

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE BOARD OF DIRECTORS OF

IDFC LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **IDFC LIMITED** ("the Company") for the Quarter ended June 30, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 4 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. Based on our review conducted as stated 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.
4. 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

**Deloitte
Haskins & Sells LLP**

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 standalone financial results for the quarter ended June 30, 2014

Particulars	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed) (see note 9)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
	(₹ in lakhs)			
1 Income from operations	196911	201556	213443	820356
(a) Income from operations (see note 1)	431	274	361	1065
(b) Other operating income	197342	201830	213804	821421
Total income from operations				
2 Expenses				
(a) Employee benefits expense	3721	1882	3148	12900
(b) Other expenses	2316	2148	2356	8466
(c) Provisions and contingencies	20178	48286	5913	62883
(d) Depreciation and amortisation expense (see note 3)	(7499)	599	602	2429
Total expenses	18716	52915	12019	86678
3 Profit from operations before other income, finance costs and exceptional items (1-2)	178626	148915	201785	734743
4 Other income (see note 2)	6575	1374	49	1772
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	185201	150289	201834	736515
6 Finance costs	128690	123278	126480	500696
7 Exceptional items	-	-	-	-
8 Profit from ordinary activities before tax (5-6+7)	56511	27011	73554	235819
9 Tax expense (net) (see note 3)	11604	5707	23900	65707
10 Net profit from ordinary activities after tax (8-9)	44907	21304	51454	170112
11 Extraordinary items (net of tax)	-	-	-	-
12 Net profit after tax (10+11)	44907	21304	51454	170112
13 Paid-up equity share capital (see note 5) (Face value ₹ 10/- each)	151683	151629	151499	151629
14 Reserves excluding revaluation reserves				1319266
15 Analytical ratios				
(i) Capital adequacy ratio	23.92%	22.32%	23.27%	22.32%
(ii) Earnings per share (of ₹ 10/- each) (not annualised)				
(a) Basic (₹) (see note 5)	2.96	1.40	3.40	11.22
(b) Diluted (₹) (see note 5)	2.96	1.40	3.38	11.21
(iii) NPA Ratio (see note 6)				
(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 NPA to net advances	0.43%	0.37%	0.20%	0.37%
(iv) Return on assets (annualised)	2.37%	1.17%	2.81%	2.32%

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				
- Number of shares	1516832080	1516286251	1514991277	1516286251
- Percentage of shareholding	100%	100%	100%	100%
Promoters & promoter group shareholding				
(a) Pledged/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) 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	Nil
No. of complaints received during the quarter	71
No. of complaints disposed off during the quarter	71
No. of complaints remaining unresolved at the end of the quarter	Nil

2 Infrastructure retail bondholders' complaints :

No. of complaints pending at the beginning of the quarter	Nil
No. of complaints received during the quarter	3570
No. of complaints disposed off during the quarter	3570
No. of complaints remaining unresolved at the end of the quarter	Nil

Notes:

- 1 Income from operations for the year ended March 31, 2014 include dividend from subsidiary companies of ₹ 2807 lakhs.
- 2 Other income for the year ended March 31, 2014 includes profit of ₹ 68 lakhs on sale of 49.99% stake in IDFC Pension Fund Management Company Limited, to IDFC Securities Limited, a subsidiary of the Company.
- 3 Having regard to the Part C of Schedule II of the Companies Act, 2013 during the quarter ended June 30, 2014, the Company 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 ₹ 8040 lakhs (including writeback of depreciation of ₹ 7887 lakhs up to March 31, 2014) as compared to the method used and useful lives estimated in earlier periods. Consequently, deferred tax liability of ₹ 1491 lakhs (including deferred tax liability of ₹ 1449 lakhs up to March 31, 2014) has been created on account of depreciation timing differences, resulting in a net increase of ₹ 6549 lakhs (including ₹ 6438 lakhs up to March 31, 2014) in profit after tax for the quarter.
- 4 The Company's main business is financing by way of loans. All other activities revolve around the main business. As such, there are no reportable segments as per Accounting Standard 17 on 'Segment Reporting' as notified under the Companies (Accounting Standards) Rules, 2006.
- 5 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.
- 6 The disclosures for NPA referred to point 15 (iii) above correspond to non performing advances.
- 7 Key data relating to the consolidated results of IDFC Limited are as under:

Particulars	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 31.03.2014 (Reviewed) (see note 9)	Quarter ended 30.06.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
	(₹ In lakhs)			
Total income from operations	212252	220494	229800	877204
Net profit after tax	48174	25794	55731	180268
Earnings per share				
(a) Basic (₹)	3.18	1.70	3.68	11.89
(b) Diluted (₹)	3.17	1.70	3.66	11.88

- 8 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.

9 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.

10 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
Partner
Chartered, July 29, 2014

For and on behalf of the Board



Vikram Limaye
Managing Director & CEO