Certification from the MD & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting for FY21 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.

Means of communication with Shareholders

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

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

DISCLOSURES

RELATED PARTY DISCLOSURES

During FY21, all transactions entered into with Related Parties, as defined under the Act and SEBI LODR Regulations, were in the ordinary course of business and on an arm’s length basis and do not attract the provisions of Section 188 of the Act. There were no materially significant related party transactions that could have any potential conflict of interest of the Company at large. Suitable disclosure as required by the Indian Accounting Standards (Ind-AS) has been made in the notes to the Financial Statements. All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. Further, an omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature and the management appraises the Audit Committee of such transactions every quarter. Further, the details of Related Party Transactions are included in the Notes to the Financial Statements which forms part of this Annual Report. The Board of Directors have formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Act and SEBI LODR Regulations.

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

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of SEBI LODR Regulations defines a material non listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose Income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated Income or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, as of March 31, 2021, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Asset Management Company Limited (Unlisted). Further, as per Regulation 24(1) IDFC has nominated its IDs on the Board of IDFC Financial Holding Company Limited and IDFC Asset Management Company Limited. A Policy for determining ‘material’ subsidiaries is placed on the website of the Company: www.idfc.com. The Audit Committee of IDFC reviews the financial statements of the subsidiary companies and the investments made by its subsidiaries. The minutes of the Board Meetings of the subsidiary companies are placed before the Board of IDFC at regular intervals. A statement of all significant transactions and arrangements entered into by the subsidiary companies, if any, is periodically placed before the Board of IDFC. The 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 FY22 through Postal Ballot, as and when required, subject to applicable Act and Rules.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177(9) of the Act and Regulation 22 of SEBI LODR Regulations, the Company has established the Vigil Mechanism, by adopting Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee reviews the functioning of

07 IDFC’S STOCK EXCHANGE CODE FOR EQUITY SHARES

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

VIRTUAL ANNUAL GENERAL MEETING

DATE & TIME
WEDNESDAY
SEPTEMBER 22, 2021
AT 11:00 A.M.

Whistle Blower Mechanism. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company and no personnel has been denied access to the Audit Committee. The said policy has been posted on the website of the Company: www.idfc.com.

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

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

ADOPTION OF NON-MANDATORY REQUIREMENTS

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

AUDIT QUALIFICATION
During the year under review, there were no audit qualifications in the Company's Standalone & 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 of the Company.

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

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS
The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Accounting Standards as specified under Section 133 of the Act. The financial statements have been prepared on the accrual basis under the historical cost convention.

ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY
In keeping with specific requirements for a Non-Banking Financial Company, the Company has formulated an Anti-Money Laundering and Know Your Customer Policy.

GENERAL SHAREHOLDER INFORMATION

FINANCIAL CALENDAR
Financial Year - April 1, 2020 to March 31, 2021
For the year ended March 31, 2021, results were announced on
- August 27, 2020 for the first quarter.
- November 10, 2020 for the second quarter and half year.
- February 13, 2021 for the third quarter and nine months.
- June 14, 2021 for the fourth quarter and annual.

For the year ending March 31, 2022, results will be announced latest by:
- Second week of August, 2021 for the first quarter.
- Second week of November, 2021 for the second quarter and half year.
- Second week of February, 2022 for the third quarter and nine months.
- Last week of May, 2022 for the fourth quarter and annual.

IDFC'S LISTING AND STOCK EXCHANGE CODES
At present, the equity shares of IDFC are listed on BSE and NSE details whereof are given in **Table 7**. The annual listing fees for FY21 have been paid.

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

DISTRIBUTION OF SHAREHOLDING
The distribution of the shareholding

CHART A | **IDFC V/S NIFTY** IN PERCENTAGE

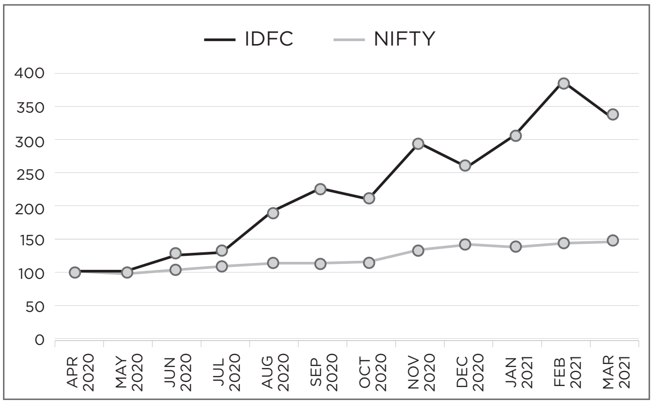
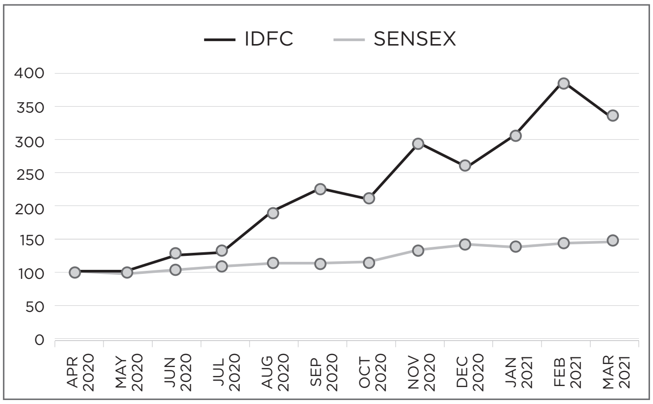


CHART B | **IDFC V/S SENSEX** IN PERCENTAGE



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

	BSE			NSE		
MONTH	**HIGH PRICE**	**LOW PRICE**	**TURNOVER (IN LACS)**	**HIGH PRICE**	**LOW PRICE**	**TURNOVER (IN LACS)**
Apr-20	18.00	13.91	634.24	17.95	13.80	765.58
May-20	14.55	13.41	780.76	14.70	13.40	857.89
Jun-20	22.30	14.60	6588.67	22.30	14.60	4100.87
Jul-20	20.80	18.00	3462.20	20.80	18.00	2303.02
Aug-20	30.30	18.60	7069.70	30.30	18.60	3210.83
Sep-20	34.80	26.35	3399.84	34.75	26.35	1471.37
Oct-20	32.75	28.20	2339.90	33.20	28.20	487.44
Nov-20	45.20	29.40	3769.08	45.00	29.25	1154.31
Dec-20	44.00	35.15	5505.64	43.35	35.00	1716.39
Jan-21	46.20	36.60	49929.00	46.20	36.60	4393.01
Feb-21	57.00	41.90	8762.55	57.00	41.85	3500.61
Mar-21	58.95	46.05	6442.91	58.95	46.10	1430.39

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, 2021 are given in **Table 9, Table 10** and **Table 11**, respectively.

DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India NSDL and CDSL. As on March 31, 2021, approximately 99.99% shares of IDFC were held in dematerialised form. The details of the same are given in **Table 12**.

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

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

UNCLAIMED / UNPAID DIVIDEND

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

Accordingly, an amount of Rs. 3,307,850.00 being unclaimed / unpaid dividend for FY12-13 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the IEPF. The unpaid dividend amount pertaining to FY13-14 will be transferred to IEPF after September 02, 2021. Hence, Shareholders who have not yet encashed their dividend warrant(s) pertaining to dividend for FY12 are requested to make their claims on or before September 02, 2021 to the Company or KFin Technologies Private

09 IDFC'S DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

SL NO	CATEGORY (SHARES)	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO EQUITY
1	1 - 5000	449,821	97.82	154,651,399	9.69
2	5001 - 10000	4,687	1.02	35,277,503	2.22
3	10001 - 20000	2,389	0.52	34,863,111	2.18
4	20001 - 30000	859	0.19	21,575,992	1.35
5	30001 - 40000	381	0.08	13,445,645	0.84
6	40001 - 50000	289	0.06	13,433,698	0.84
7	50001 - 100000	596	0.13	43,760,626	2.74
8	100001 and above	812	0.18	1,279,350,342	80.14
	TOTAL	**459,834**	**100.00**	**1,596,358,316**	**100.00**

10 IDFC'S EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2021

SL NO	DESCRIPTION	NO. OF HOLDERS	TOTAL SHARES	% EQUITY
1	PRESIDENT OF INDIA	1	261,400,000	16.37
2	BANKS, INDIAN FINANCIAL INSTITUTIONS, INSURANCE COMPANIES	22	34,496,904	2.16
3	FOREIGN INSTITUTIONAL INVESTORS /FOREIGN PORTFOLIO – CORP	118	395,869,597	24.80
4	NRI/FOREIGN NATIONALS	5,501	32,836,027	2.06
5	H U F	10,307	23,951,211	1.50
6	BODIES CORPORATES	2,039	141,198,443	8.85
7	MUTUAL FUNDS	34	67,901,438	4.25
8	NBFC	7	2,999,789	0.19
9	RESIDENT INDIVIDUALS	441,524	579,265,090	36.29
10	TRUSTS	20	692,601	0.04
11	CLEARING MEMBERS	250	5,589,411	0.35
12	Other (AIF, IEPF, QIB)	11	50,157,805	3.14
	TOTAL	**459,834**	**1,596,358,316**	**100.00**

11 TOP 10 SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2021

SL NO	DPID	FOLIO/ CL-ID	NAME/JOINT NAME(S)	HOLDING	% TO EQT	MINOR CODE
1	IN302437	20095610	PRESIDENT OF INDIA	261,400,000	16.37	POI
2	IN300142	10754198	THELEME MASTER FUND LIMITED	77,025,433	4.83	FPC
3	IN301549	16191396	ASHISH DHAWAN	56,000,000	3.51	PUB
4	IN300126	11273858	BAOBAB GLOBAL FUND LTD	38,143,581	2.39	FPC
5	IN303307	10002026	ELLIPSIS PARTNERS LLC	37,100,000	2.32	FPC
6	IN300476	40314385	AKASH BHANSHALI	34,350,921	2.15	PUB
7	IN300126	11218380	ICICI PRUDENTIAL EQUITY & DEBT FUND	33,965,871	2.13	MUT
8	IN300167	10142910	HDFC LIFE INSURANCE COMPANY LIMITED	25,000,000	1.57	QIB
9	IN303173	20006339	EAST BRIDGE CAPITAL MASTER FUND LIMITED	2,368,0221	1.48	FPC
10	IN303719	11048424	1729 CAPITAL	16,955,760	1.06	FPC
	TOTAL			**603,621,787**	**37.81**	

Limited [formerly known as Karvy Fintech Private Limited (KFin)] the Registrar and Transfer Agent of the Company.

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

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

Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 25, 2020 (date of last AGM) on the Company's website: www.idfc.com and on MCA website.

TRANSFER OF SHARES TO IEPF

Pursuant to the applicable provisions of Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent modification thereof, all shares in respect of which dividend have remained unpaid or unclaimed for consecutive seven years; the corresponding shares have to be transferred to IEPF Authority. In compliance with the aforesaid provisions, the Company has transferred 46,405 equity shares of Rs. 10 each to the designated account of the IEPF Authority. As required under the said provisions, all subsequent corporate benefits that will be accrued in relation to the above shares shall also be credited to the corresponding Bank account of IEPF Authority. The details of such shares transferred to IEPF are available on website of the Company at http://www.idfc.com/investor_relations/UnclaimedShares.htm.

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

12 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2021

CATEGORY	NO. OF SHARES	%
Physical	7,254	ß*
NSDL	1,362,969,913	85.38
CDSL	233,381,149	14.62
TOTAL	**1,596,358,316**	**100.00**

* ß denotes negligible value.

13 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2021

PARTICULARS	UNCLAIMED DIVIDEND (RS.)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2013-14	4024483.00	July 29, 2014	September 2, 2021
2014-15	4106883.00	July 30, 2015	September 3, 2022
2015-16 [1]	-	-	-
2016-17	893914.25	July 28, 2017	August 29, 2024
2017-18	2414736.00	July 31, 2018	September 1, 2025
INTRIM 2019-2020 - 1	5268600.00	September 21, 2019	October 23, 2026
INTERIM 2019-2020 – 2	1838770.00	November 14, 2019	December 18, 2026
2020-21	-	-	-

[1] Dividend was not declared for FY 2015-16 and FY 2020-21

14 UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

PARTICULARS	NO. OF CASES/ MEMBERS	NO. OF SHARES OF Rs. 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year	5	1,397
Number of Shareholders who approached to IDFC/ Registrar for transfer of shares from suspense account during the year 2020-21	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2020-21	NIL	NIL
Shares Transferred to IEPF Pursuant to the IEPF Rules	NIL	NIL
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2021	5	1,397

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

UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

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

SHARE TRANSFER SYSTEM

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

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

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

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Private Limited
(Unit: IDFC Limited)
Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032.
Tel: 040-67162222 / 79611000
Fax: 040-23431551
Toll free: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

THE COMPANY SECRETARY

Mr. Mahendra N Shah
IDFC Limited
906/907, 9th Floor, Embassy Centre,
Jamnalal Bajaj Road,
Nariman Point, Mumbai – 400021
Tel: +91 22 2282 1549
Fax: +91 22 2421 5052
E-mail: mahendra.shah@idfc.com
Website: www.idfc.com

REGISTERED OFFICE ADDRESS

IDFC Limited
4th Floor, Capitale Tower, 555 Anna Salai,
Thiru Vi Ka Kudiyiruppu, Teynampet
Chennai - 600018,
Tel: +91 44 4564 4202
Fax: +91 44 4564 4222

SKILLS/EXPEREINCE/EXPERTISE OF THE BOARD OF DIRECTORS

NAME OF DIRECTOR	QUALIFICATION / SKILLS	EXPERIENCE / EXPERTISE
Mr. Vinod Rai (73 years)	Mr. Vinod Rai has a Masters Degree in Economics from Delhi School of Economics, University of Delhi. He has a Masters Degree in Public Administration from Harvard University, USA.	Mr. Vinod Rai was the former Comptroller and Auditor General of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. His previous position was as Secretary in the Ministry of Finance - GoI, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank, Life Insurance Corporation of India and IDFC. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, GoI.
Ms. Ritu Anand (68 years)	Ms. Anand holds a Masters degree in Economics from the London School of Economics and Bachelor degree in Arts from Wellesley College, Massachusetts and St. Xavier's College, Mumbai.	Ms. Ritu Anand has served as Group Head, Chief Economist and Principal Advisor at IDFC Limited. Ms. Anand has over 35 years of extensive experience in working with financial institutions, multilateral development agencies and government and regulatory authorities in the areas of economics and public policy. She served as Chief Economic Advisor and Deputy Managing Director of State Bank of India. Ms. Anand served as the Lead Economist at World Bank, Washington DC, U.S.A.
Mr. Ajay Sondhi (61 Years)	Mr. Sondhi was a 2017 Fellow, Harvard Advanced Leadership Initiative. He has an MBA in Finance from JBIMS, Mumbai University, and a Bachelor of Arts in Economics (Honors) from St. Stephens College, Delhi University.	Mr. Ajay Sondhi is CEO of Sentinel Advisors Pte Ltd, Singapore, a boutique business and strategy advisory firm. He has had a long career in banking, and has held several senior leadership roles in the industry in India and overseas. He was most recently MD and Regional Manager for PWM at Goldman Sachs, Singapore. Mr. Sondhi started his career with Citibank India where he rose to become corporate bank and corporate finance head. He subsequently worked with Salomon Brothers Hong Kong, and then moved back to India as Group CEO for Barclays Bank and BZW. He was subsequently Country Head and CEO India for UBS AG, and then went on to become the Vice Chairman and Managing Director for Kotak Mahindra Capital Company.
Dr. Jaimini Bhagwati (68 years)	Dr. Bhagwati received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA.	Dr. Jaimini Bhagwati is a former IFS officer, economist and foreign policy expert. He was the high commissioner to the UK and ambassador to the European Union, Belgium and Luxembourg. Dr. Bhagwati has served in senior positions in the Government of India, including in foreign affairs, finance and atomic energy. In his earlier role at the World Bank, he was a specialist in international bond and derivatives markets and was the RBI chair professor at ICRIER. He has published research papers in several books, ICRIER and at the World Bank.
Mr. Anil Singhvi (61 years)	Mr. Singhvi hold degree of Chartered Accountant from ICAI.	Mr. Singhvi is Chairman of Ican Investments Advisors Pvt Ltd, a Business Consultancy firm. Mr. Singhvi, a Chartered Accountant, has over 35 years of experience in Corporate sector, out of which he spent 22 years with Ambuja Cements Ltd, where he rose from Manager to Managing Director & CEO. He played a defining role in making of Ambuja Cements. In 2012 he founded IIAS (Institutional Investor Advisory Services India Ltd), proxy advisory company for Institutional Investors. This is a pioneering effort in India for improving Corporate Governance and accountability of the Corporates. IIAS covers over 800 Indian Corporates and advises Investors on the issues of corporate governance and voting. He is advisor to Corporates & Private Equity firms in India. Apart from this, he is also Director on various companies, some of which are Hindustan Construction Co. Ltd, Subex Ltd, Shree Digvijay Cement Co. Ltd, Institutional Investor Advisory Services India Ltd, Steiner AG, Zurich, Greatship (India) Limited, and as a Governing Council member of Foundation for Liberal and Management Education (FLAME University).
Mr. Sunil Kakar (64 years)	Mr. Kakar holds an MBA in Finance from XLRI and a degree in engineering from IIT Kanpur.	Mr. Sunil Kakar is the Managing Director & CEO of IDFC Limited. He started his career at Bank of America where he worked for 18 years in various roles, covering Business Planning & 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 in India. After Bank of America, Mr. Kakar was the CFO at Max New York Life Insurance Company since 2001. 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 a key part of core group which led the successful development of the insurance business.

CEO & CFO CERTIFICATE

Certification by Chief Executive Officer and Chief Financial Officer of the Company for the Financial Year 2020-2021

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

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

d) We have indicated to the Auditors and the Audit committee:
   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and the same have been disclosed in the Notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and
   iv. the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

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

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

Sunil Kakar
Managing Director & CEO

Bipin Gemani
Chief Financial Officer

Mumbai | June 14, 2021

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
IDFC LIMITED

We have examined the compliance of conditions of Corporate Governance by IDFC Limited (the 'Company') for the year ended March 31, 2021, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR except that the Composition of the Board of Directors from 25th March 2021 was not in line with the requirements of Regulation 17(1)(c)of LODR consequent upon the immediate withdrawal of nomination of two Directors by the Central Govt vide its letter dated March 25, 2021 as a result of which , the number of directors on the Board of the Company was reduced from six directors to four directors. However, the Board of Directors at its meeting held on 25th May 2021 have appointed Dr. Jaimini Bhagwati (DIN:-07274047) and Mr. Anil Singhvi (DIN:-00239589) as Additional Directors in the category of Independent Director, subject to receipt of other regulatory approvals. Hence, the Company has complied with the requirements of Regulation 17(1)(c) of SEBI LODR Regulations, 2015 within the prescribed timelines and the composition of the Board is in compliance with the said SEBI LODR Regulations, 2015 as on the date of this Report.

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

FOR BNP & ASSOCIATES
Company Secretaries
[Firm Regn. No.:-P2014MH037400]
PR No.:-637/2019

Kalidas Ramaswami
Partner
FCS No.: 2440
COP No.: 22856
UDIN NO: F002440C000459633

Mumbai | June 14, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of IDFC Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of matter

4. We draw your attention to

    a. Note 19C (e) to the standalone financial statements regarding transfer of excess reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Based on the opinion provided by the external legal advisor and in consultation with its tax consultants and the approval of its Board of Directors, the Company has transferred the excess reserve amounting to ₹ 411.02 crores from "Special reserve under section 36(1)(viii) of the Income-tax Act, 1961"to the "Surplus in the statement of profit and loss".

    b. We draw your attention to Note 45 to the standalone financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matter

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

Key audit matter	How our audit addressed the key audit matter
Assessment of valuation of investments measured at fair value for which no listed price in an active market is available and valuation is carried out basis market information and significant unobservable inputs. (Refer note 7 to the standalone financial statements.) The Company has investments in Venture Capital Funds and Alternate Investment Funds ("VCF & AIF") units amounting to ₹ 67 crores measured at fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in statement of profit and loss in accordance with related Accounting Standard (Ind-AS 109). In measuring the fair value of these investments, the Management considers the net asset value ("NAV") declared by the investment managers of the VCF and AIF unit. NAV is considered as a significant unobservable input as the Company does not have direct access to the valuations of the underlying portfolio companies in which the VCFs and the AIFs have invested.	The following procedures were performed by us to test the valuation of investments which are measured at fair value for which no listed price in an active market is available: • We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's control over assessment of fair value of investments. • We verified that requisite approvals are in place with regards to Management's assessment of fair valuation of investments in VCF and AIF. • We independently obtained the NAVs from the investment managers of VCF and AIF and also held discussions with them in relation to the fund performance as well as for understanding the process followed by the investment manager for declaring NAVs so as to evaluate the appropriateness of the assessment made by the Management.

Key audit matter	How our audit addressed the key audit matter
The Management also reviews the performance of the portfolio companies on a regular basis by tracking the latest available financial statements/financial information, valuation report of independent valuers, investor communications and basis the said assessment determines whether any discount is required to be applied on the NAV communicated by the investment managers of VCF and AIF. The assessment made by the Management also takes into consideration the illiquidity considering the said investments are not actively traded in the market. The assessment prepared by the Management is placed before the Board of Directors for their approval at regular intervals. Considering the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the standalone financial statements and the nature and extent of the audit procedures involved, we determined this to be a key audit matter.	• We evaluated together with the auditor's expert, the reasonableness of the discount applied by the Management on the NAVs declared by the VCF and AIF issuers. • We traced the inputs used in the calculation from the source data (Statement of Accounts, NAV declared etc.) to verify the arithmetical accuracy of the calculation of valuation of investments. • We evaluated the adequacy of the disclosures in the standalone financial statements. Based on our above audit procedures, we consider that the management's assessment of the fair value of the above investments for which no listed price in an active market is available is reasonable.

Other Information

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

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the standalone financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

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

Auditor's responsibilities for the audit of the standalone financial statements

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

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

15. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 to the standalone financial statements

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 17 to the standalone financial statements. The Company did not have any derivative contracts as at March 31, 2021;

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

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

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

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAEZ9131

Place: Mumbai
Date: June 14, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements for the year ended March 31, 2021

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

1. We have audited the internal financial controls with reference to standalone financial statements of IDFC Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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. (Also refer paragraph 4 of the main audit report).

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAEZ9131

Place: Mumbai
Date: June 14, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements as of and for the year ended March 31, 2021

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

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

(c) The Company does not own any immovable properties as disclosed in Note 10 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

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

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

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

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

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

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

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

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

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

Also refer paragraph 16 of our main audit report.

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

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

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

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

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

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

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAEZ9131

Place: Mumbai
Date: June 14, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in crore)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	2.14	0.69
Bank balances other than cash and cash equivalents above	4	1.85	1.48
Receivables			
(i) Trade receivables	5	-	-
(ii) Other receivables	6	-	0.02
Investments	7	9,295.27	9,285.96
Other financial assets	8	0.29	0.37
Non-financial assets			
Income tax asset (net)	9	1.51	3.03
Property, plant and equipment	10	0.23	38.15
Other non-financial assets	11	2.49	2.18
Total assets		9,303.78	9,331.88
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables	12		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.59	1.58
Deposits	13	35.33	37.76
Other financial liabilities	14	3.65	5.28
Non-financial Liabilities			
Income tax liabilities (net)	15	0.21	1.21
Deferred tax liabilities (net)	16	0.57	7.14
Provisions	17	0.17	22.63
Other non-financial liabilities	18	1.16	0.72
EQUITY			
Equity share capital	19A	1,596.36	1,596.36
Other equity	19B	7,664.74	7,659.20
Total liabilities and equity		9,303.78	9,331.88

The accompanying notes are integral part of these standalone financial statements.
This is the standalone balance sheet referred to in our report of even date.

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in crore)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS			
Interest income	20	0.01	1.96
Dividend income	39	-	103.88
Fees income		-	0.01
Net gain on fair value changes	21	7.71	46.72
Total revenue from operations		7.72	152.57
Other income	22	35.20	11.53
Total income		42.92	164.10
EXPENSES			
Finance costs	23	2.59	0.85
Impairment on financial instruments	24	0.02	8.33
Employee benefit expenses	25	8.47	14.52
Depreciation, amortisation and impairment	10	1.51	13.80
Impairment on investment in associate	7	-	35.62
Others expenses	26	24.75	14.10
Total expenses		37.34	87.22
Profit before tax		5.58	76.88
Income tax expense:	27		
- Current tax		1.71	14.34
- Deferred tax		(6.57)	(1.68)
- Tax adjustment on earlier years		1.46	0.04
Total tax expense		(3.40)	12.70
Profit for the year		8.98	64.18
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.15)	0.06
- Income tax relating to these items		0.04	(0.02)
Other comprehensive income, net of tax		(0.11)	0.04
Total comprehensive income for the year		8.87	64.22
Earnings per equity share of ₹ 10 each			
- Basic (₹)	31	0.06	0.40
- Diluted (₹)		0.06	0.40

The accompanying notes are integral part of these standalone financial statements.
This is the standalone statement of profit and loss referred to in our report of even date.

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(₹ in crore)

	Notes	Number	Amount
As at March 31, 2019	19A	1,596,358,316	1,596.36
Issued during the year		-	-
As at March 31, 2020	19A	1,596,358,316	1,596.36
Issued during the year		-	-
As at March 31, 2021		1,596,358,316	1,596.36

B. OTHER EQUITY

(₹ in crore)

	Notes	Reserves and surplus						Total other equity
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at March 31, 2019	19B	2,505.88	3,053.25	983.00	22.62	631.02	986.61	8,182.38
Profit for the year		-	-	-	-	-	64.18	64.18
Other comprehensive income for the year		-	-	-	-	-	0.04	0.04
Total comprehensive income for the year		2,505.88	3,053.25	983.00	22.62	631.02	1,050.83	8,246.60
Transactions with owners in their capacity as owners:								
- Share based payments:		-	-	-	-	-	-	-
i) Employee stock option expense for the year		-	-	-	1.10	-	-	1.10
ii) Options granted to the employees of subsidiaries		-	-	-	0.02	-	-	0.02
iii) Options exercised during the year		-	-	-	-	-	-	-
iv) Vested options lapsed during the year		-	-	-	(4.62)	-	0.98	(3.64)
- Dividends paid		-	-	-	-	-	(502.85)	(502.85)
- Dividend distribution tax		-	-	-	-	-	(82.03)	(82.03)
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	12.85	-	-	(12.85)	-
As at March 31, 2020	19B	2,505.88	3,053.25	995.85	19.12	631.02	454.09	7,659.20

STATEMENT OF CHANGES IN EQUITY

B. OTHER EQUITY

(₹ in crore)

	Notes	Reserves and surplus						
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	Total other equity
As at March 31, 2020	19B	2,505.88	3,053.25	995.85	19.12	631.02	454.08	7,659.20
Profit for the year		-	-	-	-	-	8.98	8.98
Other comprehensive income for the year		-	-	-	-	-	(0.11)	(0.11)
Total comprehensive income for the year		2,505.88	3,053.25	995.85	19.12	631.02	462.96	7,668.07
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	-	-	-	-
ii) Options granted to the employees of subsidiaries		-	-	-	-	-	-	-
iii) Options exercised during the year		-	-	-	-	-	-	-
iv) Vested options lapsed during the year		-	-	-	(3.34)	-	-	(3.34)
- Dividends paid		-	-	-	-	-	-	-
- Dividend distribution tax		-	-	-	-	-	-	-
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	1.80	-	-	(1.80)	-
- Transfers from Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [see note 19(c) (e)]		-	(411.02)	-	-	-	411.02	-
As at March 31, 2021	19B	2,505.88	2,642.23	997.64	15.78	631.02	872.18	7,664.74

The accompanying notes are integral part of these standalone financial statements.

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

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in crore)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax		5.58	76.88
Adjustments :			
Depreciation, amortisation and impairment	10	1.51	13.80
Impairment of financial instruments	24	0.02	8.33
Impairment on investment in associate	7	-	35.62
Fees income		-	(0.01)
Interest income	20	(0.01)	(1.96)
Interest expense	23	2.59	0.85
Realised gain on sale of investments (net)	21	(1.41)	(48.75)
Employee share based payment expense	25	(0.28)	2.99
Change in fair value of financials assets at FVTPL	21	(6.30)	2.03
Interest received	20	0.01	3.10
Reversal of provision of earlier years	22	(30.46)	-
Loss on sale of property, plant and equipments	26	16.57	-
Provisions for employee benefits		(0.11)	0.04
Operating (loss) / profit before working capital changes		(12.29)	92.92
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables		7.85	(4.91)
Other financial assets		1.76	(0.52)
Bank balances other than cash and cash equivalents		(0.37)	0.65
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables		0.01	(0.82)
Other financial liabilities		(1.02)	(1.07)
Cash generated / (utilised) from operations		8.23	(6.67)
Less : Income taxes paid (net of refunds)		(2.61)	20.34
Net cash (outflow) / inflow from operating activities		(6.67)	106.59
CASH FLOW FROM INVESTING ACTIVITIES :			
Payments for purchase of investment		(57.47)	(540.87)
Payments for property, plant and equipments		(0.16)	(0.02)
Proceeds from disposal of property, plant and equipments		18.00	-
Advances given to subsidiary		(0.02)	(0.50)
Equity infusion in subsidiary		-	(200.10)
Proceeds from sale of investments		52.81	1,182.93
Term deposits placed		(6.00)	(24.89)
Term deposits matured		6.00	24.89
Inter corporate deposits given		-	(1.00)
Inter corporate deposits matured		-	1.00
Net cash inflow from investing activities		13.16	441.44
CASH FLOW FROM FINANCING ACTIVITIES :			
Inter corporate deposits taken		39.50	37.00
inter corporate deposits repaid (including interest)		(44.54)	-
Dividend paid (including dividend distribution tax)		-	(584.88)
Net cash (outflow) from financing activities		(5.04)	(547.88)
NET INCREASE IN CASH AND BANK BALANCES		1.45	0.15
Add : Cash and cash equivalents at beginning of the year		0.69	0.54
Cash and cash equivalents at end of the year		2.14	0.69

The accompanying notes are integral part of these standalone financial statements.

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

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

NOTES TO STANDALONE FINANCIAL STATEMENT

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1A. BACKGROUND

IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, 2013 applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The Company is listed on both the stock exchange (Bombay Stock exchange and National Stock exchange). The registered office of the Company is located at 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai – 600 018 , Tamil Nadu and the corporate office is located at 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400 021.

The Company 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, and tourism and hotels upto September 30, 2015. The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the company is operating as NBFC – Investment and Credit Company (NBFC – ICC).

These standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on June 14, 2021.

1B. NEW AND AMENDED STANDARDS ADOPTED

There are no new standards and amendments applicable to the Company for the annual reporting period commencing on April 1, 2020.

2. BASIS OF PREPARATION

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

(iii) Presentation of financial statements

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

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

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

3. INVESTMENT IN SUBSIDIARY AND ASSOCIATES

Investment in subsidiaries and associates are measured at cost less accumulated impairment. See note 12 (iv) below for the accounting policy for Impairment of Non-financial assets.

4. REVENUE RECOGNITION

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

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

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

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

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

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

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

(i) Interest income

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

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

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

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

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

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

(ii) Dividend income

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

(iii) Revenue from power supply

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

5. INCOME TAX

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

i. Current Tax

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

ii. Deferred Tax

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

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

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

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

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

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

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

6. GOODS AND SERVICE TAX

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

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

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

7. LEASES

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

(i) Company as a lessee

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

(ii) Company as a lessor

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

8. FINANCIAL INSTRUMENT

(i) Date of recognition

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

(ii) Initial measurement of financial instruments

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

(iii) Day 1 gain and loss

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

(iv) Measurement categories of financial assets and liabilities

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

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

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

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

9. FINANCIAL ASSETS AND LIABILITIES

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

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

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

The details of these conditions are outlined below.

a) Business model test

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

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

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

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

b) SPPI test

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

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

(ii) Financial assets held for trading

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

(iii) Equity instruments at FVOCI

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

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

(iv) Debt instruments and other borrowed funds

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

10. RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

11. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

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

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

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

a) Financial assets

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

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

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

A transfer only qualifies for derecognition if either:

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

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

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

Financial liabilities

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

12. IMPAIRMENT OF FINANCIAL ASSET

(i) Overview of the ECL principles

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Company determines whether there has been a significant increase in credit risk.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 36.

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

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

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

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

(ii) The calculation of ECLs

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

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

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

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

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

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

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

(iii) Trade receivables and contract assets

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

(iv) Impairment of subsidiary and Associates

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. As per IND AS 36 investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In assessing whether there is any impairment management considers indications through external and internal sources of information.

13. DETERMINATION OF FAIR VALUE

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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

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

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

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period. This is further explained in Note 35.

14. CASH AND CASH EQUIVALENTS

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

15. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

16. IMPAIRMENT OF NON-FINANCIAL ASSET

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

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

17. EMPLOYEE BENEFITS

(i) Defined contribution plan

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

(ii) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

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

(iii) Compensated absences

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

18. PROVISIONS

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

19. SEGMENT REPORTING

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

20. FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

21. SHARE-BASED PAYMENTS

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

The fair value of options granted under the ESOS is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

22. EARING PER SHARE

Basic earnings per share is calculated by dividing:

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

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

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

23. ROUNDING OFF

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

24. CONTRIBUTED EQUITY

Equity shares are classified as equity.

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

25. DIVIDENDS

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

NOTE 2: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

JUDGEMENTS

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

1. BUSINESS MODEL ASSESSMENT

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

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 35.

3. EFFECTIVE INTEREST RATE (EIR) METHOD

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

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

4. IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

5. PROVISION AND OTHER CONTINGENT LIABILITIES

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

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

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

6. TRANSFER FROM SPECIAL RESERVE U/S. 36(1)(VIII) OF THE INCOME-TAX ACT, 1961

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

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

The Company has created special reserve under section 36(i)(viii) of The Income Tax Act, 1961 on its infrastructure assets. As the Company is an investment company now, no further reserve under the said section is being created. The Company has claimed deduction for the creation of these reserves in earlier years. Section 41(4A) states that, "Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub- section (1) of section 36, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income-tax as the income of the previous year in which such amount is withdrawn".

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Cash on hand	ß	ß
Balances with banks:		
In current accounts	2.14	0.69
Total	2.14	0.69

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

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.85	1.48
Total	1.85	1.48

5. TRADE RECEIVABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	-	-
Receivables - Credit impaired	5.90	5.90
(Less): Impairment loss allowance	(5.90)	(5.90)
Total	-	-

6. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	-	7.85
Receivables - Credit impaired	-	-
(Less): Impairment loss allowance	-	(7.83)
Total	-	0.02

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

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

7. INVESTMENTS

(₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2021				
Subsidiaries [see note (a) and (b) below]	-	-	9,288.32	9,288.32
Associates	-	-	35.62	35.62
Venture capital fund units	-	67.00	-	67.00
Total (A) - Gross	-	67.00	9,323.94	9,390.94
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (A) - Net	-	67.00	9,228.27	9,295.27
Investments outside India	-	-	-	-
Investments in India	-	67.00	9,323.94	9,390.94
Total (B) - Gross	-	67.00	9,323.94	9390.94
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (B) - Net	-	67.00	9,228.27	9,295.27

(₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2020				
Subsidiaries [see note (a) and (b) below]	-	-	9,291.37	9,291.37
Associates	-	-	35.62	35.62
Venture capital fund units	-	54.64	-	54.64
Total (A) - Gross	-	54.64	9,326.99	9,381.63
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (A) - Net	-	54.64	9,231.32	9,285.96
Investments outside India	-	-	-	-
Investments in India	-	54.64	9,326.99	9,381.63
Total (B) - Gross	-	54.64	9,326.99	9,381.63
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (B) - Net	-	54.64	9,231.32	9,285.96

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

a) The Board of Directors of the Company on November 8, 2019 had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC Financial Holding Company Limited (wholly owned subsidiary of the Company) at book value to the Company for ₹ 200.05 crore and ₹ 0.05 crore respectively.

b) IDFC Financial Holding Company Limited (''IDFC FHCL'') had filed application u/s 66 (i) of the Companies Act 2013 for reduction of share capital by ₹ 650 crore on December 12, 2019 with Hon'ble National Company Law Tribunal (''NCLT''). Hon'ble NCLT, Chennai Branch passed order on February 04, 2021 approving the reduction of share capital and had given time of 30 days to effect the reduction. However the shareholders of IDFC FHCL passed a special resolution in the Extra Ordinary General Meeting held on March 2, 2021 to not give effect to the said capital reduction. Based on the legal advice obtained, IDFC FHCL has communicated its decision of not being able to comply to the NCLT order to the Registrar of companies ("ROC") vide MGT-14 dated March 02, 2021 and to NCLT vide their letter dated March 02, 2021. No communication has been received by FHCL from ROC or NCLT upto the date of approval of these financial statements.

c) Impairment loss allowance

(i) During the previous year, the Company had made provision of ₹ 35.62 crore on Novopay Solutions Private Limited ("Novopay") (associate of the Company). Performance of Novopay had lead to substantial erosion of its net worth. Accordingly investment was completley impaired.

(ii) IDFC Projects Limited, a wholly owned subsidiary of the Company has suspended its business operations and there are no definitive future business plans for its commercial operations. The net worth of IDFC Projects Limited has eroded significantly due to accumulated losses from prior years of operation to such an extent that it's networth has turned negative, the recoverable amount of the entire equity investment is considered to be less than its carrying value. Consequently, in the previous years the Company had made a provision for impairment of ₹ 47.05 crore in the statement of profit and loss. Entire Investment in IDFC Projects Limited has been provided for.

(iii) IDFC Foundation, wholly owned subsidiary of the Company is a section 8 company under Companies Act 2013. Upon winding up or dissolution of IDFC Foundation, if there remains, after satisfaction of all debts and liabilities, any surplus whatsoever, the same shall not be distributed to IDFC Limited but will be transferred to such other company having objects similar to the objects of IDFC Foundation. Accordingly, in the previous years the entire investment of ₹ 13 crores in IDFC Foundation was full provided for by the Company.

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

8. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Security deposits	0.29	0.37
Advance given to related party (refer note 39)	0.52	0.50
Impairment provision on advance given to related party	(0.52)	(0.50)
Total	0.29	0.37

9. INCOME TAX ASSETS (NET)

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Income tax paid in advance	1.51	3.03
[net of provision for tax for ₹ 16.06 crores (March 31, 2020: ₹ 35.08 crores)]		
Total	1.51	3.03

10. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Vehicles	Office Equipments	Computers	Windmills	Total
Year ended March 31, 2021					
Gross carrying amount					
Opening gross carrying amount	0.29	0.18	1.81	59.96	62.24
Additions	0.16	ß	-	-	0.16
Disposals and transfers	-	-	-	(59.96)	(59.96)
Closing gross carrying amount	0.45	0.18	1.81	-	2.44
Accumulated depreciation					
Opening accumulated depreciation	0.18	0.17	1.78	21.96	24.09
Depreciation charge during the year	0.07	ß	0.01	1.43	1.51
Disposals and transfers [see note (a) below]	-	-	-	(23.39)	(23.39)
Closing accumulated depreciation	0.25	0.17	1.79	-	2.21
Net carrying amount as at March 31, 2021	0.20	0.01	0.02	-	0.23

10. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Vehicles	Office Equipments	Computers	Windmills	Total
Year ended March 31, 2020					
Gross carrying amount					
Opening gross carrying amount	0.29	0.17	1.80	59.96	62.22
Additions	-	0.01	0.01	-	0.02
Disposals and transfers	-	-	-	-	-
Closing gross carrying amount	0.29	0.18	1.81	59.96	62.24
Accumulated depreciation					
Opening accumulated depreciation	0.13	0.05	0.91	9.20	10.29
Depreciation charge during the year	0.05	0.12	0.87	4.62	5.66
Impairment during the year	-	-	-	8.14	8.14
Disposals and transfers	-	-	-	-	-
Closing accumulated depreciation	0.18	0.17	1.78	21.96	24.09
Net carrying amount as at March 31, 2020	0.11	0.01	0.03	38.00	38.15

a) Based on the Business Transfer Agreement executed on August 14, 2020, windmills have been sold to Champak Pragati Foundation for aggregate consideration of ₹ 20.34 crore. The Company has recognised loss of ₹ 16.57 crore on sale on Windmill. Post the sale of Windmills, transfer application has been made to Rajasthan Renewable Energy Corporation (RRECL) for transfer of Power Purchase Agreement (PPA) in favour of the buyer. The Company has received part consideration and balance amount of ₹ 2.32 crore will be received post this transfer.

11. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	0.17	2.00
Supplier advances	ß	ß
Balances with government authorities - cenvat/GST credit available	ß	0.04
Receivable from gratuity fund [net of provision of ₹ 0.08 crore (refer note 28)]	-	0.12
Others [refer note 10 (a)]	2.32	0.01
Total	2.49	2.18

12. TRADE PAYABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1.59	1.58
Total	1.59	1.58

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

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

13. DEPOSITS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Inter corporate deposits from related parties [see note 39]	35.33	37.76
Total	35.33	37.76

Net debt reconciliation

The section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	2.14	0.69
Intercoporate deposits	(35.33)	(37.76)
Net debt	(33.19)	(37.07)

Particulars	Other assets		Liabilities from financing activity	Total
	Cash and Bank Balance	Liquid assets	Inter Corporate deposit	
Net debt as at April 1, 2019	0.54	371.20	-	371.74
Cash outflows	0.15	(371.20)	-	(371.05)
Inter corporate deposits taken			(37.00)	(37.00)
Interest on Inter corporate deposits	-	-	(0.76)	(0.76)
Net debt as at March 31, 2020	0.69	-	(37.76)	(37.07)
Cash outflows	1.45	-	-	1.45
Inter corporate deposits taken	-	-	(39.50)	(39.50)
Inter corporate deposits repaid	-	-	42.76	42.76
Interest on Inter corporate deposits	-	-	(0.83)	(0.83)
Net debt as at March 31, 2021	2.14	-	(35.33)	(33.19)

14. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Unclaimed dividend *	1.85	1.48
Employee benefits payable	1.80	3.80
Total	3.65	5.28

* Amount required to be transferred has been transferred to Investor Education Protection Fund account as required under section 125 of the Companies Act, 2013

15. INCOME TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Provision for income tax	0.21	1.21
[net of advance tax of ₹ 14.15 crores (March 31, 2020: ₹ 36.25 crore)		
Total	0.21	1.21

16. DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipments	-	8.15
Fair value adjustments		
- Venture capital fund units	0.57	(1.01)
Total	0.57	7.14

a) Movement in deferred tax liabilities

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

(₹ in crore)

Particulars	As at March 31, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2021
Deferred tax liability :				
Property, plant and equipment	8.15	(8.15)	-	-
Fair valuation gain/(loss) on financial instruments	(1.01)	1.58	-	0.57
Total	7.14	(6.57)	-	0.57

17. PROVISIONS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Loan commitment [refer note 32(b)]	-	22.63
Provision for gratuity [refer note 28]	0.17	-
Total	0.17	22.63

18. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Statutory dues	0.67	0.72
Other payables	0.49	-
Total	1.16	0.72

19A. EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹ In crore	Number	₹ In crore
Authorised shares				
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Total	1,596,358,316	1,596.36	1,596,358,316	1,596.36

a) Movements in equity share capital

	As at March 31 2,021		As at March 31 2,020	
	Number	₹ In crore	Number	₹ In crore
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36

b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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

During the previous year, the Board of the Company had declared its first interim dividend of ₹ 2.50/- per share on September 30, 2019 and the same was paid on October 4, 2019 and had declared second interim dividend of ₹ 0.65/- per share on November 14, 2019 which was paid on November 26, 2019.

c) Shares reserved for issue under options

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

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

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37
Sipadan Investments (Mauritius) Limited	-	-	151,145,989	9.47

19B. OTHER EQUITY

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss	872.18	454.08
Securities premium	2,505.88	2,505.88
General reserve	631.02	631.02
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	2,642.23	3,053.25
Special reserve u/s. 45-IC of the RBI Act, 1934	997.65	995.85
Share options outstanding account	15.78	19.12
Total	7,664.74	7,659.20

a) Surplus in the statement of profit and loss

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	454.08	986.61
Net profit for the period	8.98	64.18
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.11)	0.04
Vested options lapsed during the year	-	0.98
Dividends (including DDT)	-	(584.88)
Transfer from Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [see note 19(c) (e)]	411.02	-
Transfer to special reserve u/s. 45-IC of RBI Act, 1934	(1.80)	(12.85)
Closing balance	872.18	454.08

b) Securities premium

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	2,505.88	2,505.88
Changes during the year	-	-
Closing balance	2,505.88	2,505.88

c) General reserve

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	631.02	631.02
Appropriations during the year	-	-
Closing balance	631.02	631.02

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

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	3,053.25	3,053.25
Appropriations during the year [see note 19(c) (e)]	(411.02)	-
Closing balance	2,642.23	3,053.25

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

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	995.85	983.00
Appropriations during the year	1.80	12.85
Closing balance	997.65	995.85

f) Share options outstanding account

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	19.12	22.62
Employee stock option expense	-	1.10
Vested options lapsed during the year	(3.34)	(4.62)
Options granted to the employees of subsidiaries	-	0.02
Closing balance	15.78	19.12

19C. NATURE AND PURPOSE OF SPECIAL RESERVES

a) Securities premium

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

b) General reserve

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

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

As per section 45-IC of RBI Act, 1934, Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

d) Share options outstanding account

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

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

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

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

Before demerger of its financing undertaking, the Company was a notified public financial institution engaged in lending to infrastructure projects. The Company had created special reserve u/s 36(1)(viii) of the Income Tax Act,1961 on profits derived from eligible business. The Company has claimed deduction for the creation of these reserves in earlier years. Section 41(4A) states that, “Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub- section (1) of section 36, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income-tax as the income of the previous year in which such amount is withdrawn.” During the current year, based on the legal opinion provided by the external legal advisor and in consultation with the tax consultant, the Company transferred excess reserves of ₹ 411.02 crores on which deduction was not allowed in any of the previous years to “Surplus in the statement of profit and loss”. The transfer of reserves have been approved by the Board of Directors.

20. INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised costs:		
Interest on deposits with banks	0.01	0.02
Interest income on inter corporate deposits	-	0.01
On financial assets measured at FVTPL:		
Interest on debt securities	-	1.93
Total	0.01	1.96

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

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain/(loss) on financial instruments at FVTPL:		
(i) On trading portfolio		
- Mutual fund units	0.19	16.58
- Debt securities	-	1.45
(ii) On financial instruments designated at FVTPL		
- Alternative investment fund units	-	1.15
- Venture capital units	7.52	27.54
Total (A)	7.71	46.72
Fair Value changes:		
Realised	1.41	48.75
Unrealised	6.30	(2.03)
Total (B)	7.71	46.72

22. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of power	4.74	10.72
Miscellaneous income	-	0.81
Reversal of provision of earlier years*	30.46	-
Total	35.20	11.53

* Out of the above for details of reversal amounting to ₹ 22.63 crores refer note 32(b). The balance amount pertains to reversal of impairment on other receivables amounting to ₹ 7.83 crores as the same have been recovered during the year.

23. FINANCE COST

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost:		
Interest on inter corporate deposits (refer note 39)	2.59	0.85
Total	2.59	0.85

24. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost:		
Other receivables	-	7.83
Advances given to related party	0.02	0.50
Total	0.02	8.33

25. EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	8.01	10.58
Contribution to provident and other funds [refer note 28 (a)]	0.70	0.78
Contribution to gratuity fund	0.02	0.14
Employee share based payment expense	-	1.10
Employee share based payment expense- Bank	(0.28)	1.89
Staff welfare expenses	0.02	0.03
Total	8.47	14.52

26. OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Rent	0.52	0.09
Rates and taxes	1.18	1.69
Repairs and maintenance		
- Equipments	1.26	2.89
- Others	-	β
Loss on sale of Plant, Property and Equipment [refer note 10 (a)]	16.57	-
Insurance charges	0.16	0.13
Travelling and conveyance	0.16	0.61
Printing and stationery	0.01	0.41
Communication costs	0.27	0.07
Advertising and publicity	0.03	0.03
Professional fees	2.39	3.60
Directors' sitting fees	0.35	0.26
Commission to directors	0.66	0.16
Contribution for corporate social responsibility (CSR) [refer note (b) below]	0.36	1.61
Auditors' remuneration [refer note (a) below]	0.47	0.66
Shared service cost (net)	-	1.66
Miscellaneous expenses	0.36	0.23
Total	24.75	14.10

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees *	0.34	0.47
Tax audit fees	0.02	0.02
Other Services	0.09	0.15
Out-of-pocket expenses	0.02	0.02
Total	0.47	0.66

* Audit fees for the year ended March 31, 2020 includes amount of ₹ 0.13 crore relating to prior year cost overrun billed during the previous year.

b) Contribution for corporate social responsibility (CSR)

i) As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period is ₹ 0.91 crore (previous year ₹ 1.06 crore).

ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 0.36 crore (previous year ₹ 1.61 crore), which comprise of following:

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
CSR Expenditure:		
IDFC Foundation	0.36	0.76
Prime Minister's CARES Fund*	0.55	0.85
	0.91	1.61
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.91	1.61
Total	0.91	1.61

Details of ongoing CSR projects under Section 135(6) of the Act

(₹ in crores)

Balance as at April 1, 2020		Amount spent during the year			Balance as at March 31, 2021	
With the Company	In separate CSR unspent account	Amount required to be spent during the year	From the Company's bank account	From Separate CSR Unspent account	With the Company	In separate CSR unspent account
-	-	-	-	-	-	-

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(₹ in crores)

Balance unspent as at April 1, 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2021
-	-	0.91	0.91	-

Details of excess CSR expenditure under Section 135(5) of the Act

(₹ in crores)

Balance excess spent as at April 1, 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2021
0.55	-	0.55	-

There is no amount outstanding to be paid in cash, out of total amount required to be spent on Corporate Social Responsibility (CSR) related activities.

*Based on the Appeal received from the Government of India, Ministry of Corporate Affairs, the Company had additionally contributed ₹ 0.55 crore towards Prime Minister's CARES fund in the previous year which the Company has offset against the CSR obligation arising in the current year. Also Ministry of Corporate Affairs (MCA) has issued a circular - clarification on offsetting the excess CSR spent for financial year 2019-20 dated May 20, 2021.

27. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are: (₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
Current tax on profits for the year	1.71	14.34
Adjustment for current tax of earlier periods	1.46	0.04
Total current tax expense	3.17	14.38
Deferred tax		
Decrease in deferred tax liabilities	(6.57)	(1.68)
Total deferred tax expense	(6.57)	(1.68)
Income tax expense	(3.40)	12.70

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	5.58	76.88
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	1.41	19.35
Tax effect of the amount which are not taxable:		
- Dividend income	-	(26.15)
- Income already taxed in the previous year	-	(0.22)
- Provisions disallowed in previous year hence not taxable	(7.67)	-
Expenses not deductible for tax purposes		
- Disallowance under section 14A	-	21.06
- Book loss on sale of Windmill	4.17	-
- Others	0.44	0.31
Long term capital gain taxed on windmill - in tax books	4.58	-
Difference in tax rates (due to business loss set off)	0.29	-
Adjustment of current tax of prior periods	1.46	0.04
Effect of reversal of opening deferred tax liability	(6.57)	(1.68)
Others	(1.50)	(0.01)
Income tax expense at effective tax rate	(3.40)	12.70
Effective tax rate	-60.92%	16.52%

c) Unrecognised temporary differences

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Temporary differences relating to impairment loss	0.02	52.09

The Company has not created deferred tax asset on the impairment loss recognised on financial assets in current year and on investment in subsidiary in previous year, as there is no reasonable certainty that future taxable profits will be available against which deferred tax asset can be utilised.

d) Change in tax

Taxation Laws (Amendment) Ordinance 2019, had inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial results are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the Company has recognized Provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred tax assets / liability as at March 31, 2020 basis the revised rate of 25.17%. During the year, the Company continues to follow the same rate.

e) Deferred tax expenses include reversal of deferred tax of ₹ 8.15 crores created on Windmill which has been sold during the year. (see note 27(a)]

f) The Direct Tax Vivad Se Vishwas (VSV) Act, 2020 introduced a dispute resolution scheme, which is applicable to all appeals / petitions filed by the tax payer on the income tax department, which were pending until January 31, 2020, before any appellate forum. Under the Scheme, a taxpayer can settle a litigation pending before any forum by paying the tax on the disputed income and get a full waiver of interest and / or penalty. The Company has settled its liability for Assessment Year 2017-18 by paying ₹ 1.53 crores under VSV scheme.

28. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund	0.39	0.48
Pension fund	0.29	0.28
Superannuation fund	0.02	0.02
Total	0.70	0.78

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for Indian employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance Sheet

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2020	2.53	2.45	0.08
Current service cost	0.03	-	0.03
Interest expense/(income)	0.07	0.08	(0.01)
Actuarial loss / (gain) arising from change in financial assumptions	(0.04)	-	(0.04)
Actuarial loss / (gain) arising on account of experience changes	0.33	-	0.33
Actual return on plan assets less interest on plan assets	-	0.14	(0.14)
Employer contributions	-	0.08	(0.08)
Benefit payments	(0.18)	(0.18)	-
As at March 31, 2021	2.74	2.57	0.17

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Present value of plan liabilities	2.74	2.53
Fair value of plan assets	2.57	2.45
Plan liability net of plan assets	0.17	0.08

ii) Statement of Profit and Loss

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Employee Benefit Expenses:		
Current service cost	0.03	0.12
Interest cost	(0.01)	0.02
Total	0.02	0.14
Finance cost	-	-
Net impact on the profit before tax	0.02	0.14
Remeasurement of the net defined benefit liability:		
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(0.04)	0.02
Actuarial gains/(losses) arising from changes in experience	0.33	0.03
Actual return on plan assets less interest on plan assets	(0.14)	(0.11)
Net impact on the other comprehensive income before tax	0.15	(0.06)

iii) Defined benefit plans assets

Category of assets (% allocation)	As at March 31, 2021	As at March 31, 2020
Insurer managed funds		
- Government securities	50.86%	37.51%
- Deposit and money market securities	5.94%	5.13%
- Debentures / bonds	37.44%	51.75%
- Equity shares	5.76%	5.61%
Total	100.00%	100.00%

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2021	As at March 31, 2020
Discount rate	3.90%	5.50%
Salary escalation rate*	5%	9%

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Mortality in Service : Indian Assured Lives Mortality (2012-14)

vi) Sensitivity

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.24%)	0.26%
Salary escalation rate	0.50%	0.26%	(0.24%)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.35%)	0.39%
Salary escalation rate	0.50%	0.37%	(0.34%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity

The defined benefit obligations shall mature after year end as follows:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
within 12 months	2.64	2.40
Between 2-5 years	0.02	0.01
Between 5-10 years	0.03	0.04
Beyond 10 years	0.13	0.27

The weighted average duration to the payment of these cash flows is 0.50 years (previous year 0.73 years).

29. SEGMENT INFORMATION

The Company's main business is to carry out Investment activity in India. All other activities of the Company revolve around the main business of the Company. Accordingly, there are no separate reportable segments, as per Ind AS 108 "Operating Segment."

30. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
A. Declared and paid during the year		
Dividends on ordinary shares:		
Dividend Paid in 2020: Nil per share (2019: Nil per share)	-	-
Interim dividend for 2021: Nil per share (2020: 3.15 per share)	-	502.85
Total dividends paid	-	502.85
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2021: Nil per share (2020: Nil per share)	-	-

31. EARNINGS PER SHARE (EPS)

a) The basic earnings per share has been calculated based on the following:

	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax available for equity shareholders	8.98	64.18
Weighted average number of equity shares	1,596,358,316	1,596,358,316

b) The reconciliation between the basic and the diluted earnings per share is as follows:

	Year ended March 31 2,021	Year ended March 31 2,020
Basic earnings per share	0.06	0.40
Effect of outstanding stock options	-	-
Diluted earnings per share	0.06	0.40

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31 2,021	Year ended March 31 2,020
Weighted average number of shares for computation of Basic EPS	1,596,358,316	1,596,358,316
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS	1,596,358,316	1,596,358,316

32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Commitments		
Uncalled liability on shares and other investments partly paid	10.81	19.36
Claims not acknowledged as debts	4.51	1.53
Letter of comfort (see note a)	14.57	-
Other commitments (see note b)	-	69.37
Total	29.89	90.26

a) The Company has issued letter of comfort to IDFC Foundation - wholly owned subsidiary of the Company, if there is any short fall in meeting its obligations towards its contingent liabilities amounting to ₹ 14.57 crore and any related penalty. The Company will provide financial support to IDFC Foundation during next 13 months from March 31, 2021, to enable the subsidiary to achieve its planned operations.

b) IDFC Projects Limited, a wholly owned subsidiary of the Company holds 19.90% stake on fully diluted basis in Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL had executed the concession agreement with National Highway Authority of India ("NHAI") for construction, operation and maintenance of the 127 km section of National Highway (NH) 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement. The Hon'ble Supreme Court of India directed NHAI to pay ₹ 348.60 crore in the Escrow Account with the Lead Lender, Punjab National Bank (PNB) within 6 (six) weeks from January 05, 2018. Following that, NHAI had released the amount of ₹ 348.60 crore on January 29, 2018 which was distributed to lenders on proportionate basis. However, JSTPL had provided a bank guarantee of the amount of ₹ 348.60 crore to NHAI in compliance with order of the Court.

The Hon'ble Delhi High Court pronounced the judgement on January 4, 2021 in favour of JSTPL. NHAI challenged this judgment under section 37 and next hearing was scheduled on April 29, 2021 which got adjourned and is rescheduled on July 19, 2021. JSTPL filed execution petition on January 13, 2021 and based on the petition filed Hon'ble Delhi High Court directed NHAI to handover the original bank guarantee before March 15, 2021. JSTPL collected the bank guarantee from NHAI on March 17, 2021 and returned it to PNB. Accordingly IDFC Projects share of commitment (19.90% on fully dilutive basis) which was counter guaranteed by IDFC for ₹ 69.37 crore was disclosed as commitments in previous year. However, as bank guarantee is revoked, it is no more shown as outstanding commitment in current year. Consequently, provision on loan commitment created in IDFC Limited for ₹ 22.63 crore has also been revered in current year.

c) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On March 25, 2021 the Company received letter from Government of India, Ministry of Finance , Department of Financials Services informing about the withdrawal of Mr. Anshuman Sharma and Mr. Soumyajit Ghosh as Nominee directors from the Board of IDFC Limited with immediate effect.

Pursuant to Regulation 17(1)(c) of SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, the Board of Directors of IDFC Limited shall comprise of not less than six directors. Due to sudden and immediate withdrawal of Government Nominees from the Board, the number of Directors on the Board of the Company reduced from 6 to 4 and the composition of the Board as well as constitution of Board's committees were impacted. As on March 31, 2021 the Company was in process of appointing New Directors, other than Government Nominee, on the Board to comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015.

Subsequently, the Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on May 25, 2021 approved nomination of Mr. Jaimini Bhagwati and Mr. Anil Singhvi as an additional director in the category of independent director for a period of 3 years. These nominations are subject to approval of the shareholders of the Company and other statutory / regulatory approvals.

34 CAPITAL MANAGEMENT

The Company maintains a capital base to cover risks inherent in the business and is meeting capital adequacy requirements of the regulator, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016); RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 and RBI circular DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 :

(₹ in crore)

Capital to risk assets ratio (CRAR):	As at March 31, 2021	As at March 31, 2020
Tier I capital	952.84	945.45
Tier II capital	-	-
Total capital	952.84	945.45
Risk weighted assets	1,015.71	1,065.04
CRAR (%)	93.81%	88.77%
CRAR - Tier I capital (%)	93.81%	88.77%
CRAR - Tier II capital (%)	-	-
Amount of subordinated debt considered as Tier II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Regulatory capital Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit and non-controlling interests less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India.

35. FAIR VALUE MEASUREMENT

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the note below:

Financial Instruments by Category (₹ in crore)

Year ended March 31, 2021	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	2.14
Bank Balances other than cash and cash equivalents	-	1.85
Investments:		
- Venture capital fund units	67.00	-
Other financial assets	-	0.29
Total Financial Assets	67.00	4.28
Financial Liabilities:		
Trade and other payables	-	1.59
Deposits	-	35.33
Other financial liabilities	-	3.65
Total Financial Liabilities	-	40.57

(₹ in crore)

Year ended March 31, 2020	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	0.69
Bank Balances other than above	-	1.48
Other receivables	-	0.02
Investments:		
- Venture capital fund units	54.64	-
Other financial assets	-	0.37
Total Financial Assets	54.64	2.56
Financial Liabilities:		
Trade and other payables	-	1.58
Deposits	-	37.76
Other financial liabilities	-	5.28
Total Financial Liabilities	-	44.62

The Equity instruments in subsidiaries and associates are measured at cost and not included in the above table.

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2021 (₹ in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Venture capital fund units		-	-	67.00	67.00
Total financial assets		-	-	67.00	67.00

Year ended March 31, 2020 (₹ in crore)

Assets measured at fair value - recurring fair value measurements		Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Venture capital fund units		-	-	54.64	54.64
Total financial assets		-	-	54.64	54.64

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Companies policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices in an active market.

Level 2: The fair value of financial instruments that are not traded in an active market (such as mutual fund units) is determined using observable market data and not the entity specific estimates. These investments are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. Since all significant inputs required to fair value an instrument are observable, the investments are included in Level 2.

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

b) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units (VCFs) is determined using NAV at the reporting date as declared by the issuer. ^
- the fair value of unlisted equity shares are has been valued by an independent valuer.

^During the previous year, considering the scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy, the Company had taken appropriate haircuts and had provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2020. In current year, the Company has taken illiquidity discount over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2021.

c) Valuation Process

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies (including unlisted portfolio companies of venture capital funds and alternative investment funds) on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance team which performs the above process reports directly to the Chief Financial Officer (CFO) of the Company. Discussions of valuation processes and results are held between the finance team and CFO on regular basis. Investment valuation is placed before the members of the board at least once every three months which is in line with the Company's quarterly reporting periods.

d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2021 and March 31, 2020:

(₹ in crore)

	Venture capital fund units	Total
Year ended March 31, 2019	206.05	206.05
Disposals (net) during the year	(158.65)	(158.65)
Gains recognised in profit and loss	7.24	7.24
Year ended March 31, 2020	54.64	54.64
Acquisitions (net) during the year	6.06	6.06
Gains recognised in profit and loss	6.30	6.30
Year ended March 31, 2021	67.00	67.00

e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair Value as at 31st March 2021	Fair Value as at 31st March 2020	Significant unobservable inputs	Probability-weighted range	Sensitivity
Venture capital fund units	67.00	54.64	Net Asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Company's gain/(loss) by ₹ 5.01 crores.(31st March 2020-4.09 crores)

f) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include cash and bank balances, bank deposits, security deposits, short term loans and advances, trade and other receivables, trade and other payable, and debt securities.

Advance to related parties and security deposits are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

36. FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk policies. These risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The objective is that these financial risks are identified, measured and managed in accordance with the Company's policies in a timely manner. The activities are designed to:

- protect the Company's financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimizing returns;
- protect the Company's financial investments, while maximising returns.

a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost.

Expected credit loss methodology:

Ind As 109 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company. The Company has established credit quality review process which considers net asset position, financial strength and leverage; operational & financial performance; cash flows, etc. in identification of creditworthiness of counterparties.
- Stage 2 - Financial instruments with significant increase in credit risk, but not yet deemed to be credit impaired are moved to Stage 2.
- Stage 3 - Credit impaired financial instruments are moved to stage 3.

The Company performs internal risk assessment on an individual basis and not on a portfolio basis due to the limited number of counterparties involved. The assessment of credit risk of a loans (including loan commitments) entails estimations as to the likelihood of loss occurring due to default of counterparties. The estimation of credit exposure for risk management purposes is complex and considers expected cash flows and the passage of time.

Default and credit-impaired asset:

The Company defines a financial asset as in default or credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

- Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

For all financial instruments held by the Company, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

Policy for write-off of financial assets

All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

Explanation of inputs and assumptions considered in the ECL model:

PD Estimation:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

For Stage 1, 12 month PD are calculated.

For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.
For Stage 3, Lifetime PD is taken as 100%.

Exposure at default:

- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a "credit conversion factor (CCF)" which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

In case of loan commitment to IDFC Projects, on account of limited credit information available and no prior history with other forms of operations, the Company has used the standard LGD prescribed in the RBI norms for Capital Adequacy — "Internal Ratings Based (IRB) Approach to Calculate Capital Requirement for Credit Risk" after giving considerations to the required threshold levels of collateralization.

The Expected Credit Loss (ECL) is measured either on a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

In determining the ECL, management assesses a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional facts and circumstances, that in management's judgment are considered to have been inadequately addressed in the ECL Model, are taken into consideration through the application of a management overlay framework. ECL adjustments arising from the exercise of the management overlay are subject to a review.

Credit risk exposure:

The following table contains an analysis of Company's exposure to credit risk towards loan commitments for which and ECL allowance is recognised:

(i) Reconciliation of ECL - Loan commitments* (₹ in crore)

	Stage 1 (12M ECL)	Stage 2 (12M ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2019	-	-	22.63	22.63
- arising during the year	-	-	-	-
- utilised	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	22.63	22.63
- arising during the year	-	-	-	-
- reversed	-	-	(22.63)	(22.63)
Impairment allowance as at March 31, 2021	-	-	-	-

*Refer note 32 for details of loan commitments provided to IDFC Projects Limited.

ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of impairment allowance on trade and other receivables

	₹ in crore
Impairment allowance as at March 31, 2019	6.01
Add/(less): changes in loss allowance	7.72
Impairment allowance as at March 31, 2020	13.73
Add/(less): changes in loss allowance	(7.83)
Impairment allowance as at March 31, 2021	5.90

iii) Other financial assets

The Company maintains exposure in cash and cash equivalents, deposits with banks. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

For investment in mutual fund units and venture capital fund units carried at fair value through profit and loss, the Company does not have significant concentration of credit risk.

The maximum exposure at the end of the reporting period is the carrying amount of these investments ₹ 67.00 crores (March 31, 2020: ₹ 54.64 crores)

The Company continues to provide the financial support to its Wholly Owned Subsidiay “IDFC Projects Limited” to meet its obligations as and when they fall due for payment; as the networth of the subsidiary is fully errorded. During the year, the Company has provided an advance of ₹ 0.02 crore (Previous year ₹ 0.50 crore) which has been fully provided.

Reconciliation of impairment allowance on other financial assets

	₹ in crore
Impairment allowance as at March 31, 2019	-
Add/(less): changes in loss allowance	0.50
Impairment allowance as at March 31, 2020	0.50
Add/(less): changes in loss allowance	0.02
Impairment allowance as at March 31, 2021	0.52

b) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

i) Fair value interest rate risk:

Interest rate risk is the risk where the company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2021 and March 31, 2020.

ii) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date.

iii) Price risk:

The price risk arises from investments in venture capital fund units classified in the balance sheet as financial instruments measured at fair value through profit and loss. The future uncertain changes in the Net Asset Value of the Company's investment exposes the Company to the price risk.

Exposure		(₹ in crore)
	As at March 31, 2021	As at March 31, 2020
Investment in venture capital fund units	67.00	54.64
Total	67.00	54.64

Sensitivity - Investment in venture capital fund

The table below summarises the impact of increases/decreases in the net asset value of Company's investment in venture capital fund units.

	Impact on profit after tax*	Impact on profit after tax*
	Year ended March 31, 2021	Year ended March 31, 2020
Investment in venture capital fund units:		
- Increase 10% (previous year 10%)	5.01	4.09
- Decrease 10% (previous year 10%)	(5.01)	(4.09)

*Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit and loss.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to below.

Maturity analysis:

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(₹ in crore)

As at March 31, 2021	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	1.59	-	1.59
Deposits	13	19.89	15.44	35.33
Other financial liabilities	14	3.65	-	3.65
Total financial liabilities		25.13	15.44	40.57

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	1.58	-	1.58
Deposits	13	37.76	-	37.76
Other financial liabilities	14	5.28	-	5.28
Total		44.62	-	44.62

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in crore)

	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	2.14	-	2.14	0.69	-	0.69
Bank balance other than cash and cash equivalents above	1.85	-	1.85	1.48	-	1.48
Receivables						
(I) Trade receivables	-	-	-	-	-	-
(II) Other receivables	-	-	-	0.02	-	0.02
Investments	-	9,295.27	9,295.27	-	9,285.96	9,285.96
Other financial assets	-	0.29	0.29	-	0.37	0.37
Non-financial assets						
Income tax assets	-	1.51	1.51	-	3.03	3.03
Property, plant and equipment	-	0.23	0.23	38.00	0.15	38.15
Other non-financial assets	2.49	-	2.49	2.18	-	2.18
Total assets	6.48	9,297.30	9,303.78	42.37	9,289.51	9,331.88
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.59	-	1.59	1.58	-	1.58
Deposits	19.89	15.44	35.33	37.76	-	37.76
Other financial liabilities	3.65	-	3.65	5.36	-	5.36
Non-financial Liabilities						
Income tax liabilities (Net)	0.21	-	0.21	1.21	-	1.21
Deferred tax liabilities (Net)	0.57	-	0.57	7.14	-	7.14
Provisions	0.17	-	0.17	0.06	22.63	22.69
Other non-financial liabilities	1.16	-	1.16	0.58	-	0.58
Total liabilities	27.24	15.44	42.68	53.69	22.63	76.32

38. EMPLOYEE SHARE BASED PAYMENTS

a) Employee stock option scheme (equity settled) - IDFC Limited

The Company introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the Company and its subsidiaries to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Company under the ESOS is recognised as an employee benefits expense with a corresponding increase in 'Share Option Outstanding Account' under 'Other Equity'. The fair value of options granted to the employees of subsidiaries or associate of the Company is recognised as an increase in the investment in the respective subsidiaries or associate, with a corresponding credit to 'Share Option Outstanding Account' under 'Other Equity' in accordance with group share based payment guidance under Ind AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in a graded manner. Vested options are exercisable for the period of five years after the vesting.

i) Set out below is a summary of options granted under the plan:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	61.64	13,281,418	68.52	27,216,085
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	80.94	(2,658,640)	66.87	(6,104,000)
Lapsed/expired during the year	48.77	(18,000)	81.48	(7,830,667)
Closing balance	56.82	10,604,778	61.64	13,281,418
Vested and exercisable	56.82	10,604,778	61.63	13,240,018

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2021 was ₹ Nil (previous year ₹ Nil).

ii) Share options outstanding at the March 31, 2021 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
2-Sep-13	02-Sep-19 to 02-Sep-21	48.77	24,000	42,000
7-Aug-14	07-Aug-19 to 07-Aug-21	90.56	400,000	700,000
3-Aug-15	15-Jul-19 to 03-Aug-23	90.81	-	1,500,000
5-Oct-15	18-Apr-17 to 05-Oct-23	60.35	1,175,924	2,034,564
5-Feb-16	05-Feb-22 to 05-Feb-24	41.15	300,000	300,000
29-Apr-16	14-Jul-17 to 29-Apr-23	43.4	100,000	100,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.9	158,754	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.2	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
9-May-17	31-May-18 to 09-May-24	63.25	103,500	103,500
27-Apr-18	27-Apr-23	55.4	8,200,000	8,200,000
Total			10,604,778	13,281,418
Weighted average remaining contractual life of options outstanding at end of period			2.21	3.20

iii) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the stock option.

There are no ESOPs granted during the year ended March 31, 2020 and year ended March 31, 2020.

b) Employee stock option scheme (equity settled) - IDFC FIRST Bank Limited

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an indirect associate of the Company, got demerged from the Company under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted employee stock options to the employees of the Company and it's subsidiaries. The employee share based payments arrangement between the Company and its associate is outside the scope of Ind AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind AS 8, the Company has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind AS 102.

Applying Ind AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Company is recognised as an employee benefits expense with a corresponding decrease in investment in associate. However, the fair value of options granted to the employees of subsidiaries of the Company is recognised as an increase in the investment in the respective subsidiaries and a decrease in investment in associate.

c) Amounts recognised in statement of profit and loss and investment in subsidiary:

The Company had established an intermediate Non-Operating Financial Holding Company (NOFHC) (i.e. IDFC Financial Holding Company Limited) to hold the investment in IDFC FIRST Bank Limited (an associate of the Company) and other subsidiaries of the Company due to regulatory requirements of RBI. Since the Company does not hold direct investment in its associate and other subsidiaries involved in group, the Company increases or decreases its investment in IDFC Financial Holding Company Limited, to give the effect of increase or decrease in the investment in subsidiary or associate for accounting employee stock options.

i) Total expenses arising from share-based payment transactions recognised in statement of profit and loss as part of employee benefit expense for the year ended March 31, 2021 is ₹ Nil (previous year ₹ 1.11 crores).

ii) Under group share based payment arrangement, the total increase in the investment in IDFC Financial Holding Company Limited for the year ended March 31, 2021 amounted ₹ Nil (previous year ₹ 0.02 crores).

39. RELATED PARTY TRANSACTIONS

List of related party where transaction exists.

a) Subsidiaries

Direct:

Name	Place of incorporation	Ownership Interest	
		As at March 31, 2021	As at March 31, 2020
IDFC Foundation	India	100%	100%
IDFC Financial Holding Company Limited	India	100%	100%
IDFC Alternatives Limited (w.e.f November 14, 2019)	India	100%	100%
IDFC Trustee Company Limited (w.e.f November 14, 2019)	India	100%	100%
IDFC Projects Limited	India	100%	100%

Indirect:

IDFC Alternatives Limited (till November 13, 2019)

IDFC Trustee Company Limited (till November 13, 2019)

IDFC Asset Management Company Limited

IDFC AMC Trustee Company Limited

IDFC Securities Limited (till June 10, 2020)

b) Joint ventures

Indirect:

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

c) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited

Jetpur Somnath Tollways Private Limited

NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (w.e.f March 12, 2019 till March 30, 2020)

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO

Mr. Bipin Gemani - Chief Financial Officer

Mr. Vinod Rai - Independent director

Mr. Soumyajit Ghosh - Nominee Director (upto March 25, 2021)

Mr. Anshuman Sharma - Nominee Director (upto March 25, 2021)

Ms. Ritu Anand -Independent director (w.e.f. August 16, 2019)

Ms. Marriane Okland - Independent director (upto September 30, 2019)

Mr. Chintamani Bhagat - Nominee Director (upto September 30, 2019)

Mr. S S Kohli - Independent director (upto September 30, 2019)

Mr. Ajay Sondhi - Independent director (w.e.f. November 08, 2019)

e) Key management personnel compensation

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefit	7.16	7.16
Long-term employee benefit	0.62	1.04
Total	7.77	8.20

Sitting fees and Commission to directors has been disclosed as “Directors’ Sitting Fees” & “Commission to directors” under “other expenses” in note 26.

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

(₹ in crore)

	Subsidiaries		Associates		Joint Ventures	
	2021	2020	2021	2020	2021	2020
INCOME						
Dividend	-	103.88	-	-	-	-
Interest	-	0.01	0.01	1.95	-	-
EXPENDITURE						
Shared service cost recovery	(0.08)	(2.54)	(0.32)	(1.29)	-	(0.40)
Shared service cost (including reim of exp)	0.08	1.56	-	0.27	-	-
CSR contribution	0.36	0.76	-	-	-	-
Interest cost	2.59	0.85	-	-	-	-
ASSETS / TRANSACTIONS						
Purchase / subscription of investments	-	200.10	-	-	-	-
Purchase of Vehicle	-	-	0.02	-	-	-
Sale of investments	-	105.79	-	-	-	-
Current account balance	-	-	3.38	2.15	-	-
Fixed deposits placed	-	-	6.00	24.89	-	-
Fixed deposits matured	-	-	6.00	24.89	-	-
Inter-corporate deposits (placed)	-	1.00	-	-	-	-
Inter-corporate deposits (matured)	-	1.00	-	-	-	-
Advances given	0.03	0.50	-	-	-	-
Advances repaid	(0.01)	-	-	-	-	-
Advances Outstanding	0.52	0.50	-	-	-	-
Outstanding Equity investment - At cost	9,327.89	9,327.89	35.62	35.62	-	-
LIABILITIES / TRANSACTIONS						
Inter-corporate deposits taken	39.50	37.00	-	-	-	-
Inter-corporate deposits repaid including interest	44.54	-	-	-	-	-
Inter-corporate deposits -Balance outstanding	34.50	37.00	-	-	-	-
Interest accrued on inter corporate deposit taken - balance outstanding	0.83	0.76	-	-	-	-
Trade payable-balance outstanding	-	-	-	-	4.99	4.99

40. The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 008 /03.10.119 /2016-17 dated July 1, 2016) :

(a) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(₹ in crore)

		As at March 31, 2021		As at March 31, 2020	
		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	9,336.83	9,228.27	9,289.61	9,231.32
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	**Other than related parties**	67.00	67.00	54.64	54.64
	Total	9,403.83	9,295.27	9,344.25	9,285.96

(b) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	19.89	15.44	-	-	35.33
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	67.00	-	-	9,228.27	9,295.27
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Previous Year

(₹ in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	37.76	-	-	-	37.76
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	54.64	-	-	9,231.32	9,285.96
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors

(c) Exposures to Capital Market

(₹ in crore)

		As at March 31, 2021	As at March 31, 2020
(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	-	-
(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	-	-

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows/issues	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	77.81	74.00
Total Exposure to Capital Market	77.81	74.00

(d) Penalties / fines imposed by the RBI

During the year ended March 31, 2021 there was no penalty imposed by the RBI (Previous Year Nil).

41. The following additional information is disclosed in terms of the RBI circular (Ref. No. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020)

For year ended March 31, 2021 (₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
Performing Assets						
Standard	-	-	-	-	-	-
Non-Performing Assets (NPA)						-
Substandard	Stage 3	-	-	-	-	-
Doubtful						-
up to 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss	Stage 3	6.42	6.42	-	6.42	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	-	-	-	-	-
Total		6.42	6.42	-	6.42	-

For year ended March 31, 2020 (₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
Performing Assets						
Standard	-	-	-	-	-	-
Non-Performing Assets (NPA)						-
Substandard	Stage 3	7.83	7.83	-	0.78	7.05
Doubtful						-
up to 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss	Stage 3	6.40	6.40	-	0.64	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	69.37 *	22.63	46.74	-	22.63
Total		83.60	36.86	46.74	7.18	29.68

* Asset is not recognised in books of accounts. The Company has applied Credit conversion factor (CCF) of 50% and probability of default (PD) of 65% on contingent liability of ₹ 69.37 crore as disclosed in note 32.

42. Additional Disclosures

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in the Statement of Profit and Loss:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Impairment on financial instruments	0.02	8.33
Impairment on investment in associates	-	35.62
Impairment on Plant, Property and Equipment	-	8.14
Total	0.02	52.09

(b) Disclosure of complaints

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Shareholders' complaints:		
No. of complaints pending at the beginning of the year	Nil	17
No. of complaints received during the year	64	561
No. of complaints disposed off during the year	64	578
No. of complaints remaining unresolved at the end of the year	Nil	Nil

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

43. Ratings assigned by credit rating agencies and migration of ratings during the year :

The said rating was withdrawn on January 27, 2020.

44. Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2021 and March 31, 2020 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 Securitization.

(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.

45. IMPACT OF COVID

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in the later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

The Company is an investing company for the group. The Company has its investments in subsidiaries and associates of the group. In lights of the Covid-19 outbreak and based on the information available upto the date of the approval of these Financial Statements, the Company has assessed its liquidity position for the next one year which factors uncertainties due to the current situation.

The Company has further assessed the recoverability and carrying value of its assets comprising of Property, Plant and Equipment and Investments as at March 31, 2021, and has concluded that there are no material adjustments required in the financial statements, other than those already considered. The Management has performed an analysis of the fair value of its unquoted and illiquid investments and the same has been considered in the financial statements. The future direct and indirect impact of COVID-19 on the Company business, results of operations, financial position and cash flows remains uncertain. The Company will continue to monitor any material changes to future economic conditions.

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

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of IDFC Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 50 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2021, of consolidated total comprehensive expense (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 20 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 21 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

4. In respect of

    i. the Holding Company, we draw attention to note 22C (f) to the Consolidated Financial Statement, regarding transfer of excess reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Based on the opinion provided by the external legal advisor and in consultation with its tax consultants and the approval of its Board of Directors, the Company has transferred the excess reserve amounting to ₹ 411.02 crores from "Special reserve under section 36(1)(viii) of the Income-tax Act, 1961"to the "Surplus in the statement of profit and loss".

    ii. the Holding Company and three subsidiaries of the Group audited by us including (IDFC Asset Management Company Limited, IDFC Financial Holding Company Limited and IDFC Foundation), we draw your attention to note 54 to Consolidated Financial Statement, which describes the Group's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Group. As mentioned in the note, in view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

    iii. IDFC Alternatives Limited (a subsidiary of the Holding Company) audited by us, we draw attention to note 43(a) to the Consolidated Financial Statement, regarding preparation of financial statements on realizable value basis, pursuant to the Group's decision to discontinue the operations of the Company in view of reasons stated therein. Further, we also draw reference to note 54 to the Statements which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the realisable values. As mentioned in the note, in view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

    iv. IDFC Trustee Company Limited and IDFC Projects Limited (subsidiaries of the Holding Company) audited by us, we draw attention to note 43(a) to the Consolidated Financial Statement regarding preparation of the financial statements of these companies on a realisable value basis, pursuant to the Group's decision to discontinue the operations of these companies.

    v. IDFC Financial Holding Company Limited (a subsidiary of the Holding Company) audited by us, we draw attention to Note 43(c)(i) to the Consolidated Financial Statement, regarding not giving effect to the NCLT Order dated February 4, 2021 regarding capital reduction in view of the reasons stated therein. Based on the legal advice, the Company has communicated its decision of not been able to comply with NCLT Order to the Registrar of Companies, Chennai and NCLT.

    Our opinion is not modified in respect of these matters.

5. We draw attention to following emphasis of matter paragraph as included in the audit report on the special purpose condensed consolidated financial information of IDFC FIRST Bank Limited (an associate of the Holding Company), its subsidiary and its associate, issued by their auditors vide report dated May 21, 2021 reproduced as follows:

    "As more fully described in Note 3 to the reporting package, the extent to which the COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

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

Note 3 as mentioned above corresponds to note 48 of the consolidated financial statements.

6. We draw attention to the following emphasis of matter paragraphs as included in the audit report on the special purpose consolidated financial information of Infrastructure Development Corporation (Karnataka) Limited (a joint venture of the Holding Company), and its subsidiary, issued by their auditors vide report dated June 08, 2021 reproduced as follows:

   i. "Note No. 5(c) to the accompanying financial statements –in relation to Trade Receivables:

      The Company's Trade receivables is relatively high as compared to annual turnover, reflecting low receivable turnover ratio, extending credit terms and poor collection process from customers."

   ii. "Note No. 34 to the accompanying financial statements – in relation to Non Furnishing of Balance confirmation from Debtors:

      The Company has not received the Confirmation of balances from Debtors as on the date of this report, the balances are subject to such confirmations and reconciliations.

      Our opinion is not modified in respect of these matters"

      Note No. 5(c) as mentioned in the point i. above corresponds to note 43(f)(i) of the consolidated financial statement.

      Note No. 34 as mentioned in point ii. above corresponds to note 43(f)(ii) of the consolidated financial statement.

7. We draw attention to the following emphasis of matter paragraphs as included in the audit report on the financial statements of Delhi Integrated Multi Modal Transit System Limited (a joint venture of the Holding Company), and its subsidiary, issued by their auditors vide report dated June 09, 2021 reproduced as follows:

   i. "We draw attention to Note 39 to the Financial Statements which explains that COVID-19 has caused significant disruptions in the business operations of companies across India and has also caused significant accounting and auditing challenges. As per this note the Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company expects that the carrying amount of these assets will be recovered and sufficient liquidity is available to fund the business operations for at least another 12 months. Given the uncertainty because of COVID-19, the final impact on the Company assets in future may differ from that estimated as at the date of approval of these financial results.

   Our opinion is not modified in respect of above matter.

   ii. We draw attention to Note 34 that some of the balances appearing under the heads Trade Receivable, Trade Payable and Advances Recoverable are subject to confirmation.

      Our opinion is not modified in respect of above matter."

      Note 39 mentioned in point i. above corresponds to note 43(g)(i) of the consolidated financial statement.

      Note 34 mentioned in point ii. above corresponds to note 43(g)(ii) of the consolidated financial statement.

Key Audit Matter

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

Key audit matter	How our audit addressed the key audit matter
Assessment of valuation of investments measured at fair value for which no listed price in an active market is available and valuation is carried out basis market information and significant unobservable inputs. **(Refer note 6 to the consolidated financial statements.)** The Group has investments in Venture Capital Funds and Alternate Investment Funds ("VCF & AIF") units amounting to ₹ 197.85 crores measured at fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in statement of profit and loss in accordance with related Accounting Standard (Ind-AS 109).	The following procedures were performed by us to test the valuation of investments which are measured at fair value for which no listed price in an active market is available: • We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's control over assessment of fair value of investments. • We verified that requisite approvals are in place with regards to Management's assessment of fair valuation of investments in VCF and AIF.

Key audit matter	How our audit addressed the key audit matter
In measuring the fair value of these investments, the Management considers the net asset value ("NAV") declared by the investment managers of the VCF and AIF unit. NAV is considered as a significant unobservable input as the Company does not have direct access to the valuations of the underlying portfolio companies in which the VCFs and the AIFs have invested. The Management also reviews the performance of the portfolio companies on a regular basis by tracking the latest available financial statements/financial information, valuation report of independent valuers, investor communications and basis the said assessment determines whether any discount is required to be applied on the NAV communicated by the investment managers of VCF and AIF. The assessment made by the Management also takes into consideration the illiquidity considering the said investments are not actively traded in the market. The assessment prepared by the Management is placed before the Board of Directors for their approval at regular intervals. Considering the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the consolidated financial statements and the nature and extent of the audit procedures involved, we determined this to be a key audit matter.	• We independently obtained the NAVs from the investment managers of VCF and AIF and also held discussions with them in relation to the fund performance as well as for understanding the process followed by the investment manager for declaring NAVs so as to evaluate the appropriateness of the assessment made by the Management. • We evaluated together with the auditor's expert, the reasonableness of the discount applied by the Management on the NAVs declared by the VCF and AIF issuers. • We traced the inputs used in the calculation from the source data (Statement of Accounts, NAV declared etc.) to verify the arithmetical accuracy of the calculation of valuation of investments. • We evaluated the adequacy of the disclosures in the consolidated financial statements. Based on our above audit procedures, we consider that the management's assessment of the fair value of the above investments for which no listed price in an active market is available is reasonable.

Other Information

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

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

11. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 20 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

12. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its Associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

13. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

14. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

16. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

17. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

20. We did not audit the financial statements of three subsidiaries, whose special purpose financial statements reflect total assets of ₹ 54.07 crores and net assets of ₹ 53.57 crores as at March 31, 2021, total revenues of ₹ 8.11 crores, total net loss after tax of ₹ 6.91 crores, total comprehensive income of ₹ (6.91) crores and net cashflow of ₹ 3.34 crores 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 loss after tax of ₹ 466.37 crores and total comprehensive income (comprising of loss and other comprehensive income) of ₹ (243.19) crores for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of one associate and two joint venture, whose special purpose financial statements/special purpose financial information have not been audited by us. These special purpose financial statements/ special purpose financial information have been audited by the other auditors whose reports

have been furnished to us by the other auditors, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint ventures company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

21. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 0.99 crores and net liability of ₹ 0.81 crores as at March 31, 2021, total revenue of 0.43 crores, total net loss after tax of ₹ 0.85 crores, total comprehensive income of ₹ (0.85) crores and net cashflow of ₹ 0.09 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net loss after tax of ₹ 0.44 crores and total comprehensive income (comprising of loss and other comprehensive income) ₹ (0.44) crores for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of two 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 insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

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 unaudited financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

22. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associates and joint ventures– Refer Note 39 and Note 50(b)(i) to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2021– Refer (a) Note 47.3 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) Note 50 for the Group's share of net profit/loss in respect of its associates.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2021.

23. The Group, its associates and joint ventures has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The provisions of Section 197 read with Schedule V of the Act are applicable only to Public Companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to subsidiaries, associates and joint ventures which are not Public Companies. Further the following paragraph was communicated by the auditors of IDFC FIRST Bank Limited, vide their email dated June 11, 2o21, as reproduced below:

    "In our opinion and to the best of our information and according to the explanations given to us, being a banking company, Section 35B (2A) of the Banking Regulation Act, 1949 regarding managerial remuneration applies to the Bank and Section 197 (16) of the Act is not applicable and based on the reports of the statutory auditor of such subsidiary company which were not audited by us, the remuneration paid during the current year by the subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us."

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAFB8962

Place: Mumbai
Date: June 14, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 24(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the consolidated financial statements for the year ended March 31, 2021

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of IDFC Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were

operating effectively as at March 31, 2021, 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. (Also refer paragraphs 4 to 7 of the main audit report).

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one associate company and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAFB8962

Place: Mumbai
Date: June 14, 2021

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in crore)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	42.11	677.90
Bank balances other than cash and cash equivalents	4	23.38	46.10
Derivative financial instruments	13	0.54	4.29
Receivables			
(i) Trade receivables	5A	12.71	17.95
(ii) Other receivables	5B	0.05	0.50
Investments	6		
- Accounted for using equity method		6,818.02	6,259.84
- Others		567.77	421.00
Other financial assets	7	11.90	17.72
Non-financial assets			
Income tax assets (net)	8	26.29	51.54
Deferred tax assets (net)	9	10.34	0.66
Property, plant and equipment	10	16.05	86.01
Right of Use Asset	15	34.27	45.64
Goodwill	11a	779.17	779.17
Other intangible assets	11	4.56	7.50
Other non-financial assets	12	23.66	34.62
Assets directly associated with disposal group classified as held for sale	36	-	118.62
Total assets		8,370.82	8,569.06
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	13	-	0.42
Payables			
(I) Trade payables	14A		
(i) total outstanding dues of micro enterprises and small enterprises		0.04	0.25
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		12.66	13.49
(II) Other payables	14B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3.08	0.03
Lease liabilities	15	37.52	47.34
Other financial liabilities	16	38.82	60.93
Non-financial Liabilities			
Income tax liabilities (net)	17	14.60	11.68
Provisions	18	1.97	26.01
Deferred tax liabilities (net)	19	8.33	5.78
Other non-financial liabilities	20	38.92	37.86
Liabilities directly associated with disposal group classified as held for sale	36	-	44.58
EQUITY			
Equity share capital	21	1,596.36	1,596.36
Other equity	22	6,618.52	6,724.33
Equity attributable to owners of IDFC Limited		8,214.88	8,320.69
Total liabilities and equity		8,370.82	8,569.06

See accompanying notes to the consolidated financial statements

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

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

Sharad Vasant
Partner
Membership Number : 101119

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, June 14, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in crore)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS			
Interest income	23	9.52	20.14
Net gain / (loss) on fair value changes	24	49.80	12.68
Fees and commission income		347.31	306.16
Dividend income	25	0.29	1.74
Total revenue from operations		406.92	340.72
Other income	26	48.04	32.13
Total income		454.96	372.85
EXPENSES			
Finance costs	27	13.04	2.58
Impairment on financial instruments	28	(0.82)	11.22
Loss on winding up of subsidiary		2.56	-
Employee benefits expenses	29	107.29	118.94
Depreciation, amortisation and impairment	30	20.27	31.57
Other expenses	31	112.24	120.20
Total expenses		254.58	284.51
Profit/(Loss) before share of net profits of investments accounted for using equity method and tax		200.38	88.34
Share of net profit/(loss) of associates and joint ventures accounted for using equity method		(466.81)	(1,004.45)
Profit/(Loss) before tax from continuing operations		(266.43)	(916.11)
INCOME TAX EXPENSE:	32		
- Current tax		70.79	67.47
- Deferred tax (net)		(7.13)	(7.22)
- Tax adjustment for prior years		7.01	0.14
Total tax expense		70.67	60.39
Profit/(Loss) from continuing operations		(337.10)	(976.50)
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations		0.07	(19.18)
Income tax expense of discontinued operations		(0.29)	0.45
Net profit/(loss) from discontinued operation		0.36	(19.63)
Profit/(loss) for the year		(336.74)	(996.13)
Other comprehensive income ('OCI')			
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		248.68	(378.87)
- Income tax relating to these items		-	-
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		1.28	(0.85)
- OCI arising from discontinued operation		-	1.12
- Share of OCI of associates and joint ventures accounted for using equity method		(25.50)	(56.47)
- Income tax relating to these items		(0.29)	0.20
Other comprehensive income (net of tax)		224.17	(434.87)
Total comprehensive income		(112.57)	(1,431.00)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in crore)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Net Profit/(Loss) is attributable to:			
- Owners		(336.02)	(994.90)
- Non-controlling interests		(0.72)	(1.23)
Other comprehensive income is attributable to:			
- Owners		224.17	(434.87)
- Non-controlling interests		-	-
Total comprehensive income is attributable to:			
- Owners		(111.85)	(1,429.77)
- Non-controlling interests		(0.72)	(1.23)
Total comprehensive income attributable to owners:			
- Continuing operations		(112.93)	(1,412.50)
- Discontinued operations		0.36	(18.50)
Earnings per equity share (for continuing operations):	38		
- Basic (₹)		(2.11)	(6.12)
- Diluted (₹)		(2.11)	(6.12)
Earnings per equity share (for discontinued operations):			
- Basic (₹)		0.00	(0.12)
- Diluted (₹)		0.00	(0.12)
Earnings per equity share (for continuing and discontinued operations):			
- Basic (₹)		(2.11)	(6.24)
- Diluted (₹)		(2.11)	(6.24)

See accompanying notes to the consolidated financial statements

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

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

Sharad Vasant
Partner
Membership Number : 101119

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, June 14, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

(₹ in crore)

	Number	Amount
As at March 31, 2019	1,596,358,316	1,596.36
Issued during the year	-	-
As at March 31, 2020	1,596,358,316	1,596.36
Issued during the year	-	-
As at March 31, 2021	1,596,358,316	1,596.36

B. Other equity

(₹ in crore)

	Reserves and surplus						Other comprehensive income		
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	Foreign currency translation reserve	Equity instru-ments through OCI	Total other equity
As at March 31, 2019	2,523.47	3,053.25	1,117.97	314.55	1,724.86	22.61	27.77	3.97	8,788.45
Change in accounting policy (refer note 53)					(2.21)				(2.21)
Restated balance at April 1, 2019	2,523.47	3,053.25	1,117.97	314.55	1,722.65	22.61	27.77	3.97	8,786.24
Loss for the year	-	-	-	-	(994.90)	-	-	-	(994.90)
Other comprehensive income	-	-	-	-	(434.87)	-	-	-	(434.87)
Total comprehensive income for the year	-	-	-	-	(1,429.77)	-	-	-	(1,429.77)
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	1.10	-	-	1.10
ii) Options exercised during the year	-	-	-	-	-	-	-	-	-
iii) Options lapsed during the year	-	-	-	-	0.98	(4.62)	-	-	(3.64)
iv) Options cancelled during the year	-	-	-	-	-	-	-	-	-
- Dividends paid	-	-	-	-	(502.85)	-	-	-	(502.85)
- Dividend distribution tax	-	-	-	-	(128.12)	-	-	-	(128.12)
- Others	-	-	-	-	(13.31)	-	-	-	(13.31)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	24.37	-	-	-	24.37
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9.69)	-	(9.69)
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	39.37	-	(39.37)	-	-	-	-
As at March 31, 2020	2,523.47	3,053.25	1,157.34	314.55	(365.42)	19.09	18.08	3.97	6,724.33
Loss for the year	-	-	-	-	(336.02)	-	-	-	(336.02)
Other comprehensive income	-	-	-	-	224.17	-	-	-	224.17
Total comprehensive income for the year	-	-	-	-	(111.85)	-	-	-	(111.85)
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	-	-	-	-
ii) Options exercised during the year	-	-	-	-	-	-	-	-	-
iii) Options lapsed during the year	-	-	-	-	-	(3.34)	-	-	(3.34)
iv) Options cancelled during the year	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	(3.76)	-	-	-	(3.76)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	13.14	-	-	-	13.14
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
- Transfers to/ from:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	11.81	-	(11.81)	-	-	-	-
ii) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [refer note 22C (f)]	-	(411.02)	-	-	411.02	-	-	-	-
iii) Foreign currency translation reserve [refer note 22C (g)]	-	-	-	-	18.05	-	(18.05)	-	-
As at March 31, 2021	2,523.47	2,642.23	1,169.15	314.55	(50.63)	15.75	0.03	3.97	6,618.52

Total equity (primarily surplus in statement of profit and loss) includes ₹ 32.98 crores (March 31, 2020: ₹ 42.16 crores) pertaining to IDFC Foundation held for specified purposes.

See accompanying notes to the consolidated financial statements

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

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in crore)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax from:			
- Continuing operations		(266.43)	(916.11)
- Discontinued operations		0.07	(19.18)
- Other Comprehensive Income		224.17	(434.87)
Loss before tax including discontinued operations		(42.19)	(1,370.16)
Adjustments :			
Depreciation, amortisation and impairment	30	20.27	31.57
Net loss on sale of property, plant and equipments	26	(0.07)	(0.02)
Impairment of financial instruments	28	(0.82)	11.22
Employee share based payment expense	29	3.22	5.94
Net loss on sale of investments including fair valuation	24	(49.80)	(12.68)
Loss on winding up of subsidiary		2.56	-
Dividend income	25	(0.29)	(1.74)
Interest expense	27	13.04	2.58
Interest income	23	(9.52)	(20.14)
Operating loss before working capital changes		(63.60)	(1,353.43)
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	5.69	(1.87)
Other financial assets	7 & 13	9.42	31.49
Other non financial assets	12	10.95	90.99
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	14	2.01	(10.83)
Other financial liabilities	16	(7.66)	10.34
Other non financial liabilities	15 18,& 20	(32.79)	72.18
Cash (used in) / generated from operations		(12.38)	192.30
Less : Income taxes paid (net of refunds)		(49.25)	(44.93)
Net cash outflow from operating activities		(125.23)	(1,206.06)
CASH FLOW FROM INVESTING ACTIVITIES :			
Assets directly associated with disposal group classified as held for sale	36	74.04	356.95
Decrease / (Increase) in investments *	6	(657.71)	2,005.90
Decrease / (Increase) in property, plant and equipments	10	52.63	(19.38)
Right of use Assets	15	11.37	(45.64)
Dividends received	25	0.29	1.74
Interest received		10.48	18.93
Bank fixed deposits placed / matured		22.72	67.84
Net cash (outflow) / inflow from investing activities		(486.18)	2,386.34
CASH FLOW FROM FINANCING ACTIVITIES :			
Dividend paid (including dividend distribution tax)	22a	-	(630.97)
Interest paid	27	(13.04)	(2.58)
Decrease in minority interest		(14.15)	(9.59)
Opening Adjustment		2.81	(9.33)
Net cash outflow from financing activities		(24.39)	(652.47)
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES		(635.79)	527.81
Add : Cash and cash equivalents at beginning of the year	3	677.90	150.09
Cash and cash equivalents at end of the year	3	42.11	677.90

*Purchase of investments include ₹ Nil (March 31, 2020: ₹ Nil) and proceeds from disposal / redemption of investments include ₹ 4.28 crores (March 31, 2020: ₹ NiL) held by IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

The accompanying notes are integral part of these financial statements.

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

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

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

BACKGROUND

IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai – 600 018 , Tamil Nadu and corporate office located at 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400 021.

These financial statements are for the group consisting the Company and its subsidiaries, associates and joint ventures (Refer note 50). The Group is a financial conglomerate with interests in Bank, Asset Management - public and alternate, Investment Banking, Broking as its businesses. In accordance with RBI guideline on licensing of new bank in private sector, the Group has implemented Holding Company structure through its 100% subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL'). Under the guidelines, all regulated financial services entities should be held through a Non-Operating Financial Holding Company. Non-financial services entities i.e. IDFC Projects, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Foundation are direct subsidiaries of the Company.

All investment in regulated financial subsidiaries i.e. IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, and IDFC Securities Limited are held through its wholly owned subsidiary, IDFC FHCL. Some of these regulated financial subsidiaries had investments in foreign subsidiaries i.e. IDFC Capital (Singapore) PTE Limited, IDFC Securities Singapore PTE Limited, IDFC Capital (USA) Inc., IDFC Investment Managers (Mauritius) Limited (Refer note 52).

Investments in associates comprise of IDFC First Bank Limited by IDFC FHCL, Jetpur Somnath Tollways Limited by its wholly owned subsidiary, IDFC Projects Limited and Novopay Solutions Private Limited directly by IDFC Limited.

The shares of the Company and its associate, IDFC First Bank Limited are listed on National Stock Exchange of India (NSE) Limited and Bombay Stock Exchange (BSE) Limited.

These consolidated financial statements were authorised for issue by the Board of Directors on June 14, 2021.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amounts:

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

(iii) Order of liquidity

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 45.

b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions within Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Refer Note 2 for significant judgements and assumptions made in determining that the Group has significant influence over certain entities it even though it holds less than 20% of their voting.

(iii) *Joint ventures*

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iv) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note p below.

(v) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of IDFC Limited assesses the financial performance and position of the Group and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker, consists of the directors of the Group (both executive and independent). Refer note 36 for segment information presented.

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

(i) Classification and subsequent measurement of financial assets:

The Group classifies its financial assets in the following measurement categories:

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

The classification requirements for debt and equity instruments are described below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans, mutual fund units, venture capital fund and corporate bonds.

For investments in debt instruments, measurement will depend on the classification of debt instruments depending on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group has designated at FVOCI investments in a small portfolio of equity securities. The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Gains and losses on equity investments at FVTPL are included in the statement of profit and loss.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its financial instrument. The Group recognises a loss allowance for such losses at each repotting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 47 provides more detail of how the expected credit loss allowance is measured

Interest Income

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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

(iii) De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities and equity instruments

(i) Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Classification and subsequent measurement

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

(iii) De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

f) Derivative financial instruments

The Group holds derivative financial instruments to meet the investment objective of the fund or the product. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

g) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Brokerage fees income

a) Brokerage fees – over time

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

b) Brokerage fees – point in time

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

(ii) Interest Income

Interest income is recognised using effective interest rate method.

(iii) Dividend income

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

(iv) Fees, commission and other income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Fees and commission that are not integral to effective interest rate are recognised on accrual basis over the life of instrument.

Fees integral to the effective interest rate include origination fees, commissions received or paid by the Group relating to the creation or acquisition of a financial asset or issuance of a financial liability. Loan origination fees is deferred as a part of interest income under the effective interest rate method.

All other fees, commissions and other income and expense items are generally recognised on an accrual basis by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided, except guarantee commission which is recognised pro-rata over the period of the guarantee.

Asset management and other service fees principally includes asset-based asset management fees, which are recognized in the period in which the services are performed. In certain asset management fee arrangements, the Group is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. The Group may be required to return all, or part, of such performance-based incentive fee depending on future performance of these assets relative to performance benchmarks. The Group records performance-based incentive fee revenue when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to claw back or contingency. Under this principle the Group records a deferred performance-based incentive fee liability to the extent it receives cash related to the performance-based incentive fee prior to meeting the revenue recognition criteria delineated above.

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

i) Income Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

j) Goods and service tax

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

(i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) when receivables and payables are stated with the amount of tax included

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

k) Leases

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

For arrangements entered into prior to April 1, 2017, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition to Ind AS 116.

Group as a lessee

From April 1, 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group has is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Asset and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a indicative AAA equivalent borrowing rate.

Lease payment are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payment associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

m) Cash and cash equivalents

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

n) Property, plant and equipment

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

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

(i) Depreciation methods estimated useful lives and residual value

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

o) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Computer Software

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is recognised as an expense when incurred. The Group amortises intangible assets using straight-line method over a period of three years.

p) Impairment of non-financial asset

i) As per IND AS 36 investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing whether there is any impairment management considers indications through external and internal sources of information. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

q) Retirement and other employee benefits

(i) Defined contribution plan

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made as and when services are rendered. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

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

(iii) Compensated absences

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

r) Provisions

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

s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t) Share-based payments

The Holding Company and two of its subsidiaries has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Holding Company / Subsidiary Company that vest in a graded manner and that are to be exercised within a specified period.

Fair value is determined by using option valuation models, which consider the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity are credited to common shares.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 49 for details.

u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Dilutive earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

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

v) Contributed Equity

Equity shares are classified as equity.

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

w) Dividends

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

x) Rounding off

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

y) Change in accounting policy during previous year

The Company had applied the following standards and amendments for the first time for the annual reporting period commencing on April 1, 2019:

- Ind AS 116, Leases;
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income taxes

The Company had to change its accounting policies as a result of adopting IND AS 116. This is disclosed in note 53.

2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

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

Judgements

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

a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement considered by the Group in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 46.

c) Effective Interest Rate (EIR) method

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

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

d) Impairment of financial assets

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

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

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

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

e) Provision and other contingent liabilities

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

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

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

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

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

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

The Company has created special reserve under section 36(i)(viii) of The Income Tax Act, 1961 on its infrastructure assets. As the Company is an investment company now, no further reserve under the said section is being created. The Company has claimed deduction for the creation of these reserves in earlier years. Section 41(4A) states that, "Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub- section (1) of section 36, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income-tax as the income of the previous year in which such amount is withdrawn."

g) Consolidation decision

For details regarding consolidation of;

i) Section 8 company, as a subsidiary, Refer note 50.

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Cash on hand	4.26	ß
Cheques on hand	-	-
Balances with banks:		
- In current accounts	36.55	74.14
- In saving accounts *	1.30	0.76
- In deposit accounts	-	602.99
Total	42.11	677.90

* Balances pertaining to IDFC Foundation held for specified purposes.

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

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
- In earmarked accounts		
Investor education awareness on behalf of IDFC mutual fund	2.50	0.32
Unclaimed dividend	1.85	1.48
- In deposit accounts*	19.03	44.21
Balance held as margin money	-	0.09
Total	23.38	46.10

* Includes ₹ 3.47 crores (March 31, 2020: ₹ 11.88 crores) pertaining to IDFC Foundation held for specified purposes.

5A. TRADE RECEIVABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	12.71	17.95
Receivables - Credit impaired	5.90	5.90
(less): Allowance for impairment loss	(5.90)	(5.90)
Total	12.71	17.95

5B. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Receivables considered good - Unsecured	0.05	0.50
Receivables - Credit impaired	-	7.83
(less): Allowance for impairment loss	-	(7.83)
Total	0.05	0.50

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

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

6. INVESTMENTS

(₹ in crore)

	At fair value through				
	Other comprehensive income	Profit and loss	Subtotal	Others*	Total
As at March 31, 2021					
Mutual fund units #	-	348.30	348.30	-	348.30
Venture Capital Fund (VCFs) / Alternative Investment Fund (AIFs) @	-	197.85	197.85	-	197.85
Alternative investment fund	-	-	-	-	-
Equity instruments	0.05	21.56	21.61	-	21.61
Associates	-	-	-	6,714.85	6,714.85
Joint Ventures	-	-	-	105.60	105.60
Trustee units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	567.72	567.77	6,820.45	7,388.22
(Less): Impairment loss allowance (see note ii)	-	-	-	(2.43)	(2.43)
Total (A) - Net	0.05	567.72	567.77	6,818.02	7,385.79
Investments outside India	-	-	-	-	-
Investments in India	0.05	567.72	567.77	6,820.45	7,388.22
Total (B) - Gross	0.05	567.72	567.77	6,820.45	7,388.22
(Less): Impairment loss allowance	-	-	-	(2.43)	(2.43)
Total (B) - Net	0.05	567.72	567.77	6,818.02	7,385.79
As at March 31, 2020					
Mutual fund units #	-	216.85	216.85	-	216.85
Venture Capital Fund (VCFs) / Alternative Investment Fund (AIFs) @	-	166.39	166.39	-	166.39
Equity instruments	0.05	37.70	37.75	-	37.75
Associates	-	-	-	6,154.91	6,154.91
Joint Ventures	-	-	-	107.80	107.80
Trustee Units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	420.95	421.00	6,262.71	6,683.71
(Less): Impairment loss allowance (see note ii)	-	-	-	(2.87)	(2.87)
Total (A) - Net	0.05	420.95	421.00	6,259.84	6,680.84
Investments outside India	-	-	-	-	-
Investments in India	0.05	420.95	421.00	6,262.71	6,683.71
Total (B) - Gross	0.05	420.95	421.00	6,262.71	6,683.71
(Less): Impairment loss allowance	-	-	-	(2.87)	(2.87)
Total (B) - Net	0.05	420.95	421.00	6,259.84	6,680.84

* Investment in associates and joint ventures measured using equity method of accounting as per Ind AS 28 are classified as others.

\# Includes ₹ 8.63 crores (March 31, 2020: ₹ 11.90 crores) pertaining to IDFC Foundation held for specified purposes.

@ The above investments in venture capital units / AIF's are subject to restrictive covenants.

i) The investment in certain equity shares are strategic investments and not held for trading purpose. Therefore, the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss and the Group considered this to be more relevant.

ii) Performance of Novopay Solutions Private Limited (Associate of the Group) has lead to substantial erosion of its net worth. Accordingly investment has been completley impaired.

iii) More information regarding the valuation methodologies are disclosed in Note 46.

7. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Interest accrued on deposits / other advances	0.25	1.21
Security deposits	12.16	16.62
Other receivables	1.25	1.88
Other deposits	0.32	-
Total (A) - Gross	13.98	19.71
(Less): Impairment loss allowance	(2.08)	(1.99)
Total (B) - Net	11.90	17.72

8. INCOME TAX ASSETS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Advance payment of fringe benefit tax (net of provision)	0.01	0.01
Advance payment of Income tax (net of provision)	26.28	51.53
Total	26.29	51.54

9. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Lease Liability	7.87	9.70
Security Deposit	0.70	0.12
Property, plant and equipments	1.77	(9.16)
Total	10.34	0.66

10. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Buildings	Leasehold improve-ments	Furniture and fixtures	Vehicles	Office Equipments	Computers	Windmills	Total
Year ended March 31, 2020								
Opening gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	123.33
Additions	-	1.35	0.12	0.81	0.51	4.47	-	7.26
Disposals	-	-	-	(0.21)	(0.02)	(0.15)	-	(0.38)
Closing gross carrying amount	42.79	7.81	1.77	2.22	2.67	12.99	59.96	130.21
Accumulated depreciation								
Opening accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	20.70
Depreciation charge during the year	0.82	2.45	0.18	0.46	0.62	2.85	4.62	12.00
Impairment loss	3.37	0.27	-	-	-	-	8.14	11.78
Disposals	-	-	-	(0.14)	(0.02)	(0.12)	-	(0.28)
Closing accumulated depreciation	7.08	5.27	0.70	1.14	1.74	6.31	21.96	44.20
Net carrying amount as at March 31, 2020	35.71	2.54	1.07	1.08	0.93	6.68	38.00	86.01
Year ended March 31,2021								
Gross carrying amount								
Opening gross carrying amount	42.79	7.81	1.77	2.22	2.67	12.99	59.96	130.21
Additions	-	4.95	0.25	0.75	0.66	2.28	-	8.89
Disposals	(42.79)	(3.68)	(0.04)	(0.03)	(0.01)	(0.01)	(59.96)	(106.52)
Closing gross carrying amount	-	9.08	1.98	2.94	3.31	15.25	-	32.58
Accumulated depreciation								
Opening accumulated depreciation	7.08	5.27	0.70	1.14	1.74	6.31	21.96	44.20
Depreciation charge during the year [see note (b)]	-	1.25	0.12	0.52	0.51	2.51	1.43	6.34
Disposals	(7.08)	(3.48)	(0.02)	(0.03)	(0.01)	(0.01)	(23.39)	(34.02)
Closing accumulated depreciation	-	3.04	0.81	1.63	2.24	8.81	-	16.52
Net carrying amount as at March 31, 2021	-	6.04	1.18	1.31	1.07	6.45	-	16.05

a) Based on the Business Transfer Agreement executed on August 14, 2020, windmills have been sold to Champak Pragati Foundation for aggregate consideration of ₹ 20.34 crore. The Holding Company has recognised loss of ₹ 16.57 crore on sale on windmill. Post the sale of windmills, transfer application has been made to Rajasthan Renewable Energy Corporation (RRECL) for transfer of Power Purchase Agreement (PPA) in favour of the buyer. The Holding Company has received part consideration and balance amount of ₹ 2.32 crore will be received post this transfer.

b) Depreciation amounting ₹ 0.18 crores (Previous year ₹ 1.10 crores) has been recovered from sub leased tenants and hence no impact of depreciation can be seen in Statement of profit and loss.

c) The additions amounting to ₹ Nil (March 31, 2020 ₹ 0.05 crores) is on account of purchase of computers and office equipments out of restricted grants. The opening and closing balances amounting to ₹ 0.04 crores and ₹ 0.02 crores respectively is on account of purchase of computers and office equipments out of restricted grant.

11. **INTANGIBLE ASSETS**

(₹ in crore)

	Computer software	Total
Year ended March 31, 2020		
Opening gross carrying amount	6.02	6.02
Additions	7.10	7.10
Disposals and transfers	-	-
Closing gross carrying amount	13.12	13.12
Accumulated amortisation		
Opening accumulated amortisation	2.95	2.95
Amortisation during the year	2.67	2.67
Disposals and transfers	-	-
Closing accumulated amortisation	5.62	5.62
Net carrying amount as at March 31, 2020	7.50	7.50
Year ended March 31,2021		
Gross carrying amount		
Opening gross carrying amount	13.12	13.12
Additions	0.90	0.90
Disposals and transfers	(0.58)	(0.58)
Closing gross carrying amount	13.44	13.44
Accumulated amortisation		
Opening accumulated amortisation	5.62	5.62
Amortisation during the year	3.62	3.62
Disposals and transfers	(0.36)	(0.36)
Closing accumulated amortisation	8.88	8.88
Net carrying amount as at March 31, 2021	4.56	4.56

a) **Impairment tests for goodwill on consolidation**

For the purpose of impairment testing, goodwill is allocated to a cash generating unit (CGU), representing the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group tests whether goodwill has suffered any impairment on an annual basis. The goodwill pertaining to the CGU's are as follows:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
CGU's of IDFC Asset Management Company Limited [Refer note (i) below]	779.17	779.17
Total	779.17	779.17

i) **IDFC Asset Management Company Limited**

The recoverable amount of this CGU is based on its value in use. The recoverable amount is determined based on value-in-use, after considering current economic conditions and trends, estimated future operating results, growth rates. The calculations uses cash flow projections based on financial budgets approved by management and are extrapolated using estimated growth rates.

The carrying amount does not exceed the recoverable amount of the cash generating units. Accordingly, there were no impairment recorded for the year ended March 31, 2021 and March 31, 2020. An analysis of the sensitivity of the computation to a change in key parameters (operating results, discount rates and growth rates), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

12. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	6.76	9.14
Supplier advances	0.88	2.47
Balances with government authorities - cenvat credit available	13.61	14.72
Receivable from gratuity trust	-	0.99
Other advances	5.01	9.60
Advances to Employees	0.07	0.14
Less: Allowance for impairment loss	(2.67)	(2.44)
Total	23.66	34.62

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives as per its funds investment strategies i.e long / short investment approaches. Derivative instruments are held for generating returns as per funds investment strategy purposes and not limited to risk management purpose.

Details of the derivative instrument in which the funds invests includes Equity and Index Futures and Options. The details of the derivative instrument is given below:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Fair value assets		
- Equity options (at fair value)	0.54	4.29
Total	0.54	4.29
Fair value liabilities		
- Equity futures (at fair value)	-	0.42
Total	-	0.42

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is market rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 47.

14A. TRADE PAYABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
- Total outstanding dues of micro enterprises and small enterprises	0.04	0.25
- Total outstanding dues of creditors other than micro enterprises and small enterprises	12.66	13.49
Total	12.70	13.74

14B. OTHER PAYABLES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3.08	0.03
Total	3.08	0.03

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

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	0.04	0.25
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

15. LEASES

The Group leases various offices. Rental contracts are typically made for fixed periods of 11 months to 9 years, but may have extension options as described in (iii) below.

(i) Amount recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

(₹ in crore)

	As at March 31, 2021	As at April 1, 2020
Right-of-use assets		
Buildings	34.27	45.64
Total	34.27	45.64

	As at March 31, 2021	As at April 1, 2020
Lease Liabilities		
Within one year	9.53	9.51
More than one year	27.99	37.83
Total	37.52	47.34

	As at March 31, 2021	As at April 1, 2020
Provision: Asset Restoration Obligations		
Current	-	-
Non-current	0.21	-
Total	0.21	-

*For adjustments recognised on adoption of Ind AS 116 on April 1, 2019, please refer note 53.

Addition to the right-of-use assets during the current financial year is ₹ 0.51 crores (previous year ₹ 34.06 crores).

Deletion to the right-of-use assets during the current financial year is ₹ 0.32 crores (previous year ₹ Nil).

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss account shows the following amounts relating to leases:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Depreciation charge of right-of-use assets		
Buildings	10.49	6.49
Total	10.49	6.49

	As at March 31, 2021	As at March 31, 2020
Interest expense	3.24	2.41
Expense relating to short-term leases	2.04	7.16
Other income - interest on unwinding of deposit	(0.19)	(0.22)
Total	5.09	9.35

The total cash outflow for leases for the year ended March 31, 2021 was ₹ 11.91 crores (previous year ₹ 7.22 crores)

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

16. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Unclaimed dividend	1.85	1.48
Security deposits	-	1.69
Amount payable to Minority shareholder	2.81	17.69
Employee benefit payable	34.16	36.50
Other payables	-	3.57
Total	38.82	60.93

17. INCOME TAX LIABILITIES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Provision for income tax (net of advance tax)	14.60	11.68
Total	14.60	11.68

18. PROVISIONS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Provision for gratuity [Refer note 34(b)]	1.76	3.26
Loan commitment [Refer note 40(b)]	-	22.63
Asset Restoration Obligations *	0.21	-
Other Funds	-	0.12
Total	1.97	26.01

* Movement in Asset Restoration Obligations

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
At the beginning of year	-	-
Provision created during the year#	0.21	-
Reversed during the year	-	-
At the end of year	0.21	-

It includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, amounting to ₹ 0.21 crore (March 31, 2020 - ₹ Nil) referred to as Asset Restoration Obligation.

19. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to: (₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Property, plant and equipments	7.06	8.15
Financial assets at fair value through profit or loss	5.69	(1.01)
Cash settled share based payments	(4.42)	(1.36)
Total deferred tax liabilities	8.33	5.78

20. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Income and other amounts received in advance	-	0.07
Liabilities for restricted grants*	3.74	7.02
Cash settled share based payments	17.56	5.40
Statutory dues	17.00	15.32
Other Payables	0.62	10.05
Total	38.92	37.86

* Liabilities for restricted grants includes ₹ 3.74 crores (March 31, 2020: ₹ 7.02 crores) pertaining to IDFC Foundation held for specified purposes.

21. EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Authorised shares				
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
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Total	1,596,358,316	1,596.36	1,596,358,316	1,596.36

a) Movements in equity share capital

(₹ in crore)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36

b) Terms and rights attached to equity shares

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 49.

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

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37
Sipadan Investments (Mauritius) Limited	-	-	151,145,989	9.47

22A. OTHER EQUITY

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss	(50.63)	(365.42)
Securities premium	2,523.47	2,523.47
General reserve	314.55	314.55
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	2,642.23	3,053.25
Share options outstanding account	15.75	19.09
FVOCI - equity investments	3.97	3.97
Foreign currency translation reserve	0.03	18.08
Statutory reserves	1,169.15	1,157.34
Total	6,618.52	6,724.33

a) Surplus in the statement of profit and loss

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	(365.42)	1,724.86
Change in accounting policy (refer note 54)	-	(2.21)
Restated balance at April 1, 2020	(365.42)	1,722.65
Net profit for the period	(336.02)	(994.90)
Other comprehensive income	224.17	(434.87)
Share based payments		
- Options lapsed during the year	-	0.98
- *Dividends paid*	-	(502.85)
- Dividend distribution tax	-	(128.12)
- Others	(3.76)	(13.31)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	13.14	24.37
Transfers to/ from :		
- Special reserve u/s. 45-IC of the RBI Act,1934	(11.81)	(39.37)
- Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [refer note 22C (f)]	411.02	-
- Foreign currency translation reserve	18.05	-
Closing Balance	(50.63)	(365.42)

b) Securities premium

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	2,523.47	2,523.47
Changes during the year	-	-
Closing balance	2,523.47	2,523.47

c) General reserve

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	314.55	314.55
Appropriations during the year	-	-
Closing balance	314.55	314.55

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

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	3,053.25	3,053.25
Appropriations during the year	(411.02)	-
Closing balance	2,642.23	3,053.25

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

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	1,157.34	1,117.97
Appropriations during the year	11.81	39.37
Closing balance	1,169.15	1,157.34

f) Share options outstanding account

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	19.09	22.61
Employee stock option expense for the year	-	1.10
Options cancelled during the year	(3.34)	(4.62)
Closing balance	15.75	19.09

22B. OTHER RESERVES

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
FVOCI - equity investments	3.97	3.97
Foreign currency translation reserve	0.03	18.08
Total	4.00	22.05

a) FVOCI - equity investments

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	3.97	3.97
Change in fair value of FVOCI - equity investments	-	-
Closing balance	3.97	3.97

b) Foreign currency translation reserve

(₹ in crore)	As at March 31, 2021	As at March 31, 2020
Opening balance	18.08	27.77
Exchange differences on translation of foreign operations	-	(9.69)
Transfer to retained earnings	(18.05)	-
Closing balance	0.03	18.08

22C. Nature and purpose of reserve

a) Securities premium

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

b) General reserve

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

c) FVOCI - equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI - equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

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

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

e) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 49)

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

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

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

Before demerger of its financing undertaking, the Holding Company was a notified public financial institution engaged in lending to infrastructure projects. The Holding Company had created special reserve u/s 36(1)(viii) of the Income Tax Act,1961 on profits derived from eligible business. The Holding Company has claimed deduction for the creation of these reserves in earlier years. Section 41(4A) states that, “Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub- section (1) of section 36, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income-tax as the income of the previous year in which such amount is withdrawn.” During the current year, based on the legal opinion provided by the external legal advisor and in consultation with the tax consultant, the Holding Company transferred excess reserves of ₹ 411.02 crores on which deduction was not allowed in any of the previous years to “Surplus in the statement of profit and loss”. The transfer of reserves have been approved by the Board of Directors.

g) Foreign currency translation reserve

Exchange difference arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy are accumulated in special reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

23. INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised costs:		
Interest on investments	0.65	2.91
Interest on deposits with banks	8.87	17.23
Total	9.52	20.14

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

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain/(loss) on financial instruments at FVTPL		
On trading portfolio		
- Debt instrument at FVTPL	-	1.45
On financial instruments designated at FVTPL	49.80	11.23
Total (A)	49.80	12.68
Fair value changes:		
Realised	5.72	71.57
Unrealised	44.08	(58.89)
Total (B)	49.80	12.68

25. DIVIDEND INCOME

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from financial instruments at FVTPL	0.29	1.74
Total	0.29	1.74

26. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on income tax refund	0.63	0.59
Other interest	0.19	0.22
Other donations	0.40	-
Rental income	2.57	3.68
Trusteeship Fees	0.30	0.50
Restricted grants	8.39	6.70
Sitting fees	0.03	0.03
Gain on sale of property, plant and equipment	0.07	0.02
Sale of power	4.74	10.72
Forex gain	-	6.72
Reversal of provision of earlier years*	30.46	-
Miscellaneous income	0.26	2.95
Total	48.04	32.13

* For details of reversal of ₹ 22.63 crores refer note 40 (b). The balance amount pertains to reversal of impairment on other receivables amounting to ₹ 7.83 crores as the same have been recovered during the year.

27. FINANCE COST

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost:		
- Interest expense on loan *	9.53	-
Other borrowing costs	3.51	2.58
Total	13.04	2.58

* In June 2020, IDFC FIRST Bank had raised equity capital through preferential allotment. Being promoter of the Bank, IDFC Financial Holding Company Limited (IDFC FHCL) was required to hold 40% of IDFC FIRST Bank to comply with RBI guidelines and was required to contribute ₹ 800 crores in the said preferential allotment. To subscribe to preferential issue of IDFC FIRST Bank, IDFC FHCL borrowed ₹ 200 crores from HDFC Limited @ 12% p.a. and contributed balance amount out of its own funds. IDFC FHCL utilised resources of the Group and pledged 9.95% shares of IDFC Asset Management Company Limited, 450,000 units of Investcorp Score Funds and 7,332,581 units of Investcorp Private Equity Fund II. As at March 31, 2021 entire loan has been repaid to HDFC Limited and the pledge on the securities provided has been released.

28. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On Financial instruments measured at Amortised Cost:		
Provision on doubtful debts	(0.18)	7.53
Impairment on loans	-	0.82
Others		
ECL on Security deposit	(0.21)	-
Impairment on investment in associate	(0.44)	2.87
Total	(0.82)	11.22

29. EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	94.37	103.66
Contribution to provident and other funds [Refer note 34(a)]	4.29	4.36
Gratuity expense [Refer note 34(b)]	3.09	2.57
Employee share based payment expense [Refer note 49(d)]	3.22	5.94
Staff welfare expense	2.32	2.41
Total	107.29	118.94

30. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation and impairment of property, plant and equipment	6.16	22.41
Amortisation of intangible assets	3.62	2.67
Depreciation on Right to Use Asset	10.49	6.49
Total	20.27	31.57

31. OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Rent	2.82	8.41
Rates and taxes	4.77	5.37
Electricity	0.98	1.54
Repairs and maintenance		
- Equipments	2.02	3.78
- Others	6.08	6.43
Insurance charges	0.42	0.38
Travelling and conveyance	0.53	4.47
Printing and stationery	0.30	1.62
Communication costs	2.64	2.49
Advertising and publicity	16.02	14.22
Professional fees	18.29	20.16
Directors' sitting fees	0.88	0.68
Commission to directors	0.85	0.40
Bad debts written off	0.25	0.36
Loss on disposal of property, plant and equipment (net) [refer note 10(a)]	16.78	-
Other operating expenses	4.50	20.61
Membership and subscription	6.84	6.27
Computer software expenses	10.05	8.92
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	1.30	3.93
Auditors' remuneration [refer note (a) below]	1.18	1.65
Shared service costs recovered	-	1.67
Grants to implementing partners	1.13	2.46
Income tax write off	5.74	-
Bank charges	0.02	0.02
Project expenses (COVID-19)	2.10	-
Miscellaneous expenses	5.75	4.36
Total	112.24	120.20

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees	0.75	1.06
Tax audit fees	0.09	0.08
Other Services	0.29	0.46
Out-of-pocket expenses	0.05	0.05
Total	1.18	1.65

b) Contribution for corporate social responsibility (CSR)

i) As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period is ₹ 3.57 crore (previous year ₹ 3.42 crore).

ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 1.30 crore (previous year ₹ 3.93 crore) (post intercompany elimiations), which comprise of following:

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
CSR Expenditure:		
School and Teachers Innovating for Results (India)	0.39	-
Govandi Education Society	0.17	-
Tns India Foundation	0.16	-
Saajha	0.22	-
K C Mahindra Education Trust - A/c Nanhi Kali	0.36	0.72
Prime Minister's CARES Fund*	1.56	1.85
Prime Minister's Relief Fund	-	0.82
United Way of Mumbai	-	0.54
	2.86	3.93
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	2.86	3.93
Total	2.86	3.93

Details of ongoing CSR projects under Section 135(6) of the Act

(₹ in crores)

Balance as at April 1, 2020		Amount spent during the year			Balance as at March 31, 2021	
With the Company	In separate CSR unspent account	Amount required to be spent during the year	From the Company's bank account	From Separate CSR Unspent account	With the Company	In separate CSR unspent account
-	-	-	-	-	-	-

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(₹ in crores)

Balance unspent as at April 1, 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2021
-	-	2.86	2.86	-

Details of excess CSR expenditure under Section 135(5) of the Act

(₹ in crores)

Balance excess spent as at April 1, 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2021
1.56	-	1.56	-

There is no amount outstanding to be paid in cash, out of total amount required to be spent on Corporate Social Responsibility (CSR) related activities.

*Based on the Appeal received from the Government of India, Ministry of Corporate Affairs, the Group had additionally contributed ₹ 1.56 crore towards Prime Minister's CARES fund in the previous year which the Company has offset against the CSR obligation arising in the current year. Also Ministry of Corporate Affairs (MCA) has issued a circular - clarification on offsetting the excess CSR spent for financial year 2019-20 dated May 20, 2021.

32. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are: (₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
I. Tax expense recognised in statement of profit and loss		
Current tax		
Current tax on profit for the year	70.50	67.92
Adjustments for current tax of prior years	7.01	0.14
Total current tax expense	77.51	68.06
Deferred tax		
Decrease / (Increase) in deferred tax assets	1.74	(2.53)
(Decrease) / Increase in deferred tax liabilities	(8.87)	(4.69)
Total deferred tax expense/(benefit)	(7.13)	(7.22)
Total tax expense for the year	70.38	60.84
Income tax attributable to:		
- Profit from continuing operations	70.67	60.39
- Profit from discontinued operations	(0.29)	0.45
	70.38	60.84

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is as follows:

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Loss from continuing operations before tax expense	(266.43)	(916.11)
Profit from discontinued operations before tax expense	0.07	(19.18)
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	(67.04)	(235.41)
Tax effect of the amount which are not taxable in calculating taxable income	(7.67)	(0.36)
Effect of tax on Share of net loss of associates and joint ventures accounted for using equity method	117.54	253.13
Tax impact of income not included in determining taxable profit above	17.94	-
Effect of tax on income taxable under different tax rates	2.08	9.67
Changes in opening deferred tax asset/ liability due to changes in tax rates	-	(1.25)
Expenses not deductible for tax purposes	9.96	14.40
Adjustments for current tax of prior periods	7.01	(8.45)
Effect of reversal of opening deferred tax asset/ liability	(6.57)	(0.72)
Different statutory tax rates applied by the group entities	(0.36)	8.93
Tax impact on reversal of income	-	18.66
Other	(2.51)	2.24
Income tax expense at effective tax rate	70.38	60.84
Effective tax rate	(26.42%)	(6.64%)

c) Tax losses

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Unused tax losses for which no deferred tax asset has been recognised	5.36	7.35
Potential tax benefit at 25.17% (March 31, 2020: 25.17%)	1.35	1.85

d) Unrecognised temporary differences

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	357.59	284.93
- Undistributed earnings of joint venture**	71.66	73.15
- Unrecognised deffered tax liabilities relating to the above temporary differences	108.04	90.13

* Certain subsidiaries of the Group have undistributed earnings of ₹ 357.59 crores (March 31, 2020: ₹ 284.93 Crores) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity has ability to control the timing of distributions from these subsidiaries.

The Group has not recognised deferred tax asset on accumulated losses of subsidiaries and associates, as the Group does not foresee a reasonable certainty of sufficient future income available against which these accumulated losses can be utilised.

** The joint ventures of the Group have undistributed earnings of ₹ 71.66 crores (March 31, 2020: ₹ 73.15 Crores) which will be remitted to IDFC Foundation having joint control over these joint venture. IDFC Foundation is a Section 8 Company registered for specified purpose with an intention to prohibit payment of dividends to its shareholders i.e. IDFC Limited and hence no differed tax liability is recognised as the Group will not receive any distribution out of these profits in the foreseeable future.

33. Operating lease commitments – Group as lessee

The Company had entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. Rent includes gross rental expenses of ₹ 0.64 crores (March 31, 2020: ₹ 11.75 crores). The committed lease rentals in the future are:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Not later than one year	-	0.64
Later than one year and not later than five years	-	-
Later than five years	-	-

From April 01, 2019, the Group has recognised right-of-use assets for these leases, see note 15 on leases and note 53 for change in accounting policy.

34. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund	3.51	3.50
Pension fund	0.66	0.70
Superannuation fund	0.12	0.16
Total	4.29	4.36

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for Indian employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) **Balance Sheet**

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2020	19.66	16.40	3.26
Current service cost	2.92	-	2.92
Interest expense/(income)	1.21	0.98	0.23
Return on plan assets	-	0.16	(0.16)
Actuarial loss / (gain) arising from change in financial assumptions	(0.33)	0.02	(0.35)
Actuarial loss / (gain) arising on account of experience changes	(0.70)	-	(0.70)
Actual return on plan assets less interest on plan assets	-	0.14	(0.14)
Adjustment to recognise the effect of asset ceiling	-	(0.01)	0.01
Employer contributions	-	3.31	(3.31)
Benefit payments	(1.60)	(1.60)	-
As at March 31, 2021	21.16	19.40	1.76

	As at March 31, 2021	As at March 31, 2020
Present value of plan liabilities	21.16	19.66
Fair value of plan assets	19.40	16.40
Plan liability net of plan assets	1.76	3.26

ii) **Statement of Profit and Loss**

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Employee Benefit Expenses:		
Current service cost	2.93	2.43
Interest cost	(0.01)	0.31
(Gains) / losses on settlement	-	(0.17)
Total	2.92	2.57
Finance cost	0.17	-
Net impact on the profit before tax	3.09	2.57
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/ income	(0.10)	(0.10)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(0.33)	2.18
Actuarial gains/(losses) arising from changes in experience	(0.70)	(1.13)
Actual return on plan assets less interest on plan assets	(0.16)	(0.12)
Adjustment to recognize the effect of asset ceiling	0.01	-
Income tax relating to above	0.29	(0.20)
Net impact on the other comprehensive income before tax	(0.99)	0.64

iii) **Defined benefit plan assets**

Category of assets (% allocation)	As at March 31, 2021	As at March 31, 2020
Insurer managed funds		
- Government securities	40.41%	30.70%
- Deposit and money market securities	4.65%	2.68%
- Debentures / bonds	53.50%	64.75%
- Equity shares	1.44%	1.87%
Total	100.00%	100.00%

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2021	As at March 31, 2020
Discount rate	3.90% to 7.00%	5.50% to 6.85%
Salary escalation rate*	5% to 10%	9%

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Mortality in Service : Indian Assured Lives Mortality (2012-14)

vi) Sensitivity

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.24%)	0.26%
Salary escalation rate	0.50%	0.26%	(0.24%)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.35%)	(0.39%)
Salary escalation rate	0.50%	0.37%	(0.34%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity

The defined benefit obligations shall mature after year end as follows:

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
within 12 months	3.98	3.32
Between 2-5 years	3.70	3.26
Between 5-10 years	3.73	3.31
Beyond 10 years	26.27	22.04

The weighted average duration to the payment of these cash flows is 0.50 years to 10.31 years (previous year 0.73 years to 10.58 years).

35. DISCONTINUED OPERATION

a) IDFC Securities Limited

On November 7, 2019 IDFC FHCL entered into a Share Purchase Agreement (''SPA'') with Mr. Dharmesh Mehta & other strategic investors ("DM") for sale of entire investment in IDFC Securities Limited ("ISL"). As per the said agreement, the entire stake in the equity shares of ISL would be sold to DM for a total consideration of ₹ 86.00 crore as against the carrying value of ISL in the books of the Company amounting to ₹ 162.00 crore post impairment of ₹ 278.10 crore in earlier years.

Further, as the fair value less cost to sell this investment was lower than the carrying value as at March 31, 2020 ; an impairment loss of ₹ 76.00 crore had been recognised in the statement of profit and loss and the said investment in ISL was carried at the Net realisable value of ₹ 86.00 crore as at March 31, 2020.

Under the SPA, the sale was subject to certain terms, conditions and regulatory approvals and the Company considered it highly probable that the said sale will be completed in next 12 months. Accordingly, the investment in ISL was classified as held for sale as on March 31, 2020.

The sale was concluded in June 2020 post receiving all regulatory approvals. With the sale, ISL, IDFC Securities (Singapore) Pte Ltd and IDFC Capital (USA) Inc. have ceased to be subsidiaries of the Group.

i) Financial performance and cash flow information (after inter-company eliminations) (In ₹ crore)

	Period ended June 10, 2021	Year ended March 31, 2020
Revenue	11.00	42.77
Expenses	(10.93)	(50.35)
Impairment loss	-	(11.60)
Loss before tax	0.07	(19.18)
Tax expense (net)	(0.29)	0.44
Loss after tax	0.36	(19.63)
Other comprehensive income	-	1.12
Total comprehensive loss from discontinued operation attributable to owner	0.36	(18.51)
Net cash inflow from operating activities	20.88	(41.51)
Net cash inflow (outflow) from investing activities	(1.27)	82.86
Net cash (outflow) from financing activities	(15.86)	(57.40)
Net increase in cash generated from discontinued operation	3.75	(16.05)

ii) The carrying amounts of assets and liabilities as at March 31, 2020 are as follows: (In ₹ crore)

	As at March 31, 2020
Cash and cash equivalents	9.99
Bank balances other than cash and cash equivalents	25.35
Receivables	5.07
Loans	0.04
Investments	-
Other financial assets	43.89
Income tax assets	11.88
Deferred tax assets	2.20
Property, plant and equipment	5.98
Goodwill	12.24
Intangible assets	14.43
Other non-financial assets	3.49
Total assets	134.56
Payables	42.67
Provisions	-
Income tax liabilities	0.02
Other non-financial liabilities	2.55
Total liabilities	45.24
Net assets	89.32

36. Segment information

		(₹ in crore)
	Year ended March 31, 2021	Year ended March 31, 2020
Segment revenues		
- Financing	77.00	246.99
- Asset management	396.60	335.42
- Others	1.30	4.23
Total segment revenues	474.90	586.64
Add: Unallocated revenues	-	-
Less: Inter-segment adjustments	(67.98)	(245.92)
Total Revenues	406.92	340.72
Segment results		
- Financing	4.79	(18.89)
- Asset management	202.65	107.63
- Others	(7.06)	(0.40)
Total segment results	200.38	88.34
Add / (Less): Unallocated	-	-
Add: Share of profit from associates and joint ventures accounted under equity method	(466.81)	(1,004.45)
Profit before tax	(266.43)	(916.11)
Segment assets		
- Financing	78.50	705.67
- Asset management	1,411.29	1,389.98
- Others	26.38	42.77
Total segment assets	1,516.17	2,138.42
Unallocated		
- Banking	6,712.42	6,152.03
- Others	142.23	159.99
- Disposal group held for sale	-	118.62
Total assets	8,370.82	8,569.06
Segment liabilities		
- Financing	24.64	39.15
- Asset management	92.65	129.73
- Others	11.30	17.09
Total segment liabilities	128.59	185.97
Unallocated		
- Others	27.35	17.82
- Disposal group held for sale	-	44.58
Total liabilities	155.94	248.37
Capital employed		
- Financing	53.86	666.52
- Asset management	1,318.64	1,260.25
- Others	15.08	25.68
Total segment capital employed	1,387.58	1,952.45
Unallocated		
- Banking	6,712.42	6,152.03
- Others	114.88	142.17
- Disposal group held for sale	-	74.04
Total capital employed	8,214.88	8,320.69

i) The Group identifies primary segments based on the dominant source, nature of risk and returns and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated by the Chief Operating Decision Maker.

ii) Segment composition :

- Financing includes investing activity
- Asset Management segment includes portfolio management, mutual fund and other alternative funds.

37. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(₹ in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
A. Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for 2020: Nil per share (2019: Nil per share)	-	-
Interim dividend for 2021: Nil per share (2020: 3.15 per share)	-	502.85
Total dividends paid	-	502.85
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2021: Nil per share (2020: Nil per share)	-	-

38. EARNINGS PER SHARE

a) The basic earnings per share has been calculated based on the following:

	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax available for equity shareholders	(336.74)	(996.13)
Weighted average number of equity shares	1,59,63,58,316	1,59,63,58,316

b) The reconciliation between the basic and the diluted earnings per share is as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Basic earnings per share	(2.11)	(6.24)
Effect of outstanding stock options	-	-
Diluted earnings per share	(2.11)	(6.24)

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of shares for computation of Basic EPS	1,596,358,316	1,596,358,316
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS	1,596,358,316	1,596,358,316

39. CONTINGENT LIABILITIES

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Claims not acknowledged as debts in respect of:		
- Income-tax demands under appeal (net of provision)	10.43	10.50
- Other claims	1.50	1.50
Total	11.93	12.00

40. CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Uncalled liability on shares and other investments partly paid	58.53	85.85
Estimated amount of contracts remaining to be executed on capital account (net of advances)	0.36	3.76
Letter of comfort (see note a)	14.57	-
Other commitments (see note b)	-	69.37
Total	73.46	158.98

a) The Company has issued letter of comfort to IDFC Foundation- wholly owned subsidiary of the Group, if there is any shortfall in meeting its obligations towards its contingent liabilities amounting to ₹ 14.57 crore and any related penalty. The Group will provide financial support to IDFC Foundation during next 13 months from March 31, 2021, to enable the subsidiary to achieve its planned operations.

b) IDFC Projects Limited, a wholly owned subsidiary of the Group holds 19.90% stake on fully diluted basis in Jetpur Somnath Tollways Private Limited (“JSTPL”). JSTPL had executed the concession agreement with National Highway Authority of India (“NHAI”) for construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement. The Hon’ble Supreme Court of India directed NHAI to pay ₹ 348.60 crore in the Escrow Account with the Lead Lender, Punjab National Bank (PNB) within 6 (six) weeks from January 05, 2018. Following that, NHAI had released the amount of ₹ 348.60 crore on January 29, 2018 which was distributed to lenders on proportionate basis. However, JSTPL had provided a bank guarantee of the amount of ₹ 348.60 crore to NHAI in compliance with order of the Court.

The Hon’ble Delhi High Court pronounced the judgement on January 4, 2021 in favour of JSTPL. NHAI challenged this judgment under section 37 and next hearing was scheduled on April 29, 2021 which got adjourned and is rescheduled on July 19, 2021. JSTPL filed execution petition on January 13, 2021 and based on the petition filed Hon’ble Delhi High Court directed NHAI to handover the original bank guarantee before March 15, 2021. JSTPL collected the bank guarantee from NHAI on March 17, 2021 and returned it to PNB. Accordingly IDFC Projects share of commitment (19.90% on fully dilutive basis) which was counter guaranteed by the Holding Company for ₹ 69.37 crore was disclosed as commitments in previous year. However, as bank guarantee is revoked, it is no more shown as outstanding commitment in current year. Consequently, provision on loan commitment created by the Group for ₹ 22.63 crore has also been reversed in current year.

c) The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post employment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders’ suggestions. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

41. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) On March 25, 2021 the Holding Company received letter from Government of India, Ministry of Finance, Department of Financials Services informing about the withdrawal of Mr. Anshuman Sharma and Mr. Soumyajit Ghosh as Nominee directors from the Board of IDFC Limited with immediate effect.

Pursuant to Regulation 17(1)(c) of SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, the Board of Directors of IDFC Limited shall comprise of not less than six directors. Due to sudden and immediate withdrawal of Government Nominees from the Board, the number of Directors on Board of the Holding Company reduced from 6 to 4 and the composition of the Board as well as constitution of Board’s committees were impacted. As on March 31, 2021 the Holding Company was in process of appointing new directors, other than Government Nominee, on the Board to comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015.

Subsequently, the Holding Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on May 25, 2021 approved nomination of Mr. Jaimini Bhagwati and Mr. Anil Singhvi as an additional director in the category of independent director for a period of 3 years. These nominations are subject to approval of the shareholders of the Holding Company and other statutory / regulatory approvals.

42. The figures of ₹ 50,000 or less have been denoted by ß.

43. UPDATE ON SUBSIDIARIES AND ASSOCIATES

(a) Financial statements of subsidiaries prepared on non-going concern basis

In view of discontinuance of business operations of IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, the financial statements of these subsidiaries have been prepared on realisable value basis and accordingly, all assets and liabilities are stated at the value at which they are expected to be realised/ settled.

(b) IDFC Foundation:

IDFC Foundation did not lay before the Shareholders the consolidated financial statements for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Companies Act, 2013 (“Act”) due to non- availability of audited financial statements of one of its material jointly controlled entities Delhi Integrated Multi- Modal Transit System Limited (a joint venture between IDFC Foundation and Government of Delhi) and consequently, compliances as per the provisions of section 137(1) of the Act have not been done to the extent this section is applicable to the consolidated financial statements. These were adopted by the Board of Directors in its meeting held on February 13, 2019 and the same was approved by the Shareholders in its Extraordinary General Meeting held on March 11, 2019. IDFC Foundation has filed applications with the Hon’ble Company Law Tribunal on May 10, 2019, for compounding of aforesaid non-compliance, and has paid the required compounding fee of ₹ 0.05 crore (March 31, 2020- Nil) and consequently received the final compounding order dated December 17, 2020.

(c) IDFC Financial Holding Company Limited:

(i) IDFC Financial Holding Company Limited (IDFC FHCL), Wholly Owned Subsidiary ('WOS') of the Holding Company had filed application u/s 66 (i) of the Companies Act 2013 for reduction of share capital by ₹ 650 crore on December 12, 2019 with Hon'ble National Company Law Tribunal ('NCLT'). Hon'ble NCLT, Chennai Branch passed order on February 04, 2021 approving the reduction of share capital and had given time of 30 days to effect the reduction. However the shareholders of IDFC FHCL passed a special resolution in the Extra Ordinary General Meeting held on March 2, 2021 to not give effect to the said capital reduction. Based on the legal advice obtained, IDFC FHCL has communicated its decision of not being able to comply to the NCLT order to the Registrar of companies ("ROC") vide MGT-14 dated March 02, 2021 and to NCLT vide their letter dated March 02, 2021. No communication has been received by FHCL from ROC or NCLT upto the date of approval of these financial statements.

(ii) The Board of Directors of IDFC FHCL and the Holding Company on November 8, 2019 had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC FHCL to the Holding Company.

(iii) The lock in IDFC FHCL's pre-preferential holding in the equity shares of IDFC FIRST Bank was extended from October 1, 2020 to December 24, 2020 pursuant to ICDR Guidelines. As at March 31, 2021, the pre-preferential holding of IDFC FIRST Bank by IDFC FHCL are not subject to lock in. However, as per RBI Guidelines IDFC FHCL will continue to hold required percentage of equity shares of IDFC FIRST Bank till the time required subject to any amendment/ guidelines issued by RBI.

(d) IDFC FIRST Bank Limited:

(i) IDFC FIRST Bank Limited (the Bank) (an associate of the Group) had sought for renewal of dispensation from the RBI, which was valid till December 31, 2019, to grandfather certain loan accounts which were given by the erstwhile Capital First Limited as a Non Banking Financial Company (NBFC). In this regard, the RBI vide letter dated March 4, 2021, having not acceded to the dispensation, had advised the Bank to hold 100% provisions in respect of non-compliant non-performing loans. Further, for other non-compliant standard loans with insignificant outstanding balance, the Bank is required to assign additional risk weight of 25% and make such loan accounts compliant with the extant regulatory instructions by June 30, 2021. The Bank has made additional ECL provision of ₹ 60.84 crore for the year ended March 31, 2021 for such non-compliant non-performing (Impaired) loans and assigned additional risk weight of 25% on other non-compliant standard loans.

(ii) During the year ended March 31, 2021, the Bank raised additional capital aggregating to ₹ 2,000 crore (rounded off) on a preferential basis through issuance of 862,440,704 equity shares, fully paid-up, at the price of ₹ 23.19/- per equity share (including premium).

(iii) The Capital Raising Committee of the Board of Directors of the Bank at its meeting held on April 6, 2021, approved the issue and allotment of 523,103,660 equity shares of face value of ₹ 10 each to qualified institutional buyers at an issue price of ₹ 57.35 per equity share (including a premium of ₹ 47.35 per equity share), aggregating to ₹ 3,000 crore (rounded off), pursuant to the Issue.

(iv) In accordance with the instructions in the RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association. The Bank is in process of implementing this circular. As at March 31, 2021, the Bank has created a liability towards estimated interest relief ₹ 55.00 crore and reduced the same from the interest income.

(v) The Finance Act, 2021 has provided that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill would be allowed effective April 1, 2020. The Bank had claimed depreciation on goodwill while computing provision for tax that arose pursuant to the merger with erstwhile Capital First Limited and its subsidiaries in FY2018, and a deferred tax asset had been recognised on carrying value of such goodwill as per Income Tax Act. Pursuant to the change in law, the Bank has now written off the deferred tax asset of ₹ 338.00 crores on depreciation on goodwill in excess of the depreciation claimed in its returns of income filed till FY 2020 by debiting the profit and loss account. Further, as at March 31, 2021, the Bank has reassessed the continuing recognition of deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Board of Directors, to absorb the carrying amount of deferred tax asset.

(vi) The Bank pays loan servicing fees to business correspondents for services rendered towards sourcing and servicing of loans and other related activities. These were hitherto netted off from "Total Income" till December 31, 2020. During the quarter ended March 31, 2021, the Bank has changed this presentation and accordingly reclassified them as part of "Operating Expenses" with the corresponding change in the previous periods. Basis this change, all relevant disclosures have been regrouped / reclassified wherever applicable.

(₹ in crore)

	Year ended March 31, 2020
Total Income - As reported	7,036.46
Total Income - As per reclassification	7,104.09

(e) Liqudated entites:

(i) On October 31, 2019 Monetary Authority of Singapore ('MAS') cancelled the Capital Market Services ('CMS') license issued to IDFC Capital (Singapore) Pte. Ltd., WOS of IDFC Alternatives Limited. The liquidation of IDFC Capital (Singapore) Pte. was completed on November 20, 2020 and Liquidation returns have been filed with Accounting and Corporate Regulatory Authority "ACRA" on November 23, 2020 and since then IDFC Capital (Singapore) Pte. ceased to be a subsidiary of the Group.

(ii) The Board of Directors of IDFC Asset management Company Limited ('the Investment Manager') had approved the winding up of IDFC IEH Tactical Fund, subsidiary of IDFC Asset Management Company Limited, vide its meeting dated October 30, 2020. Approval from the investors holding more than 75% in the value was received by the Board of Directors of IDFC Asset Management Company Limited on February 16, 2021. All the assets of IDFC IEH Tactical Fund were liquidated by March 16, 2021 and paid to investors. Hence with effect from March 16, 2021, IEH Tactical Fund has ceased to be subsidiary of the Group.

(f) Infrastructure Development Corporation (Karnataka) Limited ("Ideck"), a joint venture of the Group:

(i) Trade receivables are relatively high as compared to annual turnover, reflecting low receivable turnover ratio, extending credit terms and poor collection process from customers.

(ii) Ideck has not received the Confirmation of balances from Debtors as on the date of this report, the balances are subject to such confirmations and reconciliations.

(g) Delhi Integrated Multi Modal Transit System Limited ("DIMTS"), a joint venture of the Group:

(i) COVID-19 has caused significant disruptions in the business operations across India and has also caused significant accounting and auditing challenges. As per this note DIMTS has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, DIMTS, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. DIMTS expects that the carrying amount of these assets will be recovered and sufficient liquidity is available to fund the business operations for at least another 12 months. Given the uncertainty because of COVID-19, the final impact on its assets in future may differ from that estimated as at the date of approval of these financial results.

(ii) Some of the balances appearing under the heads 'Trade Receivable, Trade Payable and Advances Recoverable' are subject to confirmation.

44. CAPITAL MANAGEMENT

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and continue as a going concern entity.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The management monitors the return on capital as well as the level of dividends to the shareholders. The Group's goal is to continue to be able to provide return to the shareholders by continuing to distribute dividends in future period.

45. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in crore)

	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	42.11	-	42.11	677.90	-	677.90
Bank balance other than cash and cash equivalents above	23.38	-	23.38	45.85	0.25	46.10
Derivative financial instruments	0.54	-	0.54	4.29	-	4.29
Receivables						-
(I) Trade receivables	12.71	-	12.71	17.95	-	17.95
(II) Other receivables	0.05	-	0.05	0.50	-	0.50
Investments	567.77	6,818.02	7,385.79	421.00	6,259.84	6,680.84
Other financial assets	3.52	8.38	11.90	9.32	8.40	17.72
Non-financial assets						
Income tax assets (Net)	-	26.29	26.29	-	51.54	51.54
Deferred tax assets (Net)	-	10.34	10.34	-	0.66	0.66
Property, plant and equipment	-	16.05	16.05	38.00	12.30	50.30
Intangible assets under development	-	34.27	34.27	-	45.64	45.64
Investment Property	-	-	-	35.71	-	35.71
Goodwill	-	779.17	779.17	-	779.17	779.17
Other intangible assets	-	4.56	4.56	-	7.50	7.50
Other non-financial assets	23.66	-	23.66	34.62	-	34.62
Disposal group held for sale	-	-	-	118.62	-	118.62
Total assets	673.74	7,697.08	8,370.82	1,403.76	7,165.30	8,569.06
Financial liabilities						
Derivative financial instruments	-	-	-	0.42	-	0.42
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.04	-	0.04	0.25	-	0.25
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12.66	-	12.66	13.49	-	13.49
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3.08	-	3.08	0.03	-	0.03
Lease liabilities	9.53	27.99	37.52	9.51	37.83	47.34
Other financial liabilities	36.01	2.81	38.82	43.24	17.69	60.93
Non-financial Liabilities						
Income tax liabilities (Net)	14.60	-	14.60	11.68	-	11.68
Deferred tax liabilities (Net)	-	8.33	8.33	-	5.78	5.78
Provisions	1.76	0.21	1.97	26.01	-	26.01
Other non-financial liabilities	21.36	17.56	38.92	32.46	5.40	37.86
Disposal group held for sale	-	-	-	44.58	-	44.58
Total liabilities	99.04	56.91	155.94	181.67	66.69	248.37
Net	574.70	7,640.18	8,214.88	1,222.09	7,098.61	8,320.69

46. FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

The following table provides categorization of all financial instruments at carrying value except non-current investments in joint venture and associates which are carried at cost.

(₹ in crore)

As at March 31, 2021	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	348.30	-	-
- Venture capital fund units / AIF's	197.85	-	-
- Equity instruments*	21.56	0.05	-
- Trustee units #	0.01	-	-
Derivative financial assets	0.54	-	-
Cash and Cash Equivalents	-	-	42.11
Bank balances other than cash and cash equivalents	-	-	23.38
Trade receivables	-	-	12.76
Other financial assets	-	-	11.90
Total financial assets	568.26	0.05	90.15
Financial Liabilities			
Derivative financial liabilities	-	-	-
Trade payables	-	-	12.70
Other payables	-	-	3.08
Lease liabilities	-	-	37.52
Other financial liabilities	-	-	38.82
Total financial liabilities	-	-	92.12

As at March 31, 2020	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	216.85	-	-
- Venture capital fund units / AIF's	166.39	-	-
- Equity instruments*	37.70	0.05	-
- Trustee units #	0.01	-	-
Derivative financial assets	4.29	-	-
Cash and Cash Equivalents	-	-	677.90
Bank balances other than cash and cash equivalents	-	-	46.10
Trade receivables	-	-	18.45
Other financial assets	-	-	17.72
Total financial assets	425.24	0.05	760.16
Financial Liabilities			
Derivative financial liabilities	0.42	-	-
Trade payables	-	-	13.74
Other payables	-	-	0.03
Lease liabilities	-	-	47.34
Other financial liabilities	-	-	60.93
Total financial liabilities	0.42	-	122.04

Includes ₹ 8.63 crores (March 31, 2020: ₹ 11.90 crores) pertaining to IDFC Foundation held for specified purposes.

* The equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Group considered this to be more relevant.

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2021 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	6				
- Mutual fund units		-	348.30	-	348.30
- Venture capital fund units / AIF's		-	-	197.85	197.85
- Equity shares		15.55	6.01	-	21.56
- Trustee Units		0.01	-	-	0.01
Financial Investments at FVOCI					
- Equity shares	6	-	0.05	-	0.05
Derivative not designated as hedge					
- Equity / Index option contracts	13	0.54	-	-	0.54
Total financial assets		16.10	354.36	197.85	568.31
Financial liabilities					
Derivative not designated as hedge					
- Equity / Index futures contracts	14	-	-	-	-
Total financial liabilities		-	-	-	-

As at March 31, 2020 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	6	-	216.85	-	216.85
- Venture capital fund units / AIF's		-	-	166.39	166.39
- Equity shares		28.76	8.94	-	37.70
- Trustee Units		0.01	-	-	0.01
Financial Investments at FVOCI					
- Equity shares	6	-	0.05	-	0.05
Derivative not designated as hedge					
- Equity / Index option contracts	13	4.29	-	-	4.29
Total financial assets		33.05	225.84	166.39	425.29
Financial liabilities					
Derivative not designated as hedge					
- Equity / Index futures contracts	13	0.42	-	-	0.42
Total financial liabilities		0.42	-	-	0.42

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices in an active market.

Level 2: The fair value of financial instruments that are not traded in an active market (such as mutual fund units) is determined using observable market data and not the entity specific estimates. These investments are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. Since all significant inputs required to fair value an instrument are observable, the investments are included in Level 2.

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

c) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for listed equity instruments, future contracts and option contracts.
- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units is determined using NAV at the reporting date as declared by the issuer. ^
- the fair values of derivative instruments are valued at the settlement price provided by the respective stock exchange.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis, market comparable method and based on recent transactions.

^ During the previous year, considering the scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy, the Group had taken appropriate haircuts and had provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2020. In current year, the Group has taken illiquidity discount and haircut with respect to covid-19 over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2021.

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

d) Valuation Process

In order to assess Level 3 valuations as per Group's investment policy, the management reviews the performance of the investee companies (including unlisted portfolio companies of venture capital funds and alternative investment funds) on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance team which performs the above process reports directly to the Chief Financial Officer (CFO) of the Group. Discussions of valuation processes and results are held between the finance team and CFO on regular basis. Investment valuation is placed before the members of the board at least once every three months which is in line with the Group's quarterly reporting periods.

e) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, other financial assets, trade and other payables, and other financial liabilities.

f) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended March 31, 2021 and March 31, 2020:

(In ₹ crore)

	Venture capital units	Contingent Consideration	Total
As at March 31, 2019	309.46	36.52	345.98
Disposal during the year (net)	(137.34)	-	(137.34)
Gains/(losses) recognised profit and loss	(5.73)	(36.52)	(42.25)
As at March 31, 2020	166.39	-	166.39
Acquisitions (net)	16.07	-	16.07
Gains/(losses) recognised profit and loss	15.39	-	15.39
As at March 31, 2021	197.85	-	197.85

g) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair value as at March 31, 2021	Fair value as at March 31, 2020	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Venture Capital Funds	197.85	166.39	Net asset Value	10%	Whilist these investments are not traded on any market , they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management's assessment of the possible net change in underlying prices. A 10% increase / (decrease) in the net asset value would increase/ (decrease) in the Groups' gain / (loss) by ₹ 14.81 crore (March 31, 2020 : ₹ 12.45 crore)

47. FINANCIAL RISK MANAGEMENT

47.1 Introduction

Risk management is an integral part of the business practices of the Group. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The process of risk management is paramount to the Group and each employee is accountable for risks relating to his/her responsibilities. The key risk management tenets adopted by the Group includes maker-checker principle and three levels of defence (first level - employee, second level - risk team, third level - internal audit). The Group is exposed to credit risk, interest rate risk, liquidity risk, price risk and operations risk through its business operations.

47.2 Risk management structure

The Group has set up a robust risk governance framework based on the following key principles:

- The Board has ultimate responsibility for the Group's risk management framework. The board is principally responsible for approving the Group's risk related strategies and policies.
- To ensure that the Group has appropriate system of risk management and internal controls in place, the board has established a risk committee. The risk committee assists the board in relation to the oversight and review of the Group's risk management principles and policies, strategies, appetite, processes and controls. The risk committee has direct access to the Group's management and has open communication with them.
- Policies, processes and systems are put in place for effective risk management.
- The Group's Resources team is primarily responsible for funding and liquidity risks and is guided by the asset liability management policy. The market risks of the Group are supervised by the asset liability committee.
- The Business team monitors project assets on regular basis and highlights pending compliances to senior management on quarterly basis. It also conducts annual site visits and monitors financial covenants.
- Annual review of financial and operational performance of projects and their re-rating is conducted by the risk team.
- Risk management processes are also audited half yearly by internal audit and findings and recommendations are provided to the audit committee.

47.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL (viz, debt securities, mutual fund units, alternative investment fund units and venture capital fund units).

a) Expected credit loss methodology

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer note 47(b)(i) below for a description of how the Group determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer note 47(b)(ii) below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with Ind AS 109 is that it should consider forward-looking information.

The following diagram summarises the impairment requirements under Ind AS 109:

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	**Lifetime expected credit losses**	**Lifetime expected credit losses**

i) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met.

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

Qualitative criteria:

For all financial instruments held by the Group, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a regular basis for all financial instruments held by the Group. In relation to financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the risk committee.

ii) Policy for write-off of financial assets

All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

iii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

PD Estimation:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

- For Stage 1, 12 month PD are calculated.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.
- For Stage 3, Lifetime PD is taken as 100%.

Exposure at default:

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

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a "credit conversion factor (CCF)" which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:

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

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and security coverage.

In case of re-financing of operating road project, the Group enters into a tripartite agreement with the concessionaire and NHAI/any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as nil since the entire credit exposure arising out of loan agreement is secured by way of tripartite agreement with Government authorities.

ECL computation:

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

b) Credit risk exposure

i) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period in loan commitments due to various factors:

	Stage 1 (12M ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2019	-	-	9.65	9.65
- arising during the year	-	-	12.98	12.98
- utilised	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	22.63	22.63
- arising during the year	-	-	(22.63)	(22.63)
- utilised / reversed	-	-	(22.63)	(22.63)
Impairment allowance as at March 31, 2021	-	-	-	-

*Refer note 40 for details of financial guarantee provided to lenders of Jetpur Somnath Tollways Private Limited.

(ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The following table explains the changes in the loss allowance on trade and other receivables between the beginning and at the end of the annual period due to various factors:

	(₹ in crore)
Loss allowance as at March 31, 2019	6.01
Add/(less): changes during the year	7.72
Loss allowance as at March 31, 2020	13.73
Add/(less): changes during the year	(7.83)
Loss allowance as at March 31, 2021	5.90

(iii) The following table contains an analysis of the credit risk exposure of security deposits for which an ECL allowance is recognised. The gross carrying amount of security deposit below also represents the Company's maximum exposure to credit risk on these assets.

As at March 31, 2021

Particulars	Risk rating	Lessor type	Exposure at default (₹ in crores)	Probability of default	Loss given default	Expected credit loss (₹ in crores)
Security Deposit	Stage 1 (12 month ECL)	Corporate	1.96	26.92%	45.00%	0.24
		Others	7.91	26.92%	65.00%	1.38
	Total		9.87			1.62

As at March 31, 2020

Particulars	Risk rating	Lessor type	Exposure at default (₹ in crores)	Probability of default	Loss given default	Expected credit loss (₹ in crores)
Security Deposit	Stage 1 (12 month ECL)	Corporate	3.46	26.92%	45.00%	0.42
		Others	8.08	26.92%	65.00%	1.41
	Total		11.54			1.83

47.3.1 Other financial assets

The Group has credit risk exposure in cash and cash equivalents, deposits with banks, and other financial assets. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low. The Group has no significant concentration of credit risk.

47.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows. The Group has developed internal control processes for managing liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Group maintains investments in highly marketable securities that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at March 31, 2021	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	15.78	-	15.78
Lease Liabilities	9.53	27.99	37.52
Other financial liabilities	36.01	2.81	38.82
Total undiscounted financial liabilities	61.32	30.80	92.12

As at March 31, 2020	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	13.77	-	13.77
Derivative liabilities (net settled)	0.42	-	0.42
Lease Liabilities	9.51	37.83	47.34
Other financial liabilities	43.24	17.69	60.93
Total undiscounted financial liabilities	66.94	55.52	122.46

47.5 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and prices.

47.5.1 Interest Rate Risk - Investment in debt oriented mutual fund

i) Exposure

The exposure of the Group towards interest rate changes arising from investment in following securities at the end of the reporting period are as follows:

	As at March 31, 2021	As at March 31, 2020
Investment in debt oriented mutual funds	319.79	199.92
Total	319.79	199.92

ii) Sensitivity*

The Groups' investments in debt-oriented mutual funds are in highly rated schemes and financial institutions. The Group's objective is to invest in debt-oriented mutual fund scheme which further make investments in high quality debt and money market instruments.

The table summarises the impact of the increase/(decrease) of the benchmark on the Group's profit for the period. The analysis is based on the assumption that the relevant benchmark has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Group's investments moved in line with the benchmark.

	Impact on profit after tax	
	Year ended March 31, 2021	Year ended March 31, 2020
Benchmark: Increase 100 bps (previous year 100 bps)	2.31	1.81
Benchmark: Decrease 100 bps (previous year 100 bps)	(2.31)	(1.81)

* Group has made investments in various debt securities which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to their respective benchmarks.

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to these investments, the Group has indirect exposure to interest rate changes on Net Asset Value of mutual fund units.

47.5.2 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices caused by factor affecting all similar instruments traded in the market.

The price risk arises due to uncertainties about the future Net Asset Values (NAV)/market price of investments. To manage its price risk arising from investments, the Group diversifies its investment portfolio. Diversification is done in accordance with the guidelines set by the Group's-Risk Management Policies as approved by the Board of Directors.

The Group's exposer to the price risk arises from investment in equity instrument classified as FVTPL or FVOCI, investments in units of equity-oriented mutual funds, venture capital funds, debt securities and derivative contracts (i.e. equity options and futures) measured at FVTPL as at reporting date. The following table explains Group's exposure to price risk is as follows:

47.5.2.1 Exposure

(₹ in crore)

	As at March 31, 2021	As at March 31, 2020
Investment in equity instruments (at FVTPL)	21.56	37.70
Investment in equity instruments (at FVOCI)	0.05	0.05
Investment in equity-oriented mutual fund	28.51	16.93
Investment in venture capital fund units	197.85	166.39
Equity / Index option contracts	0.54	4.29
Equity / Index futures contracts	-	(0.42)
Total	248.51	224.94

47.5.2.2 Sensitivity

The table below summarises the impact of increases/decreases of the benchmark on the Group's equity and profit for the period:

	Impact on profit after tax[3]		Impact on OCI[4]	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Investment in equity-oriented mutual fund units[1]				
- Increase 1% (previous year 1%)	0.20	0.12	-	-
- Decrease 1% (previous year 1%)	(0.20)	(0.12)	-	-
Investment in equity instruments including derivatives contracts (at FVTPL)[2]				
- Increase by 15% (previous year 15%)	2.49	2.29	-	-
- Decrease by 15% (previous year 15%)	(2.49)	(2.29)	-	-
Investment in venture capital fund units				
- Increase 10% (previous year 10%)	14.81	12.45	-	-
- Increase 10% (previous year 10%)	(14.81)	(12.45)	-	-

(1) The Group has investments in equity oriented mutual funds which are tracked with different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.

(2) Investment in equity instruments (including derivatives) at FVTPL are tracked to BSE 200 Index or Nifty 50 Index. The analysis is based on the assumption that the BSE 200 Index or Nifty 50 has increased by 15% or decreased by 15% with all other variables held as constant, and that all the Group's investments moved in line with the index.

(3) Profit for the period would increase/ (decrease) as a result of gains/(losses) on investments classified as at fair value through profit or loss. Other components of equity would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value through other comprehensive income.

(4) Investment in equity instruments (at FVOCI) are tracked to NSE Small cap 100 Index. The analysis is based on the assumption that the NSE Small Cap 100 index has increased by 16% or decreased by 16% with all other variables held constant, and that all the Group's investments moved in line with the index.

47.5.3 Foreign currency risk:

The Group does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date. This mitigates the foreign currency risk exposure for the Group.

48 Impact of covid-19 on business of Associate of the Group

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are being lifted. While the easing of restrictions has driven a revival in economic activity across sectors, the continued slowdown has impacted lending business, fee income generation from sale of third party products, collection efficiency etc. Further, there may be a rise in the number of customer defaults and consequently an increase in provisions. The extent to which the COVID-19 pandemic, including the current "second wave" will continue to impact the Bank's operations and asset quality will depend on future developments, which are highly uncertain. The current second wave of COVID-19 pandemic where the number of cases have increased significantly in India, has resulted into re-imposition of localised / regional lock down measures in various parts of the country.

In accordance with the RBI guidelines on 'COVID- 19 Regulatory Package' of March 27, 2020, April 17, 2020 and May 23, 2020, the Bank granted moratorium on repayment of instalments and/or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers. This relaxation does not automatically trigger a significant increase in credit risk. The Bank continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

This uncertainty is reflected in the Bank's assessment of impairment loss allowance on its loans which are subject to certain management judgements and estimates. In relation to COVID-19, judgements and assumptions included the estimated impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries/products, along with the associated impact on domestic and global economy.

In accordance with Resolution Framework for COVID-19 announced by the RBI on August 6, 2020, the Bank has implemented a One-Time Restructuring (OTR) for certain eligible borrowers. The Bank has classified such loans in Stage 3 as at March 31, 2021.

The Honourable Supreme Court of India, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated September 3, 2020 has directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank had not classified any account (whether granted moratorium or not) as impaired (non-performing assets) after August 31, 2020. However, the Bank had classified such accounts as Stage 3 for financial reporting and provisioning purpose.

The said interim order stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 7, 2021 issued in this connection, the Bank has followed the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms for the purpose of its statutory financial statements for regulatory purposes. Further, the Bank has done staging of the borrower accounts in accordance with ECL model / framework under Ind AS in the financial statements for the year ended March 31, 2021.

The Bank's capital and liquidity position is strong and would continue to be the focus area for the bank during this period. The Bank will continue to monitor any material changes to future economic conditions and consequential impact on its Reporting package.

49 Employee share based payments

a) IDFC Limited - Employee stock option scheme (equity settled):

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

The fair value of options granted to the employees of the Group under the ESOS is recognised as an employee benefits expense with a corresponding increase in share option outstanding account under other equity. However, the fair value of options granted to the employees of associate of the Group is recognised as an increase in the investment in associate and a credit to share option outstanding account under other equity as per the Group share based payment guidance under Ind AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary equity share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	61.64	13,281,418	68.52	27,216,085
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	80.94	(2,658,640)	66.87	(6,104,000)
Lapsed/expired during the year	48.77	(18,000)	81.48	(7,830,667)
Closing balance	56.82	10,604,778	61.64	13,281,418
Vested and exercisable	56.82	10,604,778	61.63	13,240,018

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2021 was ₹ Nil (previous year ₹ Nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
2-Sep-13	02-Sep-19 to 02-Sep-21	48.77	24,000	42,000
7-Aug-14	07-Aug-19 to 07-Aug-21	90.56	400,000	700,000
3-Aug-15	15-Jul-19 to 03-Aug-23	90.81	-	1,500,000
5-Oct-15	18-Apr-17 to 05-Oct-23	60.35	1,175,924	2,034,564
5-Feb-16	05-Feb-22 to 05-Feb-24	41.15	300,000	300,000
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	100,000	100,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	158,754	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
9-May-17	31-May-18 to 09-May-24	63.25	103,500	103,500
27-Apr-18	27-Apr-23	55.40	8,200,000	8,200,000
Total			10,604,778	13,281,418
Weighted average remaining contractual life of options outstanding at end of period			2.21	3.20

Fair value of options granted:

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

There are no ESOPs granted during the year ended March 31, 2021 and year ended March 31, 2020.

b) IDFC AMC - Employee stock option scheme (cash settled):

(i) IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of IDFC group, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Company Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind AS 102 - Group share based payments, the said employee stock option scheme is classified as "Cash settled share based payments" in the consolidated financial statements of the Group.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	699.03	599,000	-	-
Granted during the year	699.03	19,000	699.03	599,000
Exercised during the year	-	-	-	-
Forfeited during the year	699.03	(14,000)	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	699.03	604,000	699.03	599,000
Vested and exercisable	-	-	-	-

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
January 01, 2020	1-Jan-28	699.03	585,000	599,000
April 1, 2020	1-Apr-28	699.03	7,500	-
October 1, 2020	1-Oct-28	699.03	11,500	-
Total			604,000	599,000
Weighted average remaining contractual life of options outstanding at end of period			6.78	7.76

The fair value of the options was determined using the Black-Scholes model using the following inputs as at March 31, 2021:-

(i) Grant date - January 1, 2020

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.48	0.50
Riskfree Rate	0.05	0.06
Exercise Price (₹)	699	699
Time To Maturity (In Years)	4.25	5.25
Dividend yield	0.11	0.06
Option Fair Value	304	213

(ii) Grant date - April 1, 2020

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	-
Volatility	0.48	-
Riskfree Rate	0.06	-
Exercise Price (₹)	699	-
Time To Maturity (In Years)	4.51	-
Dividend yield	0.11	-
Option Fair Value	299	-

(iii) Grant date - October 1, 2020

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	-
Volatility	0.48	-
Riskfree Rate	0.06	-
Exercise Price (₹)	699	-
Time To Maturity (In Years)	5.01	-
Dividend yield	0.11	-
Option Fair Value	289	-

(ii) IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of IDFC group, introduced Employee Stock Option Scheme, 2017 ("ESOS - 2017") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Company Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind AS 102 - Group share based payments, the said employee stock option scheme is classified as "Cash settled share based payments" in the consolidated financial statements of the Group.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price	Number of options *	Average exercise price	Number of options *
Opening balance	964.69	399,540	964.69	435,750
Granted during the year	-	-	-	-
Exercised during the year	964.69	(10,070)	-	-
Forfeited during the year	964.69	(1,510)	(964.69)	(36,210)
Lapsed/expired during the year	-	-	-	-
Closing balance	964.69	387,960	964.69	399,540
Vested and exercisable	964.69	377,960	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31,2021 was ₹ 1106.83 (previous year ₹ Nil)

* The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
9-Sep-17	9-Sep-25	964.69	368,540	380,120
6-Nov-17	6-Nov-25	964.69	9,420	9,420
11-Apr-18	11-Apr-26	964.69	10,000	10,000
Total			387,960	399,540
Weighted average remaining contractual life of options outstanding at end of period			4.35	5.46

The fair value of the options was determined using the Black-Scholes model using the following inputs as at March 31, 2021:-

(i) Grant date - April 11, 2018

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.51	0.50
Riskfree Rate	0.05	0.06
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.53	3.53
Dividend yield	0.11	0.06
Option Fair Value	255	142

(ii) Grant date - February 1, 2018

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.51	0.50
Riskfree Rate	0.05	0.06
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.42	3.34
Dividend yield	0.11	0.06
Option Fair Value	255	138

(iii) Grant date - November 6, 2017

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.52	0.50
Riskfree Rate	0.05	0.05
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.30	3.10
Dividend yield	0.11	0.06
Option Fair Value	255	132

(iv) Grant date September 9, 2017

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.53	0.50
Riskfree Rate	0.05	0.05
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.22	2.94
Dividend yield	0.11	0.06
Option Fair Value	259	128

c) IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an associate of the Group, got demerged from the IDFC Limited under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted certain employee stock option over its shares to the employees of the IDFC Group. The employee share based payments arrangement between the Group and its associate is outside the scope of Ind AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind AS 8, the Group has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind AS 102.

Applying Ind AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Group is recognised as an employee benefits expense with a corresponding decrease in investment in associate.

d) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
IDFC Limited - Employee stock option scheme (equity settled)	-	1.11
IDFC AMC - Employee stock option scheme (cash settled)	3.50	2.94
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	0.02	1.89
Total	3.52	5.94

50. INTEREST IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at March 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)		Ownership interest held by non-controlling interests (%)	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
IDFC Alternatives Limited	Fund Management Services	India	100%	100%	-	-
IDFC AMC Trustee Company Limited	Trusteeship services	India	100%	100%	-	-
IDFC Asset Management Company Limited *	Asset management services	India	99.96%	100%	0.04%	-
IDFC Projects Limited	Project management services	India	100%	100%	-	-
IDFC Securities Limited	Stock broking	India	-	100%	-	-
IDFC Trustee Company Limited	Trusteeship services	India	100%	100%	-	-
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	-	-
IDFC Capital (Singapore) Pte Ltd	Asset management services	Singapore	-	100%	-	-
IDFC Capital (USA) Inc.	Asset management services	USA	-	100%	-	-
IDFC Securities Singapore Pte Ltd	Stock broking	Singapore	-	100%		-
IDFC Investment Managers (Mauritius) Limited	Asset management services	Mauritius	99.96%	100%	0.04%	-
IDFC IEH Conservative Fund	AIF Category III Fund	India	91.60%	73%	8.40%	27%
IDFC IEH Tactical Fund	AIF Category III Fund	India	-	71%	-	29%
India Multi Avenues Fund Limited	Investing	Mauritius	100%	100%	-	-
IDFC Foundation**	Not-for-profit organization	India	100%	100%	-	-

* IDFC Asset Management Company Limited ("IDFC AMC") launched Employee Stock Option Scheme (ESOS 2017), wherein it authorised grant upto 2% of shares outstanding to all its employees. There was a employee who was granted 10,070 shares and he exercised the same, with this exercise he becomes minority shareholder of IDFC AMC. As on March 31, 2021 IDFC AMC will not be considered as "wholly owned subsidiary" of the Group.

** The subsidiary is limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹ 45.98 crores (March 31, 2020: ₹ 55.16 Crores).

(i) Significant judgement: Consolidation of IDFC Foundation

Under Ind AS 110, an investor controls an investee if it has power over investee, exposure to variable return and an ability to use its power to affect investee's returns. IDFC Foundation is wholly owned subsidiary of IDFC Limited. The variable returns under Ind AS do not need to be financial in nature, it can be either in the form of synergistic benefits or enhanced reputation. Since IDFC Foundation's CSR activities are promoted in the name of IDFC Group under Ind AS 110, it can reasonably help IDFC Group to developed its reputation and get synergistic benefits out of it.

b) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at March 31, 2021 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest	Relationship	Accounting Method	Quoted fair value		Carrying value	
				As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
IDFC First Bank Limited [Refer note (i) and (ii) below]	39.98%	Associate	Equity Method	12,637.98	4,059.56	6,712.72	6,140.27
Novopay Solutions Private Limited#	23.83%	Associate	Equity Method	- *	- *	-	-
Jetpur Somnath Tollways Private Limited#	26.00%	Associate	Equity Method	- *	- *	-	-
Delhi Integrated Multi - Modal Transit System Limited	50.00%	Joint Venture	Equity Method	- *	- *	60.30	59.45
Infrastructure Development Corporation (Karnataka) Limited ("iDeck") [Refer note (iii) below]	49.49%	Joint Venture	Equity Method	- *	- *	45.30	48.34
Total equity accounted investments				12,637.98	4,059.56	6,818.32	6,248.06

Amount in the associate is impaired and stands at Nil value

* Note: Unlisted entity - no quoted price available

(i) For impairment assessment refer note 1 p) i) of accounting policies.

(ii) IDFC FIRST Bank Limited is taken on consolidated basis. It includes IDFC FIRST Bharat Limited (subsidiary) and Millennium City Expressways Private Limited (associate).

(iii) iDeck includes India PPP Capacity Building Trust, subsidiary of the Company.

i) Commitments and contingent liabilities in respect of associates and joint ventures

(In ₹ crore)

	As at March 31, 2021	As at March 31, 2020
Contingent liabilities – associates		
Derivative and non-fund based exposure	82,327.54	109,616.62
Income Tax	0.04	0.04
Bank Guarantee from PNB (submitted to NHAI)	-	90.64
Claims against company not acknowledged as debts	15.26	15.26
Other Bank Guarantee	7.41	7.71
Total commitments and contingent liabilities	82,350.25	109,730.26

ii) Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not IDFC Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(In ₹ crore)

Summarised balance sheet	IDFC FIRST Bank Limited	
	As at March 31, 2021	As at March 31, 2020
Financial assets	162,764.57	153,683.21
Financial liabilities	149,911.20	142,065.80
Net financial assets	12,853.37	11,617.41
Non-financial assets	6,029.79	5,792.96
Non-financial liabilities	1,727.97	1,449.12
Provisions	665.65	924.25
Net Non-financial Asset	3,636.17	3,419.59
Net Assets	16,489.54	15,037.00

(In ₹ crore)

Reconciliation to carrying amounts	IDFC FIRST Bank Limited	
	As at March 31, 2021	As at March 31, 2020
Opening Net Assets	15,037.00	18,573.50
Loss during the year	(1,161.44)	(2,510.33)
Other comprehensive income for the year	558.68	(1,088.04)
Equity shares issued during the year (including share premium)	2,015.19	46.32
Other reserve movement	40.11	15.55
Closing net assets	16,489.54	15,037.00
Group's Share in %	39.98%	40.00%
Group's Share in ₹	6,592.52	6,014.80
Employee share based payment charge	0.02	1.89
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	123.19	123.58
Change due to change in holding	(3.01)	-
Carrying Amount	6,712.72	6,140.27

(In ₹ crore)

Summarised statement of profit and loss	IDFC FIRST Bank Limited	
	As at March 31, 2021	As at March 31, 2020
Total Income	8,482.62	7,036.46
Profit for the year	(1,161.44)	(2,510.33)
Other comprehensive income	558.68	(1,088.04)
Total comprehensive income	(602.76)	(3,598.37)

(In ₹ crore)

Breakup of Other Comprehensive Income	IDFC FIRST Bank Limited	
	As at March 31, 2021	As at March 31, 2020
Other Comprehensive Income / (loss) to the extent not to be reclassified to Profit or Loss	(63.94)	(140.86)
Other Comprehensive Income/ (loss) to the extent that may be reclassified to Profit or Loss	622.62	(947.18)
Total Other Comprehensive Income/ (Loss)	558.68	(1,088.04)

iii) Amount recognised in the statement of profit and loss

(In ₹ crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Share of loss from associates	(241.42)	(1,439.56)
Share of loss from joint ventures	(2.21)	(0.23)
Total share of profits / (loss) from associates and joint ventures	(243.63)	(1,439.79)

vi) Unrecognized share of loss of an associate

(In ₹ crore)

	As at March 31, 2021	As at March 31, 2020
Unrecognised share of loss of an associate:		
-Jetpur Somnath Tollways Private Limited		
Opening balance of unrecognised share of loss	(138.58)	(136.93)
Share in Profit/ (loss) during the period	(1.58)	(1.65)
Closing balance of unrecognised share of loss	(140.16)	(138.58)

The Group has absorbed the share of losses in Jetpur Somnath Tollways Private Limited only to the extent of its investment value.

51. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2021

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Parent company								
IDFC Limited	112.74	9,261.10	(2.67)	8.98	(0.05)	(0.11)	(7.88)	8.87
Indian subsidiary companies								
IDFC Alternatives Limited	3.33	273.57	(1.06)	3.57	-	-	(3.17)	3.57
IDFC AMC Trustee Company Limited	0.00	0.33	(0.02)	0.07	(0.00)	(0.01)	(0.06)	0.06
IDFC Asset Management Company Limited	4.62	379.49	(42.48)	143.03	0.44	0.99	(127.94)	144.02
IDFC Projects Limited	(1.14)	(94.05)	0.04	(0.13)	-	-	0.11	(0.13)
IDFC Securities Limited (upto June 10, 2020)	-	-	1.13	(3.82)	-	-	3.39	(3.82)
IDFC Trustee Company Limited	0.01	0.54	0.01	(0.03)	-	-	0.03	(0.03)
IDFC Financial Holding Company Limited	111.47	9,156.77	(13.01)	43.80	-	-	(38.91)	43.80
IDFC Foundation	0.56	45.98	2.76	(9.30)	0.05	0.12	8.16	(9.19)
India Multi Avenues Fund Limited	(0.02)	(1.64)	0.07	(0.23)	-	-	0.20	(0.23)
IDFC IEH Conservative fund	0.38	31.62	0.16	(0.52)	-	-	0.47	(0.52)
IDFC IEH Tactical fund (w.e.f 16th February 2019) (upto March 16, 2021)	0.27	21.95	0.76	(2.57)	-	-	2.28	(2.57)
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd (upto February 23, 2021)	-	-	0.02	(0.06)	-	-	0.05	(0.06)
IDFC Capital (USA) Inc. (upto June 10, 2020)	-	-	(0.01)	0.03	-	-	(0.02)	0.03
IDFC Securities Singapore Pte Ltd (upto June 10, 2020)	-	-	0.04	(0.13)	-	-	0.12	(0.13)
IDFC Investment Managers (Mauritius) Limited	0.01	0.83	0.14	(0.46)	-	-	0.41	(0.46)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited) [Refer note 50b (ii)]	81.71	6,712.42	137.90	(464.34)	99.63	223.34	214.09	(241.00)
Novopay Solutions Private Limited	-	-	0.13	(0.44)	-	-	0.39	(0.44)
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	0.73	60.30	(0.30)	1.02	(0.08)	(0.17)	(0.75)	0.84
Infrastructure Development Corporation (Karnataka) Limited ("iDeck") [Refer note 50b (iii)]	0.55	45.30	0.91	(3.05)	0.00	0.01	2.70	(3.04)
Total (A)	315.21	25,894.51	84.51	(284.58)	100.00	224.17	53.68	(60.43)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(215.18)	(17,676.84)	15.70	(52.88)	-	-	46.97	(52.88)
b) Non-controlling interests								
- IDFC IEH Conservative Fund	(0.03)	(2.65)	(0.01)	0.04	-	-	(0.04)	0.04
- IDFC IEH Tactical Fund	-	-	(0.22)	0.74	-	-	(0.65)	0.74
- IDFC Asset Management Company Limited	(0.00)	(0.15)	0.02	(0.06)	-	-	0.05	(0.06)
Total (B)	(215.21)	(17,679.64)	15.49	(52.16)	-	-	46.33	(52.16)
Total (A) + (B)	100.00	8,214.88	100.00	(336.74)	100.00	224.17	100.00	(112.57)

51. **DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2020**

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Parent company								
IDFC Limited	111.24	9,255.57	(6.44)	64.18	(0.01)	0.04	(4.49)	64.22
Indian subsidiary companies								
IDFC Alternatives Limited	3.24	270.00	0.19	(1.87)	-	-	0.13	(1.87)
IDFC AMC Trustee Company Limited	0.00	0.27	(0.00)	0.02	-	-	(0.00)	0.02
IDFC Asset Management Company Limited	3.52	292.62	(8.04)	80.05	0.15	(0.65)	(5.55)	79.40
IDFC Projects Limited	(1.13)	(93.92)	0.09	(0.87)	-	-	0.06	(0.87)
IDFC Securities Limited	0.89	73.76	0.84	(8.36)	(0.26)	1.12	0.51	(7.23)
IDFC Trustee Company Limited	0.01	0.57	(0.03)	0.30	-	-	(0.02)	0.30
IDFC Financial Holding Company Limited	109.52	9,112.97	(10.65)	106.10	-	-	(7.41)	106.10
IDFC Foundation	0.66	55.16	0.80	(7.98)	0.01	(0.04)	0.56	(8.02)
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC IEH Conservative fund	0.48	39.70	0.08	(0.75)	-	-	0.05	(0.75)
IDFC IEH Tactical fund	0.29	24.52	0.36	(3.57)	-	-	0.25	(3.57)
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	0.05	3.78	(0.93)	9.25	-	-	(0.65)	9.25
IDFC Capital (USA) Inc.	0.09	7.44	(0.01)	0.08	-	-	(0.01)	0.08
IDFC Securities Singapore Pte Ltd	0.00	0.30	0.28	(2.81)	-	-	0.20	(2.81)
IDFC Investment Managers (Mauritius) Limited	0.00	0.18	0.07	(0.65)	-	-	0.05	(0.65)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited) [Refer note 50b (ii)]	73.80	6,140.27	100.80	(1,004.13)	100.08	(435.22)	100.58	(1,439.35)
Novopay Solutions Private Limited	-	-	0.29	(2.87)	-	-	0.20	(2.87)
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	0.71	59.45	(0.16)	1.64	0.03	(0.14)	(0.10)	1.50
Infrastructure Development Corporation (Karnataka) Limited ("iDeck") [Refer note 50b (iii)]	0.58	48.34	0.14	(1.44)	(0.00)	0.01	0.10	(1.43)
Total (A)	303.95	25,290.99	77.67	(773.70)	100.00	(434.87)	84.46	(1,208.58)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(203.74)	(16,952.61)	22.45	(223.65)	-	-	15.63	(223.65)
b) Non-controlling interests								
- IDFC IEH Conservative Fund	(0.13)	(10.65)	(0.02)	0.20	-	-	(0.01)	0.20
- IDFC IEH Tactical Fund	(0.08)	(7.04)	(0.10)	1.02	-	-	(0.07)	1.02
Total (B)	(203.95)	(16,970.30)	22.33	(222.43)	-	-	15.54	(222.43)
Total (A) + (B)	100.00	8,320.69	100.00	(996.13)	100.00	(434.87)	100.00	(1,431.00)

52. RELATED PARTY TRANSACTIONS

a) Subsidiaries

Direct:

IDFC Foundation
IDFC Financial Holding Company Limited
IDFC Projects Limited
IDFC Alternatives Limited (w.e.f November 14, 2019)
IDFC Trustee Company Limited (w.e.f November 14, 2019)

Through subsidiaries:

IDFC Alternatives Limited (upto November 13, 2019)
IDFC Asset Management Company Limited
IDFC Securities Limited (upto June 10, 2020)
IDFC Capital (USA) Inc. (upto June 10, 2020)
IDFC Capital (Singapore) Pte. Ltd. (liquidated on February 23, 2021)
IDFC Investment Managers (Mauritius) Limited
IDFC Securities Singapore Pte. Limited (upto June 10, 2020)
IDFC AMC Trustee Company Limited
IDFC Trustee Company Limited (upto November 13, 2019)
India Multi Avenues Fund Limited
IDFC IEH Tactical Fund (w.e.f February 16, 2019 and upto March 16, 2021)
IDFC IEH Conservative Fund

b) Joint ventures

Through subsidiaries:

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited
India PPP Capacity Building Trust

c) Associates

Direct:

Novopay Solutions Private Limited

Through subsidiaries:

IDFC FIRST Bank Limited
IDFC FIRST Bharat Limited
Millennium City Expressways Private Limited
Jetpur Somnath Tollways Private Limited
Emerging Markets Private Equity Fund LP (upto April 04, 2019)

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO
Mr. Bipin Gemani - Chief Financial Officer
Mr. Vinod Rai - Independent director
Mr. Soumyajit Ghosh - Nominee Director (upto March 25, 2021)
Mr. Anshuman Sharma - Nominee Director (upto March 25, 2021)
Ms. Marriane Okland - Independent director (upto September 30, 2019)
Mr. Chintamani Bhagat - Nominee Director (upto September 30, 2019)
Mr. S S Kohli - Independent director (upto September 30, 2019)
Mr. Ajay Sondhi - Independent director (w.e.f. November 08, 2019)
Ms. Ritu Anand -Independent director (w.e.f. August 16, 2019)

e) Key management personnel compensation

(In ₹ crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefit	7.16	7.16
Long-term employee benefit	0.62	1.04
Total	7.77	8.20

Sitting fees and Commission to directors has been disclosed as “Directors’ Sitting Fees” & “Commission to directors” under “other expenses” in note 31.

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

(In ₹ crore)

	Associates / JV's / Others 2021	Associates / JV's / Others 2020	Key Management Personnel 2021	Key Management Personnel 2020
INCOME				
Interest	8.13	10.18	-	-
Fee income	-	0.23	-	-
Shared service recovery	0.33	2.15	-	-
Brokerage received	-	0.23	-	-
Rental Income	2.36	3.54	-	-
Sitting fees received	0.03	0.03	-	-
EXPENDITURE				
Remuneration paid	-	-	7.77	8.20
Shared service cost	-	1.34	-	-
Lease rent	0.05	0.04	-	-
ASSETS / TRANSACTIONS				
Purchase / subscription of investments	-	45.99	-	-
Transfer of fixed assets	0.02	-	-	-
Current account balance	36.54	67.13	-	-
Fixed deposits placed	1,622.16	1,415.78	-	-
Fixed deposits matured	2,231.46	866.09	-	-
Fixed deposits - Balance outstanding	-	609.42	-	-
Interest accrued on deposits	-	0.90	-	-
Other receivables	-	1.33	-	-
Outstanding Preference investment	89.55	89.55	-	-
Outstanding Equity investment	8,397.10	7,597.10	-	-
LIABILITIES / TRANSACTIONS				
Trade payables- balance outstanding	4.99	4.99	-	-
Security deposit o/s	-	1.77	-	-

53 CHANGES IN ACCOUNTING POLICY

Impact on the financial statements - lease accounting

The Company had adopted Ind AS 116 retrospectively from April 1, 2019, but had not restated comparative for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019.

Adjustments recognised in the balance sheet on April 1, 2019

The changes in accounting policy affected the following items in the balance sheet on April 1, 2019:

- property, plant and equipment - decrease by ₹ 0.27 crores
- right-of-use assets - increase by ₹ 18.07 crores
- deferred tax assets (net) - increase by ₹ 0.77 crores
- prepayments - decrease by ₹ 0.82 crores
- lease liabilities - increase by ₹ 19.31 crores
- security deposit - decrease by ₹ 0.65 crores

The net impact on retained earnings on April 1, 2019 was decrease of ₹ 2.21 crores

54 COVID IMPACT

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in the later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Group continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

In lights of the Covid-19 outbreak and based on the information available upto the date of the approval of these Financial statements, the Group has assessed its liquidity position for the next one year which factors uncertainties due to the current situation.

The Group has further assessed the recoverability and carrying value of its assets comprising of Property, Plant and Equipment and Investments as at March 31, 2021, and has concluded that there are no material adjustments required in the financial statements, other than those already considered. The Management has performed an analysis of the fair value of its unquoted and illiquid investments and the same has been considered in the financial statements. The future direct and indirect impact of COVID-19 on the Company business, results of operations, financial position and cash flows remains uncertain. The Group will continue to monitor any material changes to future economic conditions.

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

Sharad Vasant
Partner
Membership Number : 101119

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, June 14, 2021

IDFC LIMITED

Corporate Identity Number: L65191TN1997PLC037415 info@idfc.com; www.idfc.com
Regd. Office: 4th Flr., Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018 **Tel:** +91 44 4564 4202 **Fax:** +91 44 4564 4222
Corp. Office: 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400 021 **Tel** +91 22 2282 1549 **Fax:** +91 44 22 2421 5052

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting **("AGM")** of the Members of IDFC Limited **("IDFC"** or **"the Company")** will be held **on Wednesday, September 22, 2021 at 11:00 a.m.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:
   a. the audited standalone financial statements of the Company for the financial year ended March 31, 2021 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, 2021 and the Report of the Auditors thereon.

2. To consider and appoint Statutory Auditors and to fix their remuneration

   "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 other applicable rules if any, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') and pursuant to the recommendations of the Audit Committee, Khimji Kunverji & Co LLP, Chartered Accountants, LLP (FRN 105146W/W-100621) be and are hereby appointed as the Statutory Auditors of the Company, for a period of Three (3) years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 27th Annual General Meeting of the Company to be held for FY24, 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

3. Appointment of Dr. Jaimini Bhagwati as an Independent Director

To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of, Sections 149, 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, Dr. Jaimini Bhagwati (DIN: 07274047) in respect of whom the Company has received a notice in writing from a Member signifying the intention to propose Dr. Jaimini Bhagwati as a candidate for the office of an Independent Director, be and is hereby appointed as an Independent Director of the Company w.e.f. May 25, 2021 to hold office for a consecutive period of 3 (three) years.

RESOLVED FURTHER THAT Dr. Jaimini Bhagwati shall not be liable to retire by rotation during his tenure as an Independent Director.

RESOLVED FURTHER THAT pursuant to the provisions of Sections149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Dr. Jaimini Bhagwati be paid such fees and 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 this AGM of the Company held on September 22, 2021.

RESOLVED FURTHER THAT the Board of Directors of the Company or Mr. Mahendra N Shah, Company Secretary & Compliance Officer, 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."

4. Appointment of Mr. Anil Singhvi as an Independent Director

To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of, Sections 149, 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. Anil Singhvi (DIN: 00239589) in respect of whom the Company has received a notice in writing from a Member signifying the intention to propose Mr. Anil Singhvi as a candidate for the office of an Independent Director, be and is hereby appointed as an Independent Director of the

Company w.e.f. May 25, 2021 to hold office for a consecutive period of 3 (three) years.

RESOLVED FURTHER THAT Mr. Anil Singhvi shall not be liable to retire by rotation during his tenure as an Independent Director.

RESOLVED FURTHER THAT pursuant to the provisions of Sections149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr. Anil Singhvi be paid such fees and 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 this AGM of the Company held on September 22, 2021.

RESOLVED FURTHER THAT the Board of Directors of the Company or Mr. Mahendra N Shah, Company Secretary & Compliance Officer, 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."

5. Appointment of Mr. Vinod Rai

To consider, and if thought fit, to pass the following as a **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 149,150, 152, 160 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and other applicable Rules, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, consent of the members be and is hereby accorded to appoint Mr. Vinod Rai (DIN:00041867) as Non-Independent Non-Executive Director with effect from May 25, 2021 up to May 22, 2023.

RESOLVED FURTHER THAT pursuant to the provisions of Sections149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr. Vinod Rai be paid such fees and 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 this AGM of the Company held on September 22, 2021.

RESOLVED FURTHER THAT the Board of Directors and Mr. Mahendra N. Shah, Company Secretary be and are hereby severally authorised to sign and file the requisite forms and returns and other documents with statutory / regulatory authorities and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

6. Payment of Commission to Non-Executive Directors

To consider, and if thought fit, to pass, the following as a **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of remuneration, in addition to the sitting fees being paid/payable for attending the meetings of the Board and its committees thereof, by way of commission or otherwise, not exceeding in aggregate of 1% of the Net Profits of the Company, to be paid to and distributed amongst the Non-Executive Directors of the Company or some or any of them (other than Managing Director and Whole-time Director of the Company) as may be decided by the Board of Directors [hereinafter referred to as the "Board", which term shall include the Nomination & Remuneration Committee ("NRC") and / or any other Committee constituted by the Board for this purpose from time to time] for a period of three years commencing from April 1, 2021 to March 31, 2024, computed in the manner provided in Section 198 of the Companies Act, 2013 for each corresponding financial year.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Non- Executive Directors of the Company or some or any of them (other than Managing Director and Whole-time Director of the Company) as may be decided by the Board of Directors as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all approvals as may be required to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any Officer(s) of the Company."

By order of the Board of Directors

Mahendra N Shah
Company Secretary

Mumbai | August 11, 2021

NOTES:

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 as amended from time to time (collectively referred to as "MCA Circulars") and in accordance with circular dated May 12, 2020 read with circular dated December 9, 2020 and January 15, 2021 issued by the Securities and Exchange Board of India providing relaxations to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means ("VC/OAVM"), without physical presence of the Members at a common venue. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 24th Annual General Meeting of the Company is being conducted through Video Conferencing ("VC") (hereinafter referred to as "AGM' or "e-AGM").
2. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories / DPs in order to increase the efficiency of the voting process. The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Businesses set out in the Notice is annexed hereto. Brief resume and other details of Director proposed to be appointed / reappointed as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 ("SEBI LODR Regulations") are given in the Exhibit to the Notice.
3. e-AGM: Company has appointed KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The said Resolution/ Authorization should be sent electronically through their registered email address to the Scrutinizer at scrutinizer.idfc@kfintech.com with a copy marked to mahendra.shah@idfc.com
6. (a) Members holding shares in physical mode are requested to address all correspondence, including change in address / bank account details, to KFin Technologies Private Limited [Unit: IDFC Limited], Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, India ("KFin"). 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").

   (b) SEBI vide its circular dated April 20, 2018 has made it mandatory for the Company to collect copy of Income Tax Permanent Account Number (PAN) and bank account details of all security holders holding securities in physical form. Accordingly, all Shareholders holding shares in physical form are requested to submit duly attested documents to KFin.

   (c) As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in physical mode can download the nomination form by logging in https://kprism.kfintech.com/ or write to einward.ris@kfintech.com for the nomination registration process. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form.

   (d) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities or mutation of names of the deceased shareholder. In view of this and to eliminate all risks associated with physical shares and for ease of managing their portfolio members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited for any assistance in this regard.
8. Attending e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at https://emeetings.kfintech.com/ by clicking on "Video Conference" and access the shareholders'/ members' login by using the remote e-voting credentials.Kindly refer note no. 17 below for detailed instruction for participating in e-AGM through Video Conferencing. The Members can join the e-AGM 15 minutes before the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.

9. As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, scrutinizer etc.
10. A member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. Remote e-Voting: Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 , Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent KFin Technologies Private Limited. Kindly refer Note no. 18 below for detailed instruction for remote e-voting.
12. Voting during the AGM: Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Private Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 19 below for instruction for e-voting during the AGM.
13. The Company has fixed Wednesday, September 15, 2021 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM.
14. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.
15. In compliance with aforesaid MCA Circular dated May 12, 2020 read with circular dated January 13, 2021 and SEBI circular dated May 12, 2020 read with circular dated December 9, 2020 and January 15, 2021 Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March, 2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at www.idfc.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www. bseindia.com and www.nseindia.com respectively where the Company's shares are listed. The same is also available on the website of KFin Technologies Private Limited at the website address https://evoting.kfintech.com/.
16. Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)
    i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
        a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.
        b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by sending an e-mail request at the email ID einward.ris@kfintech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.
    ii. Those members who have not registered their email addresses with the Company's RTA / Depository Participants, as the case may be, are requested to visit https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions. In case of any queries, shareholder may write to einward.ris@kfintech.com.
    iii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.
17. Instructions to the Members for attending the e-AGM through Video Conference:
    i. Attending the e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at logging in https://emeetings.kfintech.com/ using the login credentials and click on "Video Conference". Select the EVEN and click on the camera icon to join the meeting.
    ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 18 below.
    iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
    iv. Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.
    v. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to fluctuation in their respective networks. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
    vi. Submission of Questions / queries prior to e-AGM:

a. Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e. mahendra.shah@idfc.com at least 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members questions will be answered only if they continue to hold the shares as of cut-off date.

b. Alternatively, shareholders holding shares as on cut-off date may also visit https://emeetings. kfintech. com/ and click on the tab "Post Your Queries Here"" to post their queries/ views/ questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.

vii. Speaker Registration before e-AGM: In addition to above, speaker registration may also be allowed during the remote e-voting period. Shareholders who wish to register as speakers are requested to visit https://emeetings.kfintech.com/ and click on 'Speaker Registration' during this period. Shareholders are requested to wait for their turn to be called by the Chairman of the meeting or the moderator as the case maybe, during the Question Answer Session. Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 17(vi) above.

viii. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the e-AGM on the website of the Company at the following weblink: http://www.idfc.com/investor_relations/annual_report.htm

ix. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to: Shivangi.mistry@idfc.com

18. Instructions for members for remote e-Voting: In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Private Limited ('remote e-voting'). Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting (e-voting) when window for e-voting is activated upon instructions of the Chairman

i. The remote e-voting facility will be available during the following period:

a. Day, date and time of commencement of remote e-voting: Saturday, **September 18, 2021 at 9:00 a.m.**

b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: **Tuesday, September 21, 2021 at 5:00 p.m.**

ii. Details of Website: https://emeetings.kfintech.com/

iii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being Wednesday, September 15, 2021. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.

iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose names are recorded as on Friday, August 20, 2021 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires shares of the Company and becomes Member of the Company after Friday, August 20, 2021 being the date reckoned for sending the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. Wednesday, September 15, 2021, may obtain the User Id and password for joining the AGM in the manner as mentioned below:

a) If the mobile number of the Member is registered against Folio No./ DPID Client ID, the Member may send SMS:
MYEPWD <space> Folio number or DPID Client ID to +91-9212993399

Example for NSDL:
MYEPWD<SPACE>IN12345612345678

Example for CDSL:
MYEPWD<SPACE>402345612345678

Example for Physical: MYEPWD<SPACE> 1234567890

If e-mail address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the home page of https://emeetings.kfintech.com/, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

b) Member may call KFin's Toll free number 1800-309-4001.

c) Member may send an e-mail request to evoting@kfintech.com.

v. Details of persons to be contacted for issues relating to e-voting:
Ms. Krishna Priya M , Senior Manager - Corporate Registry,
KFin Technologies Private Limited,
Unit: IDFC
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Contact No. 040-6716 2222/ 7961 1000

Toll free number 1800-309-4001,
E-mail: priya.maddula@kfintech.com

vi. Details of Scrutinizer: Mr. B. Narasimhan (FCS No. 1303 and COP No. 10440) of M/s BN & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

vii. **The details of the process and manner for remote e-Voting and e-AGM are explained herein below**:

Step 1: Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 3: Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	**1. User already registered for IDeAS facility:** I. Visit URL: https://eservices.nsdl.com II. Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section. III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. **2. User not registered for IDeAS e-Services** I. To register click on link : https://eservices.nsdl.com II. Select “Register Online for IDeAS” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1. **3. Alternatively by directly accessing the e-Voting website of NSDL** I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	**1. Existing user who have opted for Easi / Easiest** I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal. V. Click on e-Voting service provider name to cast your vote. **2. User not registered for Easi/ Easiest** I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1 **3. Alternatively, by directly accessing the e-Voting website of CDSL** I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e **KFintech** where the e- Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. II. Once logged-in, you will be able to see e-Voting option.Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.

Type of shareholders	Login Method
Individual Shareholder login through their demat accounts / Website of Depository Participant	III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of **KFintech** for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: **1800 1020 990** and **1800 22 44 30**
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at **022- 23058738** or **022-23058542-43**

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company / Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

i. Launch internet browser by typing the URL: https://emeetings.kfintech.com/

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVEN" i.e., '6135 - AGM" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id narsimhan.b8@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

ii Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at https://emeetings.kfintech.com/ by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.

ii. Facility for joining AGM though VC/ OAVM shall open atleast 15 minutes before the commencement of the Meeting.

iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/ send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at mahendra.shah@idfc.com. Questions /queries received by the Company till September 20, 2021 shall only be considered and responded during the AGM.

vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.

vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.

ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

viii. The Scrutinizer's decision on the validity of the vote shall be final.

ix. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the e-AGM, however such Member shall not be allowed to vote again during the e-AGM.

x. The Scrutinizer after scrutinising the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer's Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

xii. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company i.e. www.idfc.com and on the website of KFin Technologies Private Limited i.e. https://emeetings.kfintech.com/. The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited. The result shall also be displayed on the Notice Board at the Registered Office of the Company.

xiii. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.

19. Instructions for members for Voting during the e-AGM session:

i. The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.

ii. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same. The shareholders shall be guided about the process during the e-AGM.

iii. Members / shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.

ANNEXURE TO NOTICE

Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out all material facts:

Item no. 2

At the 20th AGM of the Company held on July 28, 2017, the Shareholders had approved the appointment of Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E/ E300009) ("PWC") as Statutory Auditors for a period of 5 years to hold office from the conclusion of the 20th AGM till the conclusion of the 25th AGM of the Company.

As per the guidelines issued by RBI vide RBI/ 2020-21/25 ref no. DOS.CO.ARG/SEC.01/08.091.001/2021-22 dated April 27, 2021 for appointment/reappointment Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks excluding Regional Rural Banks (RRBs), United Co-operative Banks (UCBs) and NBFCs including Housing Finance Companies (HFCs) entities regulated by the Reserve Bank of India have to mandatorily rotate Statutory Auditors at the end of 3 (three) years. The said guidelines would be applicable for FY 2021-22 and onwards. NBFCs shall have flexibility to adopt these guidelines from H2(second half) of FY 2021-22.Accordingly, The Audit Committee and Board of Directors of IDFC Limited, at its respective meeting held on July 28, 2021 and August 11, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Limited for a period of 3 years'.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 2 for approval of the Shareholders

Item no. 3

The Company had received the letter from Government of India, Ministry of Finance, Department of Financial Services informing about the withdrawal of nomination of Mr. Anshuman Sharma (DIN: 07555065) and Mr. Soumyajit Ghosh (DIN: 07698741) as Nominee Directors from the Board of IDFC Limited with immediate effect.

As per Regulation 17(1)(c) of SEBI (Listing Obligation and Disclosures Requirements) Regulation 2015, the board of directors of the top 2000 (with effect from April 1, 2020) listed entities (as per the market capitalization) shall comprise of not less than six directors.

Due to sudden and immediate withdrawal of Government Nominees from the Board, the number of Directors on the Board of the Company had reduced from 6 to 4.

The Nomination and remuneration Committee of the Company recommended the appointment of Dr. Jaimini Bhagwati (DIN: 07274047) as an Additional Directors in the category of Independent Director on the Board of IDFC Limited. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company approved the appointments of Dr. Jaimini Bhagwati as an Additional Directors in the category of Independent Director w.e.f. May 25, 2021.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from Member proposing the candidature of Dr. Jaimini Bhagwati for the office of Independent Director. The profile of Dr. Jaimini Bhagwati in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

Except Dr. Jaimini Bhagwati, none of the Directors or their relatives, is in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 3 for approval of the Shareholders

Item no. 4

To comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015, the Nomination and Remuneration Committee of the Company recommended the appointment of Mr. Anil Singhvi (DIN: 00239589) as an Additional Directors in the category of Independent Director on the Board of IDFC Limited. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company approved the appointments of Mr. Anil Singhvi as an Additional Directors in the category of Independent Director w.e.f. May 25, 2021.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from Member proposing the candidature of Mr. Anil Singhvi for the office of Independent Director. The profile of Mr. Anil Singhvi in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

Except Mr. Anil Singhvi, none of the Directors or their relatives, is in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 4 for approval of the Shareholders

Item no. 5

Mr. Vinod Rai has been Independent Non-executive Director of the Company since June 30, 2015. His 2nd term as an Independent Director will expire on July 30, 2021.

Mr. Vinod Rai has been instrumental in guiding the Company to simplify the Corporate Structure of IDFC Limited which included demerger of IDFC Bank, Listing of IDFC Bank and Merger of IDFC Bank with Capital First. His expertise and experience have always helped IDFC to execute the corporate restructuring.

Pursuant to section 149(11) of the Companies Act, 2013, "no independent director can hold office for more than two consecutive terms". Accordingly, Mr. Rai resigned as Independent Director. Mr. Rai would attain the age of 75 years on May 23, 2023. Considering his contribution to IDFC Limited and also to continue the prestigious association and services of Mr. Vinod Rai, the Nomination and remuneration Committee of the Company recommended to appoint Mr. Vinod Rai (DIN:00041867) as Non-Independent Non-Executive Director with effect from May 25, 2021 up to May 22, 2023.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from Member proposing the candidature of Mr. Vinod Rai for the office of Non-executive Director. The profile of Mr. Vinod Rai in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

Except Mr. Vinod Rai, none of the Directors or their relatives, is in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 5 for approval of the Shareholders.

Item No. 6

Currently, the composition of the Board comprises of 4 Independent Directors, 1 Non-Executive Non- Independent Director and 1 Managing Director & CEO. The Directors of the Company bring with them professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, macroeconomics, governance, legal, finance and risk management and it is necessary that adequate compensation be paid to the Non-Executive Directors ("NEDs") for the valuable contribution made by them towards the operations of the Company.

The Shareholders of the Company at its 21st AGM held on July 31, 2018, had accorded their approval for the payment of remuneration by way of commission or otherwise, not exceeding in aggregate of 1% of the Net Profits of the Company, to be paid to and distributed amongst any or all NEDs of the Company as may be decided by the Board of Directors or a Committee thereof from time to time, for a period of Three years commencing from April 1, 2018, which period expired on March 31, 2021.

On 18th March 2021 two amendments were notified by Ministry of Corporate Affairs in the Companies Act 2013. As per these amendments, Section 197 was made effective for payment of remuneration to NED and this amendment made it possible for companies to give remuneration to NEDs and IDs even when there is no /adequate profits made by the company.

IDFC LTD is a holding company and holds investments in IDFC FIRST Bank and IDFC Asset Management Company through its wholly owned subsidiary IDFC Financial Holding Company Limited. IDFC Limited itself has no business operations or other source of operating income. The primary source of income for IDFC Limited is dividend income from its investments in these two entities which is unpredictable especially in the current uncertain business and economic climate. Sale proceeds received on sale of non-core assets and investments in the past have been partly returned to shareholders as dividend and partly used to invest in shares of IDFC FIRST Bank to comply with RBI guidelines. Going forward, the Company in certain years may end up with no/inadequate profits, unlike in past. The Board is examining various options including corporate restructuring to enable shareholders to get maximum value for their investment.

Based on above facts, the Nomination and Remuneration Committee ("NRC") recommended to continue compensating NEDs for their time and efforts on the same basis as in the past. **Considering the recommendation of the NRC, the Board of Directors of the Company approved continuation of payment of commission at the same level to NEDs as currently being paid for March 31, 2021, subject to the approval of the Shareholders.** In the event of no profits/ inadequate profit, remuneration may be paid as per the provisions of Schedule V of the Companies Act, 2013. Hence, it is proposed to seek the approval of the Shareholders at the ensuing AGM to pay commission to NEDs, for a period of three years starting from April 1, 2021 and ending on March 31, 2024. The commission that is being currently paid is well within the limits prescribed by the amended provisions of the Companies Act ,2013.

All the Directors of the Company, are concerned or interested in the proposed resolution except Mr Sunil Kakar. The Board of Directors recommend passing of an ordinary resolution as set out in Item No. 6 of this Notice.

By order of the Board of Directors

Mahendra N Shah

Mumbai | August 11, 2021

Company Secretary

EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of Directors proposed to be appointed / reappointed.

Name of the Director	**Dr. Jaimini Bhagwati**	**Mr. Anil Singhvi**	**Mr. Vinod Rai**
Date of Birth	September 03,1953	June 30, 1959	May 23, 1948
Age	68 years	61 years	73 years
Date of Appointment	May 25, 2021	May 25, 2021	May 25, 2021
Detailed Profile including Nature of Expertise	Dr. Jaimini Bhagwati is a former IFS officer, economist and foreign policy expert. He was the high commissioner to the UK and ambassador to the European Union, Belgium and Luxembourg. Dr. Bhagwati has served in senior positions in the Government of India, including in foreign affairs, finance and atomic energy. In his earlier role at the World Bank, he was a specialist in international bond and derivatives markets and was the RBI chair professor at ICRIER. Dr. Bhagwati received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA. He has published research papers in several books, ICRIER and at the World Bank.	Mr. Anil Singhvi is Chairman of Ican Investments Advisors Pvt Ltd, a Business Consultancy firm. Mr. Singhvi, a Chartered Accountant, has over 35 years of experience in Corporate sector, out of which he spent 22 years with Ambuja Cements Ltd, where he rose from Manager to Managing Director & CEO. He played a defining role in making of Ambuja Cements. In 2012 he founded IIAS (Institutional Investor Advisory Services India Ltd), proxy advisory company for Institutional Investors. This is a pioneering effort in India for improving Corporate Governance and accountability of the Corporates. IIAS covers over 800 Indian Corporates and advises Investors on the issues of corporate governance and voting. He is advisor to Corporates & Private Equity firms in India. Apart from this, he is also Director on various companies, some of which are Hindustan Construction Co. Ltd, Subex Ltd, Shree Digvijay Cement Co. Ltd, Institutional Investor Advisory Services India Ltd, Steiner AG, Zurich, Greatship (India) Limited, and as a Governing Council member of Foundation for Liberal and Management Education (FLAME University). FLAME was founded to impart Liberal Arts education for Undergraduate students. He has been involved with FLAME from its inception. FLAME is uniquely positioned as one of the only institute in India for Liberal Arts education. He is also closely associated as Trustee with SAMPARC - a non government organization (founded in 1990) that helps to empower the destitute children and provides them not only shelter but a complete way of life. SAMPARC shelters over 800 such children by running 8 homes in the different parts of the country.	Mr. Vinod Rai was the former Comptroller and Auditor General of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. He was the Chairman of Banks Board Bureau constituted by the Government of India under Ministry of Finance. His previous position was as Secretary in the Ministry of Finance - GoI, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank and Life Insurance Corporation of India. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, GoI. Mr. Vinod Rai has a Masters Degree in Economics from Delhi School of Economics, University of Delhi. He has a Masters Degree in Public Administration from Harvard University, USA.
No. of Board Meetings attended during 2020-21	0 out of 0	0 out of 0	9 out of 9

EXHIBIT TO NOTICE (Contd.)

Name of the Director	**Dr. Jaimini Bhagwati**	**Mr. Anil Singhvi**	**Mr. Vinod Rai**
Directorships held in all other companies	1. IDFC Financial Holding Company Limited 2. IDFC AMC TRUSTEE COMPANY LIMITED	1. Hindustan Construction Co. Ltd. 2. Subex Ltd. 3. Shree Digvijay Cement Co. Ltd. 4. ACRE 5. Institutional Investor Advisory Services India Ltd 6. Pathfinder Advisors Pvt Ltd 7. Ican Investments Advisors Pvt Ltd 8. Foundation for Liberal and Management Education 9. IIAS Research Foundation	1. IDFC Financial Holding Company Limited 2. Grassroot Trading Network for Women 3. Shubham Housing Development Finance Company Private Limited 4. Apollo Tyres Limited 5. LAVA International Limited 6. IDFC Asset Management Company Limited
Memberships ("M")/ Chairmanships ("C") of Committees of the Board of all companies	**IDFC Limited** 1. Corporate Social Responsibility – Chairman 2. Stakeholder Relationship Committee - member 3. Risk management Committee – Member 4. Allotment & Share Transfer Committee – Member 5. Strategy & Investment Committee – Member **IDFC Financial Holding Company Limited** 1. Corporate Social Responsibility – Chairman 2. Audit & Risk Committee _ Chairman 3. Nomination & remuneration Committee – Chairman 4. Strategy & Investment Committee – Member **IDFC AMC Trustee Company Limited** 1. Audit & Risk Committee – Member	**IDFC Limited** 1. Audit Committee-Chairman 2. Risk Management committee - Member 3. Stakeholders Relationship Committee - Member 4. Strategy and Investment Committee - Member **Hindustan Construction Co. Ltd.** 1. Audit committee - Member 2. Nomination & Remuneration Committee – Member Subex Ltd. 1. Audit Committee - Member 2. Nomination & Remuneration Committee - Member 3. Stakeholders Relationship Committee - Chairman 4. Corporate Social Responsibility Committee - Chairman 5. Risk Management committee – Chairman **Shree Digvijay Cement Co. Ltd.** 1. Nomination & Remuneration Committee - Member 2. Stakeholders Relationship Committee - Member 3. Corporate Social Responsibility Committee Chairman **ACRE** 1. Audit Committee -Chairman 2. Nomination & Remuneration Committee- Chairman 3. Risk Management committee- Member **Institutional Investor Advisory Services India Ltd** 1. Audit Committee -Member 2. Nomination & Remuneration Committee - Member	**IDFC Limited** 1. Audit Committee- Member 2. NRC - Member 3. Stakeholder Relationship Committee - Chairman 4. Strategy and Investment Committee- Chairman **IDFC Financial Holding Company Limited** 1. Audit and Risk Committee - Member 2. NRC - Member 3. CSR - Member 4. Strategy and Investment Committee – Chairman **APOLLO TYRES LIMITED** 1. Audit Committee - Chairman 2. Nomination & Remuneration Committee - Chairman **IDFC Asset Management Company Limited** 1. Audit and Risk Management Committee - Chairman 2. Nomination & Remuneration Committee - Member 3. Corporate Social Responsibility Committee - Member 4. Allotment and Share Transfer Committee - Chairman
Number of Equity Shares held in the Company	NIL	2,00,000	NIL

EXHIBIT TO NOTICE (Contd.)

Name of the Director	Dr. Jaimini Bhagwati	Mr. Anil Singhvi	Mr. Vinod Rai
Inter-se relationship with other Directors / Manager / KMP	No relationship	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	i) Sitting Fees; and (ii) Commission* *Refer Table 3 of the Corporate Governance Report which forms part of this Annual Report	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	NIL	NIL	Refer Table 4 of the Corporate Governance Report which forms part of this Annual Report

NOTES

IDFC LIMITED
www.idfc.com | info@idfc.com

REGISTERED OFFICE
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu,
Teynampet,
Chennai - 600 018
TEL +91 (44) 4564 4202
FAX +91 (44) 4564 4222

CORPORATE OFFICE
906/907, 9th Floor,
Embassy Centre,
Jamnalal Bajaj Road,
Nariman Point,
Mumbai – 400 021
TEL +91 (22) 2282 1549
FAX +91 (22) 2421 5052

BUSINESS RESPONSIBILITY REPORT

SECTION A GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L65191TN1997PLC037415

2. Name of the Company :
IDFC Limited

3. Registered address:
4th Floor, Capitale Tower,
555 Anna Salai, Thiru Vi Ka Kudiyiruppu,
Teynampet, Chennai - 600 018

TEL: +91 (44) 4564 4202
FAX: +91 (44) 4564 4222

4. Website:
www.idfc.com

5. E-mail id:

mahendra.shah@idfc.com

6. Financial Year reported
2020 - 2021

7. Sector(s) that the Company is engaged in (industrial activity code-wise):

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.

8. List three key products / services that the Company manufactures / provides (as in balance sheet)

IDFC provides services in the following domain through its subsidiaries:

- Public market assets management: Mutual Fund

9. Total number of locations where business activity is undertaken by the Company

a) Number of International Locations: IDFC Limited has no operations in International Locations.

b) Number of National Locations: IDFC Limited has 2 offices in India located at Chennai and Mumbai. Our group companies have 46 offices / branches across the country.

10. Markets served by the Company:
Local / State / National / International
IDFC Limited serves national market only. Our subsidiaries serve international market too (namely through a Mauritius subsidiary).

SECTION B FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (Rs.)

1596.36 crore

2. Total Turnover (Rs.)

7.72 crore

3. Total Profit after taxes (Rs.)

8.98 crore

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):
Please refer **Annexure 4** of Board's Report.

5. List of activities in which expenditure in 4 above has been incurred:
During the FY21, IDFC Foundation, the implementing agency of IDFC, worked extensively with various reputed NGOs on the major projects / programmes as detailed in **Annexure 4** of Board's Report.

SECTION C OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
• YES

2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) :
BR initiatives of the parent company are also participated by its subsidiaries.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] • YES

There are various entities that IDFC does business which take part in our BR initiatives. Majority of our BR initiatives are driven through IDFC Foundation. We engage with our business associates, implementing partners / agencies / registered NGOs and also clients to carry out our BR related initiatives. Given the nature of our operations, we have a limited scope of such interventions but we continue to look for opportunities and conduct our operations responsibly. Entities participating in the Company's BR activities constitute less than 30%.

SECTION D BUSINESS RESPONSIBILITY REPORT

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy / policies
DIN Number: **03055561**
Name: **Mr. Sunil Kakar**
Designation: **Managing Director & CEO**

b) Details of the BR head

DIN Number: **N.A.**
Name: **Mr. Mahendra N Shah**
Designation: **Company Secretary**
Telephone number: **022 4222 2000**
E-mail id: **mahendra.shah@idfc.com**

2 Principle-wise (as per NVGs) BR Policy / policies (see Table 01)

NOTE 1
- The 10 Principles of the United Nations Global Compact
- E&S Policy
- Equator Principles Financial institution
- Signatory to Equator Principles

NOTE 2

Web-link for the policy

P1 ETHICS, TRANSPARENCY & ACCOUNTABILITY • YES

Code of Conduct: http://www.idfc.com/pdf/code_of_conduct.pdf

Whistle Blower policy: http://www.idfc.com/pdf/whistle_blower_policy.pdf

P2 SUSTAINABILITY IN LIFE CYCLE OF PRODUCT • YES

E&S Policy: http://www.idfc.com/our- firm/environment_and_social_policy. htm

P3 EMPLOYEE WELL-BEING • YES

All policies listed for this section are on our internal portal.

P4 STAKEHOLDER ENGAGEMENT - PARTIAL

Fair Practices Code: http://www.idfc.com/pdf/fairPracticeCode.pdf

CSR Policy: http://www.idfc.com/pdf/csrpolicy.pdf

The web-link to Code of Conduct has been provided above;

01 PRINCIPLE-WISE (AS PER NVGs) BR POLICY / POLICIES

A DETAILS OF COMPLIANCE (REPLY IN Y / N)

NO.	DETAILS OF COMPLIANCE (REPLY IN Y / N)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? Please refer to Note 1	Y	Y	Y	N	Y	Y	N.A	N	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
6	Indicate the link for the policy to be viewed online?	Please refer to Note 2								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	N.A	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	N	Y	Y	Y	N	N.A	N	N
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	N	Y	Y	Y	Y	N.A	Y	N

B IF ANSWER TO THE QUESTION AT SERIAL NUMBER 1 AGAINST ANY PRINCIPLE, IS 'NO', PLEASE EXPLAIN WHY: (TICK UP TO 2 OPTIONS)

NO.	DETAILS OF COMPLIANCE (REPLY IN Y / N)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task		✓				✓		✓	✓
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify) Currently, IDFC does not have any policies for Principle 7; the Company already has taken several initiatives in the field of responsible lending and actively engages with clients, regulators, lenders and other business partners. The Company had published the 'India Infrastructure Report' with specific insights. Hence, the need for a separate policy on public policy advocacy has not been felt. If necessity arises, a specific policy will be developed in the future.							✓		

P5 PROMOTION OF HUMAN RIGHTS • YES

The Web-link for Whistle Blower Policy has been provided above; other policies are available on our internal portal.

P6 ENVIRONMENTAL PROTECTION • YES

E&S Policy: http://www.idfc.com/our- firm/environment_and_social_policy. htm

P7 RESPONSIBLE PUBLIC POLICY ADVOCACY • N.A.

P8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT • YES

CSR Policy: http://www.idfc.com/pdf/csrpolicy.pdf

P9 CUSTOMER VALUE • YES

Equator Principles: http://www.idfc.com/pop.html

3 Governance related to Business Responsibility

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Company reviews its BR performance annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

The Company publishes BR Report Annually which is available on the website www.idfc.com/investorrelations/annual_report.htm

SECTION E PRINCIPLE WISE PERFORMANCE

PRINCIPLE 1

ETHICS, TRANSPARENCY & ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

IDFC has developed its Code of Conduct and Whistle Blower Policy which pertain to ethics, bribery and corruption. The Code of Conduct and the Whistle Blower policy are applicable to IDFC and our group companies. Furthermore, all our major suppliers are also required to agree to conform to the Code of Responsible Business Conduct (which covers ethical business practices) for the duration of their contract with IDFC.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

There were no stakeholder complaints received in the reporting period with regard to ethics, bribery and corruption.

PRINCIPLE 2

SUSTAINABILITY IN LIFE CYCLE OF PRODUCT

a. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

IDFC is an Investment Company holding investment in its subsidiaries.

b. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? - N.A.

Reduction during usage by consumers (energy, water) has been achieved since the previous year? - N.A.

c. Does the Company have procedures in place for sustainable sourcing (including transportation)? If Yes, what percentage of your inputs was sourced sustainably?

IDFC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipment. Despite the limited scope of our procurement needs, we continue to take initiatives to ensure responsible sourcing in our supply chain. We have a Code of Responsible Business Conduct for our major suppliers, which outlines our expectations from them in the areas of labour standards, environment and ethical business practices. It would not be possible to ascertain the percentage of inputs that are sourced sustainably.

d. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If Yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We will prefer locally available goods and services, other considerations being comparable. We have taken several initiatives for the development of local suppliers of goods and services. Some of the examples are:

- We conduct dedicated capacity building programs for local and small vendors.
- We undertake regular trainings to upgrade skills of our housekeeping and security staff;

e. Does the Company have a mechanism to recycle products and waste? If Yes what is the percentage of recycling of products and waste (as <5%, 5–10%, >10%).

YES. We recycle <5% of total waste generated from of our operations.

PRINCIPLE 3

EMPLOYEE WELL-BEING

1. Please indicate the total number of employees - 6

2. Please indicate the total number of employees hired on temporary / contractual / casual basis - NIL

3. Please indicate the number of permanent women employees - 3

4. Please indicate the number of permanent employees with disabilities - NIL

5. Do you have an employee association that is recognised by management? - NO

6. What percentage of your permanent employee(s) is a member(s) of this recognised employee association? N.A.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

e) Child labour / forced labour / involuntary labour NIL

f) Sexual harassment - NIL

g) Discriminatory employment - NIL

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

Permanent Employees: N.A.

Permanent Women Employees: N.A.

Casual / Temporary / Contractual Employees: N.A.

Employees with disabilities: N.A.

PRINCIPLE 4

STAKEHOLDER ENGAGEMENT

1. Has the Company mapped its internal and external stakeholders? Yes / No

YES

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

YES

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

YES, IDFC regularly undertakes initiatives to engage with its internal and external stakeholders. These are briefly described below.

EMPLOYEES STAKEHOLDER GROUP

- We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.
- We conduct regular learning and development activities for our employees for their skill enhancement.

COMMUNITIES STAKEHOLDER GROUP

IDFC, through IDFC Foundation, undertakes various CSR initiatives with primary focus in the areas of education, healthcare and livelihood. We support and collaborate with various agencies to carry out our CSR activities aimed at inclusive growth.

BUSINESS ASSOCIATES STAKEHOLDER GROUP

- We conduct dedicated capacity building programs for local and small vendors.
- Our Code of Responsible Business Conduct for our major suppliers encourages them to carry out their operations with a focus on la bour standards, environment and ethical business practices.

SHAREHOLDERS / INVESTORS STAKEHOLDER GROUP

We have robust mechanisms in place which ensures full, fair, accurate, timely and understandable disclosures to all our Shareholders and investors.

CLIENTS STAKEHOLDER GROUP

Our Fair Practices Code specifies the ethical principles to be followed in all our services, products and client interactions and also provides for a grievance redressal mechanism to our clients.

PRINCIPLE 5

PROMOTION OF HUMAN RIGHTS

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

IDFC is a signatory to UNGC since 2001. All our business operations are guided by a set of principles outlined in UNGC and this include principles on human rights as well. This is applicable to all our group companies and service providers.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? NIL

PRINCIPLE 6

ENVIRONMENTAL PROTECTION

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?

Our policy pertaining to environmental protection is applicable to all our group companies.

2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

YES, IDFC as one of the leading and responsible organisation, has undertaken several initiatives to minimise its environmental impact. The details of which can be found in our website http://www.idfc.com/our-firm/ environment_management.htm

3. Does the Company identify and assess potential environmental risks? YES

4. Does the Company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed? NO

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.

NO

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?
N.A.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
NIL

PRINCIPLE 7

RESPONSIBLE PUBLIC POLICY ADVOCACY

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

IDFC group is an active member of several trade bodies and associations. Some of the major ones are listed below:

- Bombay Chamber of Commerce & Industry
- Indian Merchants Chamber
- Asia Society India Centre

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good?

We provide thought leadership and advocacy in areas of infrastructure policy and governance, with a thrust on sustainable infrastructure. Climate change, urban, water, education, land acquisition are some of the pressing issues that IDFC focuses on and also advocates through its policy advocacy initiatives. IDFC is actively working with Government agencies, other financial institutions and industry associations like CII and FICCI on formulating innovative financing mechanism to attract private sector investment in the low carbon sector. IDFC has been part of the Committee for reforms on Infrastructure financing and reforms on roads and railways.

PRINCIPLE 8

INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1 Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8?

The IDFC Foundation, the CSR implementing agency of the IDFC Group has initiated a number of activities to support inclusive growth and equitable development. The following is a brief summary of the efforts:

IDFC INSTITUTE

Research and Studies
IDFC Institute has been set up as an independent, economic development-focused think/do. Our approach to public policy issues rests on a solid foundation of evidence-based research. IDFC Institute continued to be a thought leader on urbanisation. The World Economic Forum (WEF) published our white paper, Indian Cities in the Post-Pandemic World, which compiled a series of interviews with experts including Alain Bertaud, Jessica Seddon, to chart out a new urban reforms agenda. In collaboration with the WEF, we are hosting an expert Working Group with the Government of Punjab on urban reforms. We also continued to build expertise in the area of criminal justice reform. In partnership with the Madhya Pradesh Police, we conducted a study on internal communication, intrinsic motivation and agency of constables on COVID-19 duty across all districts and launched PARIMAL (Pracademic Action Research Initiative with Multidisciplinary Approach Lab) within their state police academy. We set up the Data Governance Network (DGN) in 2019 to bridge the gap in research on data governance. DGN produces research that informs policymaking and generates dialogue among a wide audience on key themes such as privacy, consent, digital rights and surveillance. In its second year, DGN published several papers and policy briefs on issues ranging from competition law to community ownership of non-personal data and established a partnership with **NITI Aayog** to organise webinars and training sessions on the theme of Technology for Governance, to bring cutting edge global expertise on tech for governance to government officials in India.

In March 2020, we set up an **expert task force** to help the government respond to Covid-19 — this included the first serological surveys in Mumbai and Karnataka. The results of our serological surveys in Mumbai were included in the World Health Organisation's Global Solidarity Trial and published in Lancet Global Health. The results from the surveys in Karnataka and Tamil Nadu were published respectively in JAMA and MedrXiv. We developed a state-wide communications strategy for the Government of Punjab to encourage early testing, which was widely used by several departments including the District Public Relations Office. We are currently working with their Health Department on a statewide vaccine hesitancy campaign. We wrote a white paper for the World Bank India office on the Pradhan Mantri Garib Kalyan Yojana, the Indian government's relief package of Rs 1.70 trillion, that examined issues of coverage, identification and implementation. Our data science team supported numerous state governments; for instance, we helped build and streamline some of the early Covid case dashboards for the Government of Maharashtra and have been working with the Government of Tamil Nadu, supporting them with the analysis of seroprevalence surveys and with modelling bed capacity during the second wave. The Track 2 Task Force has representatives from the World Bank, Omidyar Network, Gates Foundation, Rockefeller Foundation, UChicago, MIT, NYU, Dalberg, McKinsey and BCG, and is backed by a team of 50-60 researchers at Stanford University, MIT and elsewhere.

In 2020-21, we convened several webinars to facilitate discussions through informed, candid and substantive conversations. We hosted virtual **roundtables** and **brown bags** on a host of issues including public health, access to justice, governance reforms, building state capacity and data governance. We wrote and published actively in leading newspapers like Mint, Hindustan Times, Bloomberg Opinion, among others. All our research, reports, databases and recommendations are in the public domain and freely accessible through our website: www.idfcinstitute.org.

2 Are the programmes / projects undertaken through in-house team / own foundation / external NGO / Government structures / any other organisation?

IDFC Foundation, a not-for-profit company within the meaning of Section 8 of the Companies Act,

2013 (erstwhile Section 25 of the

Companies Act, 1956) was incorporated in India on March 4, 2011 and is a 100% subsidiary of IDFC Limited.

IDFC Foundation is acting as an implementing agency on behalf of IDFC Ltd. and its group Companies to carry out CSR activities as per CSR policy adopted by IDFC and its group Companies in line with Section 135 and read with the schedule VII of the Companies Act, 2013. IDFC Foundation would primarily focus 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 of the Companies Act, 2013 and

(i) Others;

3 Have you done any impact assessment of your initiative?

IDFC Foundation has a system of reviewing of all its initiatives wherein the progress of each initiative is evaluated along with its impact on the touch points. The desired objectives (performance parameters) of the initiatives are generally stated at the commencement stage of the initiative and reviewed periodically and course correction measures are taken, if required.

4 What is your Company's direct contribution to community development projects—Amount in Rs. and the details of the projects undertaken? Please refer to **Annexure 4** of Board's Report.

5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

In implementing its initiatives, IDFC Foundation undertakes a considerable amount of capacity building of the partner organisations in order to ensure the quality and sustainability of outcomes.

PRINCIPLE 9

CUSTOMER VALUE

1 What percentage of customer complaints / consumer cases are pending as on the end of financial year.

All the customer complaints that were received in the reporting period have been resolved and there are no complaints pending as at the end of FY21.

2 Does the Company display product information on the product label, over and above what is mandated as per local laws? N.A.

3 Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year?

There are no cases filed / pending as at the end of FY21.

4 Did your Company carry out any consumer survey / consumer satisfaction trends?

IDFC periodically measures the satisfaction among its customers, understand their expectation and essentially to gauge our competitiveness in the industry.

DISCLOSURE AS PER SEBI REGULATIONS

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 and June 25, 2016
2.	Total Number of Options approved under ESOPs	6,70,47,049 Options which were 4.2 % of issued and paid up capital as on Mach 31, 2021
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, 2021
8.	Method used to account for ESOP	Fair Value Method

The stock-based compensation cost as calculated by fair value method, to be recognised in the financial statements for the year 2020- 21 is Rs. 31,290

B

PRO FORMA ADJUSTED NET INCOME AND EARNING PER SHARE

PARTICULARS	RS. IN CRORE
Net Income as Reported	8.87
Add: Compensation Cost	-
Less: Fair Value Compensation Cost	-
Net Income (Pro Forma)	8.87
Earning Per Share: Basic	
As Reported (Rs.)	0.06
Adjusted Pro Forma (Rs.)	-
Earning Per Share: Diluted	
As Reported (Rs.)	0.06
Adjusted Pro Forma (Rs.)	-

C

OPTION MOVEMENT DURING THE YEAR 2020-2021

SR. NO.	PARTICULARS	NUMBERS
1	Number of Options outstanding at the beginning of the year	1,32,81,418
2	Number of Options granted during the year	0
3	Options Forfeited / lapsed / cancelled during the year	26,76,640
4	Options Vested during the year	41,400
5	Options Exercised during the year	0
6	Total number of shares arising as a result of exercise of options	0
7	Money realised by exercise of options (Rs. In crore)	0
8	Options outstanding at the end of the year	1,06,04,778
9	Options exercisable at the end of the year	1,06,04,778

D Weighted Average Exercise Price of Options Granted During 2020-21 Whose:

(a)	Exercise price equals market price (Rs.)	Nil
(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 2020-21 Whose:

(a)	Exercise price equals market price (Rs.)	Nil
(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 2020-21 to:

i Senior Managerial Personnel - NIL

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	EXERCISE PRICE (RS.)
NA			

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

NAME	DESIGNATION	NO. OF OPTIONS GRANTED	EXERCISE PRICE (RS.)
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 (Rs.)	NA
2.	Volatility	NA
3.	Risk Free Interest Rate	NA
4.	Exercise Price (Rs.)	NA
5.	Expected Life (in years)	NA
6.	Dividend Yield	NA

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.

DIVIDEND YIELD

Expected dividend yield has been calculated on the basis of latest dividend.