

Deloitte Haskins & Sells LLP

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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 Nine Months ended December 31, 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.

for

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 and Nine Months ended December 31, 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
(Registration No. 117366W/W-100018)



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

MUMBAI, 29th January, 2015
PRR/PG/SCR/2014-15

PART I - Statement of unaudited standalone financial results for the quarter and nine months ended December 31, 2014							₹ in lakhs	
Particulars	Quarter ended 31.12.2014	Quarter ended 30.09.2014	Quarter ended 31.12.2013	Nine months ended 31.12.2014	Nine months ended 31.12.2013	Year ended 31.03.2014		
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)		
1 Income from operations								
(a) Income from operations (see note 1)	231617	242157	199079	670685	618800	820356		
(b) Other operating income	156	327	120	914	791	1065		
Total income from operations	231773	242484	199199	671599	619591	821421		
2 Expenses								
(a) Employee benefits expense	5517	5935	3926	15173	11018	12900		
(b) Other expenses	3954	6377	1879	12531	6318	8466		
(c) Provisions and contingencies	15313	28928	3782	64419	14597	62883		
(d) Depreciation and amortisation expense (see note 2)	450	491	615	(6558)	1830	2429		
Total expenses	25234	41731	10202	85565	33763	86678		
3 Profit from operations before other income, finance costs and exceptional items (1-2)	206539	200753	188997	586034	585828	734743		
4 Other income (see note 3)	92	243	302	6910	398	1772		
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	206631	200996	189299	592944	586226	736515		
6 Finance costs	148401	138500	125355	415707	377418	500696		
7 Exceptional items	-	-	-	-	-	-		
8 Profit from ordinary activities before tax (5-6+7)	58230	62496	63944	177237	208808	235819		
9 Tax expense (net) (see note 2)	18150	15481	16400	45235	60000	65707		
10 Net profit from ordinary activities after tax (8-9)	40080	47015	47544	132002	148808	170112		
11 Extraordinary items (net of tax)	-	-	-	-	-	-		
12 Net profit after tax (10+11)	40080	47015	47544	132002	148808	170112		
13 Paid-up equity share capital (see note 5) (Face value ₹ 10/- each)	159100	159027	151622	159100	151622	151629		
14 Reserves excluding revaluation reserves						1319266		
15 Analytical ratios								
(i) Capital adequacy ratio	24.93%	25.92%	24.62%	24.93%	24.62%	22.11%		
(ii) Earnings per share (of ₹ 10/- each)(not annualised)								
(a) Basic (₹) (see note 5)	2.50	3.08	3.14	8.54	9.82	11.22		
(b) Diluted (₹) (see note 5)	2.49	3.06	3.14	8.51	9.80	11.21		
(iii) NPA Ratio (see note 6)								
(a) Amount of gross NPA	36858	34238	34080	36858	34080	33298		
(b) Amount of net NPA	25201	22844	27465	25201	27465	22058		
(c) % of gross NPA to gross advances	0.68%	0.62%	0.62%	0.68%	0.62%	0.56%		
(d) % of net NPA to net advances	0.47%	0.42%	0.50%	0.47%	0.50%	0.37%		
(iv) Return on assets (annualised)	1.84%	2.33%	2.60%	2.17%	2.71%	2.33%		

PART II - Select information for the quarter and nine months ended December 31, 2014

Particulars	Quarter ended 31.12.2014 (Reviewed)	Quarter ended 30.09.2014 (Reviewed)	Quarter ended 31.12.2013 (Reviewed)	Nine months ended 31.12.2014 (Reviewed)	Nine months ended 31.12.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
[A] Particulars of shareholding						
Public shareholding						
- Number of shares	1591004169	1590267996	1516218366	1591004169	1516218366	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 December 31, 2014

1 Shareholders' complaints :	
No. of complaints pending at the beginning of the quarter	Nil
No. of complaints received during the quarter	151
No. of complaints disposed off during the quarter	151
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	1697
No. of complaints disposed off during the quarter	1697
No. of complaints remaining unresolved at the end of the quarter	Nil

IDFC Limited



Notes:

- 1 Income from operations for the nine months ended December 31, 2014 includes dividend from subsidiary companies of ₹ 8723 lakhs (for the nine months ended December 31, 2013 ₹ 2807 lakhs and for the year ended March 31, 2014 ₹ 2807 lakhs).
- 2 Having regard to the Part C of Schedule II of the Companies Act, 2013, during the nine months ended December 31, 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 nine months ended December 31, 2014 by ₹ 8269 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 ₹ 1549 lakhs for the nine months ended December 31, 2014 (including ₹ 1449 lakhs up to March 31, 2014) has been created on account of depreciation timing differences, resulting in a net increase of ₹ 6720 lakhs for the nine months ended December 31, 2014 (including ₹ 6438 lakhs up to March 31, 2014) in profit after tax.
- 3 Other income for the nine months ended December 31, 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.
- 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 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 nine months ended December 31, 2014 has also issued 736173 and 1717918 equity shares respectively 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 in point 15 (iii) above correspond to non performing advances.
- 7 During the nine months ended December 31, 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.
- 8 During the nine months ended December 31, 2014, IDFC Bank Limited and IDFC Financial Holding Company Limited were incorporated as wholly owned subsidiaries of the Company. Subsequently, the entire holding of IDFC Bank Limited was sold to IDFC Financial Holding Company Limited at cost.
- 9 During the quarter ended December 31, 2014, the Board of Directors of the Company and IDFC Bank Limited have approved the Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 ("the Scheme") between IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors to demerge its financial undertaking into its subsidiary, IDFC Bank Limited. The Scheme would be effective upon receipt of all requisite approvals including from shareholders, creditors, the Reserve Bank of India, Hon'ble Madras High Court and filing of the certified copies of the order with the Registrar of Companies.

10 Key data relating to the consolidated results of IDFC Limited are as under:

Particulars	Quarter ended 31.12.2014 (Reviewed)	Quarter ended 30.09.2014 (Reviewed)	Quarter ended 31.12.2013 (Reviewed)	Nine months ended 31.12.2014 (Reviewed)	Nine months ended 31.12.2013 (Reviewed)	Year ended 31.03.2014 (Audited)
Total Income from operations	246005	248601	212064	706858	656710	877204
Net profit after tax	42160	42140	50068	132474	154474	180268
Earnings per share						
(a) Basic (₹)	2.64	2.75	3.30	8.57	10.19	11.89
(b) Diluted (₹)	2.62	2.75	3.30	8.54	10.17	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 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, January 29, 2015

FOR AND ON BEHALF OF THE BOARD

Vikram Limaye

Vikram Limaye
Managing Director & CEO