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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 and Six Months ended September 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

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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

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

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

PART I - Statement of unaudited standalone 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)					
1 Income from operations						
(a) Income from operations (see note 2)	242157	196911	206278	439068	419721	820356
(b) Other operating income	327	431	310	758	671	1065
Total income from operations	242484	197342	206588	439826	420392	821421
2 Expenses						
(a) Employee benefits expense	5935	3721	3944	9656	7092	12900
(b) Other expenses	6377	2200	2083	8577	4439	8466
(c) Provisions and contingencies	28928	20178	4902	49106	10815	62883
(d) Depreciation and amortisation expense (see note 3)	491	(7499)	613	(7008)	1215	2429
Total expenses	41731	18600	11542	60331	23561	86678
3 Profit from operations before other income, finance costs and exceptional items (1-2)	200753	178742	195046	379495	396831	734743
4 Other income (see note 4)	243	6575	47	6818	96	1772
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	200996	185317	195093	386313	396927	736515
6 Finance costs	138500	128806	125583	267306	252063	500696
7 Exceptional items	-	-	-	-	-	-
8 Profit from ordinary activities before tax (5-6+7)	62496	56511	69510	119007	144864	235819
9 Tax expense (net) (see note 3)	15481	11604	19700	27085	43600	65707
10 Net profit from ordinary activities after tax (8-9)	47015	44907	49810	91922	101264	170112
11 Extraordinary items (net of tax)	-	-	-	-	-	-
12 Net profit after tax (10+11)	47015	44907	49810	91922	101264	170112
13 Paid-up equity share capital (see note 6) (Face value ₹ 10/- each)	159027	151683	151613	159027	151613	151629
14 Reserves excluding revaluation reserves						1319266
15 Analytical ratios						
(i) Capital adequacy ratio	25.92%	23.67%	23.95%	25.92%	23.95%	22.11%
(ii) Earnings per share (of ₹ 10/- each)(not annualised)						
(a) Basic (₹) (see note 6)	3.08	2.96	3.28	6.04	6.68	11.22
(b) Diluted (₹) (see note 6)	3.06	2.96	3.28	6.02	6.66	11.21
(iii) NPA Ratio (see note 7)						
(a) Amount of gross NPA	34238	34238	18049	34238	18049	33238
(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%
(iv) Return on assets (annualised)	2.33%	2.37%	2.71%	2.35%	2.78%	2.32%



for

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						
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						
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						



Notes:

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)	1504861	1319266	
Sub-total - Shareholders' funds	1663888	1470895	
2 Share application money pending allotment	18	12	
3 Non-current liabilities			
(a) Long-term borrowings	4090302	3932009	
(b) Other long-term liabilities	60375	53046	
(c) Long-term provisions	13722	15041	
Sub-total - Non-current liabilities	4164399	4000096	
4 Current liabilities			
(a) Short-term borrowings	1039231	693253	
(b) Trade payables *	19198	79169	
(c) Other current liabilities	979547	1086308	
(d) Short-term provisions	14712	46700	
Sub-total - Current liabilities	2052688	1905430	
TOTAL - EQUITY AND LIABILITIES	7880993	7376433	
B ASSETS			
1 Non-current assets			
(a) Fixed assets	34796	27857	
(b) Non-current investments	945061	517781	
(c) Deferred tax assets (net)	61320	48720	
(d) Long-term loans and advances			
(i) Loans	4725525	5004994	
(ii) Others	59783	51936	
(e) Other non current assets	18257	17406	
Sub-total - Non-current assets	5844742	5668694	
2 Current assets			
(a) Current investments	1210890	602107	
(b) Trade receivables **	42348	64310	
(c) Cash and bank balances	15836	21746	
(d) Short-term loans and advances			
(i) Loans	578297	849559	
(ii) Others	78094	51029	
(e) Other current assets	110786	118988	
Sub-total - Current assets	2036251	1707739	
TOTAL - ASSETS	7880993	7376433	

* 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 Income from operations for the half year ended September 30, 2014 includes dividend from subsidiary companies of ₹ 8723 lakhs (for the half year ended September 30, 2013 ₹ 2807 lakhs and for the year ended March 31, 2014 ₹ 2807 lakhs).
- 3 Having regard to the Part C of Schedule II of the Companies Act, 2013, during the half year ended September 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 is lower for the half year ended September 30, 2014 by ₹ 8117 lakhs and for the quarter ended June 30, 2014 by ₹ 8040 lakhs (including writback 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 ₹ 1507 lakhs for the half year ended September 30, 2014 and ₹ 1491 lakhs for the quarter ended June 30, 2014 (including ₹ 1449 lakhs up to March 31, 2014) has been created on account of depreciation timing differences, resulting in a net increase of ₹ 6610 lakhs for the half year ended September 30, 2014 and ₹ 6549 lakhs for the quarter ended June 30, 2014 (including ₹ 6438 lakhs up to March 31, 2014) in profit after tax.
- 4 Other income for the half year ended September 30, 2014 include profit ₹ 100 lakhs on transfer of its stake in IDFC Primary Dealership Company Limited and IDFC Housing Finance Company Limited to IDFC Alternatives Limited, a subsidiary of the Company. Other income for the year ended March 31, 2014 include profit of ₹ 68 lakhs on transfer of 49.99% stake in IDFC Pension Fund Management Company Limited, to IDFC Securities Limited, a subsidiary of the Company.
- 5 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.
- 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 The disclosures for NPA referred to in point 15 (iii) above correspond to non performing advances.
- 8 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.
- 9 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.
- 10 Key data relating to the consolidated results of IDFC Limited are as under:

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)
Total Income from operations	248601	212252	214846	460853	444646	877204
Net profit after tax	42140	48174	48675	90314	104406	180268
Earnings per share						
(a) Basic (₹)	2.75	3.18	3.21	5.93	6.89	11.89
(b) Diluted (₹)	2.75	3.17	3.21	5.92	6.87	11.88

11 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.

12 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.

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
Partner

FOR AND ON BEHALF OF THE BOARD

Vikram Limaye
Managing Director & CEO

Mumbai, October 30, 2014