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INDEPENDENT AUDITORS' REVIEW REPORT

TO THE BOARD OF DIRECTORS OF

IDFC LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **IDFC LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") and its share of the profit of its associates for the Quarter ended June 30, 2014 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 7 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Statement includes the results of the following entities:

Subsidiaries: IDFC Alternatives Limited, IDFC Finance Limited, IDFC Primary Dealership Company Limited, IDFC Projects Limited, IDFC Securities Limited, IDFC Project Equity Company Limited, IDFC Investment Advisors Limited, IDFC Trustee Company Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Housing Finance Company Limited, IDFC Infra Debt Fund Limited, IDFC Capital (Singapore) Pte. Limited - Singapore, IDFC Securities (Singapore) Pte. Limited - Singapore, IDFC Fund of Funds Limited - Guernsey, IDFC Capital (USA) Inc. - USA and IDFC Investment Managers (Mauritius) Limited - Mauritius.

Associates: Feedback Infra Private Limited and Jetpur Somnath Tollways Private Limited.

4. We did not review the interim financial results of three subsidiaries included in the consolidated financial results, whose interim financial results reflect total revenues of ₹ 7,194 lakhs for the Quarter ended June 30, 2014, and total net profit after tax of ₹ 2,492 lakhs for the Quarter ended June 30, 2014, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of loss after tax of ₹ 1 lakh for the Quarter ended June 30, 2014, as considered in the consolidated financial results, in respect of one associate, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on the reports of the other auditors.
5. The consolidated financial results includes the interim financial results of five subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of ₹ 168 lakhs for the Quarter ended June 30, 2014, and total net loss after tax of ₹ 117 lakhs for the Quarter ended June 30, 2014, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of profit after tax of ₹ 31 lakhs for the Quarter ended June 30, 2014, as considered in the consolidated financial results, in respect of one associate, based on its interim financial results which have not been reviewed by its auditor.
6. Based on our review conducted as stated above and based on the consideration of the reports of the other auditors referred to in paragraph 4 above and except for the possible effects of the matter described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges from the details furnished by the management and the particulars relating to the investor complaints disclosed in Part II - Select Information for the Quarter

See

ended June 30, 2014 of the Statement, from the details furnished by the Registrars. We are informed that there is no promoter or promoter group of the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. Ramesh

P. R. Ramesh
Partner
(Membership No. 70928)

CHENNAI, 29th July, 2014
PRR/PG/SCR/2014-15

PART I - Statement of unaudited consolidated financial results for the quarter ended June 30, 2014				
Particulars	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed) (see note 7)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
1 Income from operations	211821	220220	229439	876139
(a) Income from operations	431	274	361	1065
(b) Other operating income	212252	220494	229800	877204
Total Income from operations				
2 Expenses				
(a) Employee benefits expense	7836	6444	6852	28828
(b) Other expenses	5632	6437	6230	22456
(c) Provisions and contingencies	20393	48254	5917	62830
(d) Depreciation and amortisation expense (see note 5)	(7967)	759	762	3096
Total Expenses	25894	61894	19761	117210
3 Profit from operations before other income, finance costs and exceptional items (1-2)	186358	158600	210039	759994
4 Other income	8683	1463	57	1795
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	193021	160063	210096	761789
6 Finance costs	130206	124931	127752	505524
7 Exceptional items	-	-	-	-
8 Profit from ordinary activities before tax (5-6+7)	62815	35132	82344	256265
9 Tax expense (net) (see note 5)	14160	8475	26271	73846
10 Net profit from ordinary activities after tax (8-9)	48655	26657	56073	182419
11 Extraordinary items (net of tax)	-	-	-	-
12 Net profit after tax before share of minority interest and share of profit from associates (10+11)	48655	26657	56073	182419
13 Share of profit from associates (equity method)	30	59	27	201
14 Share of minority interest	511	922	369	2352
15 Net Profit after tax, share of minority interest and share of profit of associates (12+13-14)	48174	25794	55731	180268
16 Paid-up equity share capital (see note 3) (Face value ₹ 10/- each)	151683	151629	151499	151629
17 Reserves excluding revaluation reserves				1352402
18 Earnings per share (of ₹ 10/- each)(not annualised)				
(a) Basic (₹) (see note 3)	3.18	1.70	3.68	11.89
(b) Diluted (₹) (see note 3)	3.17	1.70	3.66	11.88

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PART II - Select information for the quarter ended June 30, 2014

Particulars	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
(A) Particulars of shareholding				
Public shareholding	1516832080	1516286251	1514991277	1516286251
- Number of shares	100%	100%	100%	100%
- Percentage of shareholding				
Promoters & promoter group shareholding				
(a) Pledged/encumbered	NA	NA	NA	NA
- Number of shares	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)				
- Percentage of shares	NA	NA	NA	NA
(as a % of the total share capital of the Company)				
(b) Non-encumbered				
- Number of shares	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)				
- Percentage of shares	NA	NA	NA	NA
(as a % of the total share capital of the Company)				

[B] Investor complaints for the quarter ended June 30, 2014

1 Shareholders' complaints :

No. of complaints pending at the beginning of the quarter
 No. of complaints received during the quarter
 No. of complaints disposed off during the quarter
 No. of complaints remaining unresolved at the end of the quarter

Nil
 71
 71
 Nil

2 Infrastructure retail bondholders' complaints :

No. of complaints pending at the beginning of the quarter
 No. of complaints received during the quarter
 No. of complaints disposed off during the quarter
 No. of complaints remaining unresolved at the end of the quarter

Nil
 3570
 3570
 Nil

1 The disclosure in terms of Accounting Standard 17 on 'Segment Reporting' as notified under the Companies (Accounting Standards) Rules, 2006.

	Consolidated			
	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed) (see note 7)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
Segment revenue				
Financing	200004	204303	218378	830489
Others *	12338	16211	11443	49605
Less: Inter segment revenue	212342	220514	229822	880094
Income from operations	(90)	(20)	(22)	(2890)
	212252	220494	229800	877204
Segment results				
Financing	51018	26804	78503	235594
Others *	5143	7735	3638	20065
Unallocated	6654	593	3	606
Profit before tax	62815	35132	82344	256265
Capital employed (Segment assets - Segment liabilities)				
Financing	1315296	1276198	1230551	1276198
Others *	154629	150552	145572	150552
Unallocated	87199	81309	52141	81309
Total Capital employed	1557124	1508059	1428264	1508059

* Others comprise asset management, investment banking and institutional broking.

2 The analytical ratios and key data relating to standalone results of IDFC Limited are as under:

Particulars	Standalone			
	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed) (see note 7)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
(i) Capital adequacy ratio	23.92%	22.32%	23.27%	22.32%
(ii) Earnings per share (EPS)				
(a) Basic (₹)	2.96	1.40	3.40	11.22
(b) Diluted (₹)	2.96	1.40	3.38	11.21
(iii) NPA Ratio (see note 4)				
(a) Amount of gross NPA	34238	33298	18167	33298
(b) Amount of net NPA	22887	22058	11246	22058
(c) % of gross NPA to gross advances	0.64%	0.56%	0.32%	0.56%
(d) % of net NPA to gross advances	0.43%	0.37%	0.20%	0.37%

Particulars	Standalone			
	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed) (see note 7)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
(iv) Return on assets (annualised)	2.37%	1.17%	2.81%	2.32%
(v) Turnover (Total income from operations)*	197342	201830	213804	821421
(vi) Profit before tax *	56511	27011	75354	235819
(vii) Profit after tax *	44907	21304	51454	170112
* Income from operations for the year ended March 31, 2014 include dividend from subsidiary companies of ₹ 2807 lakhs.				

- 3 During the quarter ended June 30, 2014, the Company issued 545829 equity shares of face value of ₹ 10 each pursuant to exercise of stock options by employees under the employee stock option scheme.
- 4 The disclosures for NPA referred to point 2 (iii) above correspond to non performing advances.
- 5 Having regard to the Part C of Schedule II of the Companies Act, 2013, during the quarter ended June 30, 2014, the Group has reviewed its policy of providing for depreciation on its tangible fixed assets and also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, straight line method was used for depreciating certain office equipment and leasehold improvements while other tangible fixed assets were depreciated using written down value method.
- As a result of the change, the charge on account of depreciation for the quarter ended June 30, 2014 is lower by ₹ 8774 lakhs (including writback of depreciation of ₹ 8471 lakhs up to March 31, 2014) as compared to the method used and useful lives estimated in earlier periods. Consequently, deferred tax liability of ₹ 1741 lakhs (including deferred tax liability of ₹ 1648 lakhs up to March 31, 2014) has been created on account of depreciation timing differences, resulting in a net increase of ₹ 7033 lakhs (including ₹ 6823 lakhs up to March 31, 2014) in profit after tax for the quarter.
- 6 The above results were reviewed by the Audit Committee and approved by the Board of Directors and have been subjected to a "Limited Review" by the Statutory Auditors.
- 7 The figures for the quarter ended March 31, 2014 are the balancing figures between audited figures of the full financial year 2013-14 and the published year to date figures up-to the nine months ended December 31, 2013.
- 8 The standalone financial results are available on the Company's website (www.idfc.com) and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 9 The figures for the previous periods / year have been regrouped wherever necessary, in order to make them comparable.

In terms of our report attached.

For Deloitte Haskins & Sells LLP

P.R. Ramesh
 P.R. Ramesh
 Partner

Chennai, July 29, 2014

For and on behalf of the Board

Vikram Limaye

Vikram Limaye
 Managing Director & CEO