

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 and Six Months ended September 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.

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Associates: Feedback Infra Private Limited, Millennium City Expressways 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 assets of ₹ 19,956 lakhs as at September 30, 2014, total revenues of ₹ 7,339 lakhs and ₹ 14,533 lakhs for the Quarter and Six Months ended September 30, 2014, respectively, and total profit after tax of ₹ 2,337 lakhs and ₹ 4,829 lakhs for the Quarter and Six Months ended September 30, 2014, respectively, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of loss after tax of ₹ 2 lakhs and ₹ 3 lakhs for the Quarter and Six Months ended September 30, 2014, respectively, as considered in the consolidated financial results, in respect of one associate, whose interim financial result 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 assets of ₹ 14,758 lakhs as at September 30, 2014, total revenue of ₹ 327 lakhs and ₹ 495 lakhs for the Quarter and Six Months ended September 30, 2014, respectively, and total net loss after tax of ₹ 37 lakhs and ₹ 154 lakhs for the Quarter and Six Months ended September 30, 2014, respectively, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of net loss after tax of ₹ 1,360 lakhs and ₹ 1,329 lakhs for the Quarter and Six Months ended September 30, 2014, respectively, as considered in the consolidated financial results, in respect of two associates, based on their interim financial results which have not been reviewed by their auditors.
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

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**Deloitte
Haskins & Sells LLP**

particulars relating to the investor complaints disclosed in Part II - Select Information for the Quarter and Six Months ended September 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
Partner
(Membership No. 70928)

MUMBAI, 30th October, 2014
PRR/PG/JK/2014-15

PART I - Statement of unaudited consolidated financial results for the quarter and six months ended September 30, 2014						
Particulars	Quarter ended 30.09.2014 (Reviewed)	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 30.09.2013 (Reviewed)	Six months ended 30.09.2014 (Reviewed)	Six months ended 30.09.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
1 Income from operations						
(a) Income from operations	248274	211821	214536	460095	443975	876139
(b) Other operating income	327	431	310	758	671	1065
Total Income from operations	248601	212252	214846	460853	444646	877204
2 Expenses						
(a) Employee benefits expense	9636	7836	7785	17472	14637	28828
(b) Other expenses	9559	5511	5179	15070	11409	22456
(c) Provisions and contingencies	28118	20393	5007	48511	10924	62830
(d) Depreciation and amortisation expense (see note 5)	640	(7967)	783	(7327)	1545	3096
Total Expenses	47953	25773	18754	73726	38515	117210
3 Profit from operations before other income, finance costs and exceptional items (1-2)	200648	186479	196092	387127	406131	759994
4 Other income	145	6663	55	6808	112	1795
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	200793	193142	196147	393935	406243	761789
6 Finance costs	138508	130327	126039	268835	253791	505524
7 Exceptional items	-	-	-	-	-	-
8 Profit from ordinary activities before tax (5-6+7)	62285	62815	70108	125100	152452	256265
9 Tax expense (net) (see note 5)	18330	14160	20991	32490	47262	73846
10 Net profit from ordinary activities after tax (8-9)	43955	48655	49117	92610	105190	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)	43955	48655	49117	92610	105190	182419
13 Share of profit / (loss) from associates (equity method)	(1362)	30	44	(1332)	71	201
14 Share of minority interest	453	511	486	964	855	2352
15 Net profit after tax, share of minority interest and share of profit from associates (12+13-14)	42140	48174	48675	90314	104406	180268
16 Paid-up equity share capital (see note 6) (Face value ₹ 10/- each)	159027	151683	151613	159027	151613	151629
17 Reserves excluding revaluation reserves						1352402
18 Earnings per share (of ₹ 10/- each)(not annualised)						
(a) Basic (₹) (see note 6)	2.75	3.18	3.21	5.93	6.89	11.89
(b) Diluted (₹) (see note 6)	2.75	3.17	3.21	5.92	6.87	11.88

PART II - Select information for the quarter and six months ended September 30, 2014

Particulars	Quarter ended 30.09.2014 (Reviewed)	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 30.09.2013 (Reviewed)	Six months ended 30.09.2014 (Reviewed)	Six months ended 30.09.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
[A] Particulars of shareholding						
Public shareholding						
- Number of shares	1590267996	1516832080	1516125991	1590267996	1516125991	1516286251
- Percentage of shareholding	100%	100%	100%	100%	100%	100%
Promoters & promoter group shareholding						
(a) Pledged/encumbered						
- Number of shares	NA	NA	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)						
- Percentage of shares	NA	NA	NA	NA	NA	NA
(as a % of the total share capital of the Company)						
(b) Non-encumbered						
- Number of shares	NA	NA	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)						
- Percentage of shares	NA	NA	NA	NA	NA	NA
(as a % of the total share capital of the Company)						

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

1 Shareholders' complaints :

No. of complaints pending at the beginning of the quarter	Nil
No. of complaints received during the quarter	350
No. of complaints disposed off during the quarter	350
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	1964
No. of complaints disposed off during the quarter	1964
No. of complaints remaining unresolved at the end of the quarter	Nil



Notes:

Consolidated statement of assets and liabilities		₹ in lakhs	
Particulars	As at 30.09.2014 (Reviewed)	As at 31.03.2014 (Audited)	
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital (see note 6)	159027	151629	
(b) Reserves & surplus (see note 6)	1535435	1352402	
Sub-total - Shareholders' funds	1694462	1504031	
2 Share application money pending allotment	18	12	
3 Minority interest	3306	4016	
4 Non-current liabilities			
(a) Long-term borrowings	4090302	3932009	
(b) Other long-term liabilities	60466	53137	
(c) Deferred tax liabilities (net)	639	366	
(d) Long-term provisions	13722	15050	
Sub-total - Non-current liabilities	4165129	4000562	
5 Current liabilities			
(a) Short-term borrowings	1039231	782623	
(b) Trade payables *	23691	87487	
(c) Other current liabilities	982082	1089500	
(d) Short-term provisions	18013	48072	
Sub-total - Current liabilities	2063017	2007682	
TOTAL - EQUITY AND LIABILITIES	7925932	7516303	
B ASSETS			
1 Non-current assets			
(a) Fixed assets	40355	32850	
(b) Goodwill on consolidation	95709	95709	
(c) Non-current investments	803725	388824	
(d) Deferred tax assets (net)	61856	49116	
(e) Long-term loans and advances			
(i) Loans	4725525	5004994	
(ii) Others	67743	60369	
Other non current assets	18366	17531	
Sub-total - Non-current assets	5813279	5649393	
2 Current assets			
(a) Current investments	1237503	742046	
(b) Trade receivables **	43986	65799	
(c) Cash and bank balances	76669	39038	
(d) Short-term loans and advances			
(i) Loans	578297	849559	
(ii) Others	64456	51197	
Other current assets	111742	119271	
Sub-total - Current assets	2112653	1866910	
TOTAL - ASSETS	7925932	7516303	

* includes ₹ Nil as on September 30, 2014 and ₹ 57426 lakhs as on March 31, 2014 on deals entered on trade date basis, subsequently paid.

** includes ₹ 41665 lakhs as on September 30, 2014 and ₹ 63264 lakhs as on March 31, 2014 on deals recognised on trade date basis, subsequently realised.



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

	Consolidated					
	Quarter ended 30.09.2014 (Reviewed)	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 30.09.2013 (Reviewed)	Six months ended 30.09.2014 (Reviewed)	Six months ended 30.09.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
Segment revenue						
Financing	239552	200004	207012	439556	425391	830489
Others *	15471	12338	10663	27809	22106	49605
Less: Inter segment revenue	255023	212342	217675	467365	447497	880094
Income from operations	(6422)	(90)	(2829)	(6512)	(2851)	(2890)
	248601	212252	214846	460853	444646	877204
Segment results						
Financing	55964	51018	66363	106982	144866	235594
Others *	6313	5143	3736	11456	7574	20065
Unallocated	8	6654	9	6662	12	606
Profit before tax	62285	62815	70108	125100	152452	256265
Capital employed (Segment assets - Segment liabilities)						
Financing	1459214	1315296	1281683	1459214	1281683	1276198
Others *	149405	154629	145747	149405	145747	150552
Unallocated	89167	87199	50563	89167	50563	81309
Total Capital employed	1697786	1557124	1477993	1697786	1477993	1508059

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

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

Particulars	Standalone					
	Quarter ended 30.09.2014 (Reviewed)	Quarter ended 30.06.2014 (Reviewed)	Quarter ended 30.09.2013 (Reviewed)	Six months ended 30.09.2014 (Reviewed)	Six months ended 30.09.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
(i) Capital adequacy ratio	25.92%	23.67%	23.95%	25.92%	23.95%	22.11%
(ii) Earnings per share (EPS)						
(a) Basic (₹)	3.08	2.96	3.28	6.04	6.68	11.22
(b) Diluted (₹)	3.06	2.96	3.28	6.02	6.66	11.21
(iii) NPA Ratio (see note 9)						
(a) Amount of gross NPA	34238	34238	18049	34238	18049	33298
(b) Amount of net NPA	22844	22887	11127	22844	11127	22058
(c) % of gross NPA to gross advances	0.62%	0.64%	0.32%	0.62%	0.32%	0.56%
(d) % of net NPA to net advances	0.42%	0.43%	0.20%	0.42%	0.20%	0.37%

Particulars	Standalone					
	Quarter ended 30.09.2014	Quarter ended 30.06.2014	Quarter ended 30.09.2013	Six months ended 30.09.2014	Six months ended 30.09.2013	Year ended 31.03.2014
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
(iv) Return on assets (annualised)	2.33%	2.37%	2.71%	2.35%	2.78%	2.32%
(v) Turnover (Total Income from operations) *	242484	197342	206588	439826	420392	821421
(vi) Profit before tax *	62496	56511	69510	119007	144864	235819
(vii) Profit after tax *	47015	44907	49810	91922	101264	170112

* Income from operations for half year ended September 30, 2014 includes dividend from subsidiary companies of ₹ 8723 lakhs (for half year ended September 30, 2013 ₹ 2807 lakhs and for the year ended March 31, 2014 ₹ 2807 lakhs).

4 During the half year ended September 30, 2014 the Company has disposed its stake in two subsidiaries - Neopro Technologies Private Limited and Galaxy Mercantiles Limited which were held exclusively for disposal in near future. Consequently, these entities ceased to be Subsidiaries of the Company.

5 Having regard to the Part C of Schedule II of the Companies Act, 2013, during the half year ended September 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 is lower for the half year ended September 30, 2014 by ₹ 8873 lakhs and for the quarter ended June 30, 2014 by ₹ 8774 lakhs (including writedown 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 ₹ 1764 lakhs for the half year ended September 30, 2014 and ₹ 1741 lakhs for the quarter ended June 30, 2014 (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 ₹ 7109 lakhs for the half year ended September 30, 2014 and ₹ 7033 lakhs for the quarter ended June 30, 2014 (including ₹ 6823 lakhs up to March 31, 2014) in profit after tax.

6 The Company has allotted 73000000 equity shares of ₹ 10 each at a premium of ₹ 127 per share on September 16, 2014 pursuant to a Qualified Institutions Placement under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Share issue expenses amounting to ₹ 1269 lakhs have been adjusted against the Securities Premium Account in terms of Section 52 of the Companies Act, 2013. The proceeds from the Qualified Institutions Placement is pending utilisation in accordance with the objects as set out in the offer document. The Company during the quarter and half year ended September 30, 2014 has also issued 435916 and 981745 equity shares respectively of face value of ₹ 10 each pursuant to exercise of stock options by employees under the employee stock option scheme.

7 IDFC Alternatives Limited, a wholly owned subsidiary of IDFC Limited has filed a Scheme of Arrangement with the Hon'ble Bombay High Court on September 25, 2014 for merger of IDFC Project Equity Company Limited, IDFC Primary Dealership Company Limited and IDFC Housing Finance Company Limited with IDFC Alternatives Limited. The appointed date for the merger is October 1, 2014 and is subject to the approval of the Hon'ble Bombay High Court.

8 The classification of assets and liabilities into current and non-current is carried out based on their residual maturity profile as per the requirement of Schedule III to the Companies Act, 2013. The estimates and assumptions regarding prepayments (which are taken into account for ALM purpose) are not considered while classifying the assets and liabilities into current and non-current.

9 The disclosures for NPA referred to in note 3 (iii) above correspond to non performing advances.

10 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.

11 The figures for the quarter ended September 30, 2014 and September 30, 2013 are the balancing figures between reviewed figures in respect of the half year ended September 30, 2014 and September 30, 2013 and the reviewed figures of quarter ended June 30, 2014 and June 30, 2013 respectively.

12 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).

13 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

Mumbai, October 30, 2014

FOR AND ON BEHALF OF THE BOARD

Vikram Limaye

Vikram Limaye

Managing Director & CEO