

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

INDEPENDENT AUDITORS' REPORT

- e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/"CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

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

P. R. Ramesh

Partner
(Membership No. 70928)

Mumbai | April 28, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

We have audited the internal financial controls over financial reporting of **IDFC Limited** (“the Company”) as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

P. R. Ramesh

Partner

(Membership No. 70928)

Mumbai | April 28, 2017

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

P. R. Ramesh

Partner

(Membership No. 70928)

Mumbai | April 28, 2017

BALANCE SHEET

AS AT MARCH 31, 2017

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

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

In terms of our report attached

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

P.R. Ramesh
Partner

Mumbai, April 28, 2017

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

Vinod Rai
Independent Non-Executive Chairperson

Bipin Gemani
Chief Financial Officer

Vikram Limaye
Managing Director & CEO

Ketan Kulkarni
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

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

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

In terms of our report attached

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

P.R. Ramesh
Partner

Mumbai, April 28, 2017

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

Vinod Rai
Independent Non-Executive Chairperson

Bipin Gemani
Chief Financial Officer

Vikram Limaye
Managing Director & CEO

Ketan Kulkarni
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

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

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

In terms of our report attached

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

P.R. Ramesh
Partner

Mumbai, April 28, 2017

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

Vinod Rai
Independent Non-Executive Chairperson

Bipin Gemani
Chief Financial Officer

Vikram Limaye
Managing Director & CEO

Ketan Kulkarni
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

01 CORPORATE INFORMATION

- A.** IDFC Limited ('the Company') is a company incorporated in India and is a Non Banking Finance Company ('NBFC') regulated by the Reserve Bank of India ('RBI'). It was operating as an Infrastructure Finance Company, i.e. financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, tourism and hotels upto September 30, 2015. The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the company is operating as NBFC - Investment Company.
- B.** In addition, as required under the Guidelines for Licensing of New Banks in the Private Sector issued by RBI on February 22, 2013, the Non Operative Financial Holding Company shall hold investment in the Bank as well as all other Financial Services entities of the group regulated by RBI or other Financial Sector regulators. Accordingly, IDFC Limited had transferred its entire investments in all regulated subsidiaries, i.e. IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited), IDFC Securities Limited & IDFC Trustee Company Limited to its wholly owned subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL') for consideration received in cash.

C. DEMERGER OF FINANCING UNDERTAKING

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

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

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

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

- (i) The credit balance in the debenture redemption reserve was transferred and credited to general reserve.
- (ii) The Company had reduced the book value of assets (net of diminution / depreciation, if any) and liabilities relating to the Financing Undertaking transferred to IDFC Bank Limited.
- (iii) The excess of book value of the assets transferred (net of diminution / depreciation, if any) over the book value of the liabilities of the Financing Undertaking transferred to the transferee company, was debited proportionately to Reserves and Surplus (including the Securities Premium Account) other than statutory reserves created under Section 45IC of the Reserve Bank of India Act, 1934, under section 36(1)(viii) of the Income tax Act, 1961 and the stock option outstanding reserve as described in (iv) below. Accordingly, adjustments were made in Securities Premium Account ₹ 3,701.31 crore, General Reserve ₹ 918.87 crore, Statement of Profit and Loss account of ₹ 1,607.80 crore and Stock Option Outstanding Account of ₹ 6.56 crore on demerger of Financing Undertaking of IDFC Limited into IDFC Bank Limited.

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

02 BASIS OF PREPARATION

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

03 SIGNIFICANT ACCOUNTING POLICIES

A. USE OF ESTIMATES

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

B. CASH AND CASH EQUIVALENTS

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

C. CASH FLOW STATEMENT

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

D. INVESTMENTS

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

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

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

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

E. REPURCHASE AND RESALE TRANSACTIONS (REPO)

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

F. LOANS

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

G. TANGIBLE FIXED ASSETS

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

H. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on tangible fixed assets is provided on the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile phones b) Motor Cars.

Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation. Depreciation in respect of leasehold improvements is provided on a straight - line method over the extended period of the lease.

I. INTANGIBLE ASSETS AND AMORTISATION

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is charged annually to the Statement of Profit and Loss. Intangible assets are being amortised over the estimated useful life of the asset on a straight-line method. The estimated useful life of the intangible assets and amortisation period are reviewed at the end of each financial year.

J. IMPAIRMENT OF ASSETS

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

K. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES

The Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to Statement of Profit and Loss.

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

L. EMPLOYEE BENEFITS

■ Defined contribution plans

The Company's contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made and when services are rendered by the employees.

■ Defined benefit plan

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

■ Compensated absences

Based on the leave rules of the Company, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

M. BORROWING COSTS

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

N. REVENUE RECOGNITION

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

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

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

O. SEGMENT REPORTING

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

P. LEASES

Where the Company is lessee

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

Where the Company is lessor

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

Q. EARNINGS PER SHARE

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

R. TAXES ON INCOME

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

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

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

S. DERIVATIVE CONTRACTS

Interest rate swaps

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

Currency Interest rate swaps

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

Stock Futures

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

T. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

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

U. PROVISIONS AND CONTINGENCIES

Provision against loans and advances

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

Other provisions

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

V. SECURITIES ISSUE EXPENSES

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

W. SERVICE TAX INPUT CREDIT

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

X. OPERATING CYCLE

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

04 SHARE CAPITAL

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(b) Terms / rights attached to equity shares

- The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting. During the year, the Board of Directors proposed dividend of ₹ 0.25 per share (2.50%) [Previous Year ₹ Nil].
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

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

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

(d) Shares reserved for issue under stock options

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

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

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

05 RESERVES AND SURPLUS

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

06 SHARE APPLICATION MONEY PENDING ALLOTMENT

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

07 DEFERRED TAX LIABILITY

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

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

08 SHORT-TERM BORROWINGS

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

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

09 TRADE PAYABLES

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

10 OTHER CURRENT LIABILITIES

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

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

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

11 SHORT-TERM PROVISIONS

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

12 (A) TANGIBLE ASSETS

(₹ IN CRORE)

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

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

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

(₹ IN CRORE)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

13 NON-CURRENT INVESTMENTS (AT COST)

	FACE VALUE (₹)	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
TRADE INVESTMENTS					
Investments in equity shares (fully paid)					
Subsidiaries (unquoted) (see note 30)					
IDFC Foundation	10	13,000,000	13.00	13,000,000	13.00
IDFC Financial Holding Company Limited (244,240,000 shares subscribed during the year)	10	9,029,240,000	9,029.24	8,785,000,000	8,785.00
IDFC Projects Limited	10	34,050,000	34.07	34,050,000	34.07
			9,076.31		8,832.07
Investment in equity shares (unquoted)(fully paid)					
Max Life Insurance Company Limited	10	-	-	19,150,000	137.73
Uniquet Infra Venture Private Limited	10	28,042,781	14.33	-	-
Novopay Solutions Private Limited	10	227,145	35.62	-	-
			49.95		137.73
Investment in venture capital units (unquoted)					
[see note (c)]					
Faering Capital India Evolving Fund II (fully paid)	1,000	50,000	5.00	30,000	3.00
IDFC Score Fund - Class A3 (partly paid)	1,000	500,000	11.27	-	-
IDFC Score Fund - Class B (partly paid)	1,000	10	β	-	-
IDFC Private Equity Fund IV	100	3,485,350	34.85	-	-
IDFC Private Equity Fund II - Class C (fully paid)	10	6,621	0.01	-	-
IDFC Private Equity Fund III - Class B (fully paid)	10	3,571	β	-	-
IDFC Private Equity Fund III - Class E (fully paid)	10	1,429	β	-	-
India Infrastructure Fund - Class B (fully paid)	1	4,070	β	-	-
India Infrastructure Fund II Class B (fully paid)	100	100	β	-	-
IDFC Real Estate Yield Fund - Class B	1,000	10	β	-	-
IDFC Parampara early stage opportunity fund - Class A	100,000	402	4.02	-	-
IDFC Parampara early stage opportunity fund - Class C	100,000	18	0.18	-	-
Oman India Joint Investment Fund II	10	94,748	0.09	-	-
			55.42		3.00
TOTAL NON-CURRENT INVESTMENTS			9,181.68		8,972.80
Less: Provision for diminution in value of investments [see note (d)]			48.24		13.00
NET NON-CURRENT INVESTMENTS			9,133.44		8,959.80
(a) Aggregate amount of quoted investments					
Cost			-		-
Market value			-		-
(b) Aggregate amount of unquoted investments - cost					
			9,181.68		8,972.80
(c) Investments includes ₹ 55.42 crore (Previous Year ₹ 3.00 crore) in respect of venture capital units which are subject to restrictive covenants.					
(d) Includes provision for Subsidiary Companies of ₹ 47.07 crore (Previous Year ₹ 13.00 crore).					

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

	FACE VALUE (₹)	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
INVESTMENT IN DEBENTURES & BONDS (UNQUOTED) (FULLY PAID)					
Subsidiaries (unquoted)					
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	1,000,000	-	-	450	45.00
INVESTMENT IN MUTUAL FUNDS (UNQUOTED)					
IDFC Cash Fund-Growth-(Direct Plan)	1,000	1,139,111.542	225.00	242,872.442	44.53
IDFC Ultra Short Term Fund-Growth-(Direct Plan)	10	-	-	73,239,995.653	155.00
IDFC Corporate Bond Fund Direct Plan - Growth	10	25,000,000.000	25.00	25,000,000.000	25.00
			250.00		224.53
TOTAL CURRENT INVESTMENTS			250.00		269.53
Less: Provision for diminution in value of investments			-		0.15
NET CURRENT INVESTMENTS			250.00		269.38
 (i) Aggregate amount of investments in unquoted mutual funds					
Cost			250.00		224.53
Market value			253.10		226.32
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.					
(ii) Aggregate amount of other unquoted investments - cost					
			-		45.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

16 TRADE RECEIVABLES (UNSECURED)

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

17 CASH AND CASH EQUIVALENTS

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

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

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

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

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

19 REVENUE FROM OPERATIONS

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

20 OTHER INCOME

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

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

21 EMPLOYEE BENEFITS EXPENSE

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

22 FINANCE COSTS

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

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

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

24 OTHER EXPENSES

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

24 OTHER EXPENSES (continued)

(a) Break up of auditors' remuneration:

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

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

25 DISCONTINUING OPERATIONS

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

25 DISCONTINUING OPERATIONS (continued)

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

Note: Exceptional Items

Previous year

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

26 EXPENDITURE IN FOREIGN CURRENCIES

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

27 REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDENDS

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

- i. The Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds (see note 21):

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	FOR THE YEAR ENDED				(₹ IN CRORE)
	MARCH 31, 2017	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014	MARCH 31, 2013
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	2.55	2.30	22.17	17.73	14.87
Plan assets	2.59	2.25	22.37	16.66	14.73
Surplus/(deficit)	0.04	(0.05)	0.20	(1.06)	(0.14)
Experience adjustments on plan liabilities	(0.21)	(2.50)	0.91	2.12	0.19
Experience adjustments on plan assets	0.11	(1.26)	2.24	0.08	0.10

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	(%)	(%)
INVESTMENT PATTERN:		
Insurer managed funds	100.00	100.00
Government securities	32.90	46.58
Deposit and money market securities	2.91	9.38
Debentures / bonds	50.80	34.09
Equity shares	13.38	9.95
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	7.10	8.00
Expected rate of return on assets (p.a.)	7.50	9.00
Salary escalation rate (p.a.)	8.00	8.00

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

Note:

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

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

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

I. SUBSIDIARIES:

(a) Direct

IDFC Foundation
IDFC Financial Holding Company Limited
IDFC Projects Limited

(b) Through subsidiaries

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

II. JOINTLY CONTROLLED ENTITIES:

(a) Through subsidiaries

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

III. ASSOCIATES:

(a) Through subsidiaries

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

IV. KEY MANAGEMENT PERSONNEL:

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

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

(₹ IN CRORE)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

(₹ in crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ in crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

32 Corporate Social Responsibility (CSR)

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

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

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

1 Earnings per share of continuing operations

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

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

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

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

2 Earnings per share of total operations

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

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

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

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

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

36 PROPOSED DIVIDEND

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

38 The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 008 /03.10.119 /2016-17 dated July 1, 2016) :

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(A) CAPITAL TO RISK ASSETS RATIO (CRAR):		
CRAR (%)	67.07	92.15
CRAR - Tier I Capital (%)	67.07	92.15
CRAR - Tier II Capital (%)	-	-
Amount of Subordinated Debt considered as Tier-II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-
(B) DETAILS OF INVESTMENTS ARE SET OUT BELOW:		
1 VALUE OF INVESTMENTS		
(i) Gross Value of Investments		
(a) In India	9,431.68	9,242.33
(b) Outside India	-	-
	9,431.68	9,242.33
(ii) Provision for Depreciation		
(a) In India	48.24	13.15
(b) Outside India	-	-
	48.24	13.15
(iii) Premium amortised on debentures, bonds & government securities		
(a) In India	-	11.39
(b) Outside India	-	-
	-	11.39
(iv) Net Value of Investments		
(a) In India	9,383.44	9,229.18
(b) Outside India	-	-
	9,383.44	9,229.18
2 MOVEMENT OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS.		
(i) Opening balance	13.15	323.34
(ii) Add : Provisions made during the year	35.09	710.18
(iii) Add : Premium amortised on debentures, bonds and government securities	-	5.45
(iv) Less: Provisions transferred on demerger of Financing Undertaking	-	(886.10)
(v) Less : write-back of excess provisions during the year	-	(139.72)
(vi) Closing balance	48.24	13.15

(C) 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, 2017		AS AT MARCH 31, 2016	
	MARKET VALUE / BREAK UP VALUE / FAIR VALUE / NAV	BOOK VALUE NET OF PROVISION	MARKET VALUE / BREAK UP VALUE / FAIR VALUE / NAV	BOOK VALUE NET OF PROVISION
1 Related parties				
(a) Subsidiaries	8,952.74	9,029.24	8,829.41	8,863.92
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2 Other than related parties	342.81	354.20	249.68	365.26
TOTAL	9,295.55	9,383.44	9,079.09	9,229.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

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

(E) ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

	₹ IN CRORE								
	UPTO 30/31 DAYS	OVER 1 MONTH UPTO 2 MONTHS	OVER 2 MONTH UPTO 3 MONTHS	OVER 3 MONTH & UPTO 6 MONTH	OVER 6 MONTHS & UPTO 1 YEAR	OVER 1 YEAR & UPTO 3 YEARS	OVER 3 YEAR & UPTO 5 YEARS	OVER 5 YEARS	TOTAL
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	250.00	-	-	-	-	-	-	9,133.44	9,383.44
Borrowing	199.70	-	-	-	-	-	-	-	199.70
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
Previous Year	₹ IN CRORE								
	UPTO 30/31 DAYS	OVER 1 MONTH UPTO 2 MONTHS	OVER 2 MONTH UPTO 3 MONTHS	OVER 3 MONTH & UPTO 6 MONTH	OVER 6 MONTHS & UPTO 1 YEAR	OVER 1 YEAR & UPTO 3 YEARS	OVER 3 YEAR & UPTO 5 YEARS	OVER 5 YEARS	TOTAL
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	269.38	-	-	-	-	-	-	8,959.80	9,229.18
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(F) EXPOSURES TO CAPITAL MARKET

	₹ IN CRORE	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i) Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	49.95	137.73
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows/issues	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	401.00	70.00
TOTAL EXPOSURE TO CAPITAL MARKET	450.95	207.73

(G) PENALTIES / FINES IMPOSED BY THE RBI

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

39 ADDITIONAL DISCLOSURES

(a) Provisions and Contingencies

BREAK UP OF 'PROVISIONS AND CONTINGENCIES' SHOWN UNDER THE HEAD EXPENDITURE IN THE STATEMENT OF PROFIT AND LOSS:	₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Provisions for depreciation in value of investment	35.09	570.46
Provision towards non performing advances	-	775.85
Provision against restructured loans	-	77.38
Specific provision against identified advances	-	432.77
Provisions for contingencies	-	(1,587.49)
Contingent provision against standard assets	-	65.70
Provision for doubtful debts and others	-	(55.18)
Provision against doubtful advances	14.43	97.69
Exceptional items (see note 25)	-	2,638.72
TOTAL	49.52	3,015.90

(b) Draw Down from Reserves

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

(d) Disclosure of complaints

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

40 DISCLOSURE ON ACCOUNTS SUBJECTED TO RESTRUCTURING (PREVIOUS YEAR)

(₹ IN CRORE)

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

Note:

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

42 Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2017 and March 31, 2016 following disclosures required as per NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 are not applicable to the Company and hence are not disclosed:

- (i) Disclosures regarding Derivatives.
- (ii) Disclosures relating to Securitisation.
- (iii) Exposure to Real Estate Sector.
- (iv) Details of financing of parent company products.
- (v) Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.
- (vi) Unsecured Advances.
- (vii) Concentration of Deposits, Advances, Exposures and NPAs.
- (viii) Sector-wise NPAs.
- (ix) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).
- (x) Off-balance sheet SPVs sponsored.

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

Repo Transactions (in face value terms)

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

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

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

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

Vinod Rai
Independent Non-Executive Chairperson

Vikram Limaye
Managing Director & CEO

Bipin Gemani
Chief Financial Officer

Ketan Kulkarni
Company Secretary

Mumbai, April 28, 2017