

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF IDFC LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results ("the Statement") of **IDFC LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") and its share of profit in the associate companies for the year ended March 31, 2014, 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 6 below. This Statement has been prepared on the basis of the related annual consolidated financial statements, which are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual consolidated financial statements, which have been prepared in accordance with the Accounting Standards notified under the Companies Act 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note 11 of the Statement regarding the figures for the quarter ended March 31, 2014 being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
4. We did not audit the financial statements of nine subsidiaries included in the Statement, whose financial statements reflect total assets of ₹ 36,325 lakhs as at March 31, 2014, total revenues of ₹ 28,967 lakhs and total profit after tax (net) of ₹ 7,757 lakhs for the year



ended on that date. The Statement also includes the Group's share of profit after tax (net) of ₹ 200 lakhs for the year ended March 31, 2014, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

5. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors referred to in paragraph 4 above, the Statement:

(i) 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 Capital Limited, IDFC Distribution Company 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 Pension Fund Management 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.

- (ii) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges and
- (iii) gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Group for the year ended March 31, 2014.
6. 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 and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the



**Deloitte
Haskins & Sells LLP**

Quarter and Year Ended March 31, 2014 of the Statement, from the details furnished by the Registrars.

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, *25* April, 2014
PRR/PG/2013-14

PART I - Audited consolidated financial results for the quarter and year ended March 31, 2014					
Particulars	Quarter ended 31.03.2014 (see note 11)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (see note 11)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
					(₹ in lakhs)
1 Income from operations					
(a) Income from operations	2202,20	2119,44	2216,79	8761,39	8126,80
(b) Other operating income	2,74	1,20	72	10,65	11,79
Total Income from operations	2204,94	2120,64	2217,51	8772,04	8138,59
2 Expenses					
(a) Employee benefits expense	64,44	77,47	77,96	288,28	291,64
(b) Other expenses	64,37	46,10	69,37	224,56	203,36
(c) Provisions and contingencies	482,54	36,52	164,72	628,30	349,63
(d) Depreciation and amortisation expense	7,59	7,92	8,61	30,96	34,40
Total Expenses	618,94	168,01	320,66	1172,10	879,03
3 Profit from operations before other income, finance costs and exceptional items (1-2)	1586,00	1952,63	1896,85	7599,94	7259,56
4 Other income	14,63	2,20	90	17,95	9,83
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	1600,63	1954,83	1897,75	7617,89	7269,39
6 Finance costs	1249,31	1268,02	1204,33	5055,24	4675,83
7 Exceptional items	-	-	-	-	-
8 Profit from ordinary activities before tax (5-6+7)	351,32	686,81	693,42	2562,65	2593,56
9 Tax expense (net)	84,75	181,09	164,57	738,46	751,13
10 Net profit from ordinary activities after tax (8-9)	266,57	505,72	528,85	1824,19	1842,43
11 Extraordinary items (net of tax)	-	-	-	-	-
12 Net profit after tax before share of minority interest and share of profit from associates (10+11)	266,57	505,72	528,85	1824,19	1842,43
13 Share of profit from associates (equity method)	59	71	67	2,01	1,86
14 Share of minority interest	9,22	5,75	3,82	23,52	8,09
15 Net profit after tax, share of minority interest and share of profit from associates (12+13-14)	257,94	500,68	525,70	1802,68	1836,20
16 Paid-up equity share capital (see note 4) (Face value ₹ 10/- each)	1516,29	1516,22	1514,73	1516,29	1514,73
17 Reserves excluding revaluation reserves				13524,02	12167,89
18 Earnings per share (of ₹ 10/- each) (not annualised)					
(a) Basic (₹) (see note 4)	1.70	3.30	3.47	11.89	12.13
(b) Diluted (₹) (see note 4)	1.70	3.30	3.44	11.88	12.06

PART II - Select information for the quarter and year ended March 31, 2014

Particulars	Quarter ended 31.03.2014 (see note 11)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (see note 11)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
[A] Particulars of shareholding					
Public shareholding					
- Number of shares	151,62,86,251	151,62,18,366	151,47,27,629	151,62,86,251	151,47,27,629
- Percentage of shareholding	100%	100%	100%	100%	100%
Promoters & promoter group shareholding					
(a) Pledged/encumbered					
- Number of shares	NA	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)					
- Percentage of shares	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
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)					
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total share capital of the Company)					

[B] Investor complaints for the quarter ended March 31, 2014

1 Shareholders' complaints :

No. of complaints pending at the beginning of the quarter	Nil
No. of complaints received during the quarter	84
No. of complaints disposed off during the quarter	84
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	3,334
No. of complaints disposed off during the quarter	3,334
No. of complaints remaining unresolved at the end of the quarter	Nil



Notes:

1

Audited consolidated statement of assets and liabilities

Particulars	(₹ in lakhs)	
	As at March 31, 2014 (Audited)	As at March 31, 2013 (Audited)
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	1516.29	1514.73
(b) Reserves & surplus	13524.02	12167.89
Sub-total - Shareholders' funds	15040.31	13682.62
2 Share application money pending allotment	12	30
3 Minority interest	40.16	25.39
4 Non-current liabilities		
(a) Long-term borrowings	39320.09	36803.33
(b) Other long-term liabilities	531.37	323.05
(c) Deferred tax liabilities (net)	3.66	3.29
(d) Long-term provisions	150.50	143.28
Sub-total - Non-current liabilities	40005.62	37272.95
5 Current liabilities		
(a) Short-term borrowings	7826.23	3869.37
(b) Trade payables *	874.87	349.53
(c) Other current liabilities	10895.00	15314.93
(d) Short-term provisions	480.72	544.22
Sub-total - Current liabilities	20076.82	20078.05
TOTAL - EQUITY AND LIABILITIES	75163.03	71059.31
B ASSETS		
1 Non-current assets		
(a) Fixed assets	328.50	344.45
(b) Goodwill on consolidation	957.09	957.09
(c) Non-current investments	3888.24	3309.25
(d) Deferred tax assets (net)	491.16	397.05
(e) Long-term loans and advances		
(i) Loans	50049.94	48126.83
(ii) Others	603.69	517.03
Sub-total - Non-current assets	175.31	620.67
2 Current assets		
(a) Current investments	7420.46	7694.92
(b) Trade receivables **	657.99	160.57
(c) Cash and bank balances	390.38	262.72
(d) Short-term loans and advances		
(i) Loans	8495.59	7609.63
(ii) Others	511.97	378.03
Sub-total - Current assets	1192.71	681.07
TOTAL - ASSETS	75163.03	71059.31

* includes ₹ 574.26 lakhs as on March 31, 2014 and ₹ 108.52 lakhs as on March 31, 2013 on deals entered on trade date basis, subsequently paid.

** includes ₹ 632.64 lakhs as on March 31, 2014 and ₹ 114.31 lakhs as on March 31, 2013 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				(₹ in lakhs)	
	Quarter ended 31.03.2014 (see note 11)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (see note 11)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)	
Segment revenue						
Financing	2043.03	2007.95	2087.11	8304.89	7774.63	
Others *	162.11	112.88	130.61	496.05	390.40	
Less: Inter segment revenue	2205.14	2120.83	2217.72	8800.94	8165.03	
Income from operations	(20)	(19)	(21)	(28.90)	(26.44)	
	2204.94	2120.64	2217.51	8772.04	8138.59	
Segment results						
Financing	268.04	639.24	628.56	2355.94	2464.52	
Others *	77.35	47.56	64.86	200.65	122.27	
Unallocated	5.93	1	-	6.06	6.77	
Profit before tax	351.32	686.81	693.42	2562.65	2593.56	
Capital employed (Segment assets - Segment liabilities)						
Financing	12761.98	13229.73	11724.89	12761.98	11724.89	
Others *	1505.52	1465.98	1424.01	1505.52	1424.01	
Unallocated	813.09	588.53	559.41	813.09	559.41	
Total Capital employed	15080.59	15284.24	13708.31	15080.59	13708.31	

* 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				(₹ in lakhs)	
	Quarter ended 31.03.2014 (see note 11)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (see note 11)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)	
(i) Capital adequacy ratio	22.32%	24.61%	22.24%	22.32%	22.24%	
(ii) Earnings per share (EPS)						
(a) Basic (₹)	1.40	3.14	2.98	11.22	11.66	
(b) Diluted (₹)	1.40	3.14	2.95	11.21	11.59	
(iii) NPA Ratio (see note 5)						
(a) Amount of gross NPA	332.98	340.80	85.12	332.98	85.12	
(b) Amount of net NPA	220.58	274.65	28.91	220.58	28.91	
(c) % of gross NPA to gross advances	0.56%	0.62%	0.15%	0.56%	0.15%	
(d) % of net NPA to net advances	0.37%	0.50%	0.05%	0.37%	0.05%	



Particulars	Standalone			
	Quarter ended 31.03.2014 (see note 11)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (see note 11)	Year ended 31.03.2013 (Audited)
(iv) Return on assets (annualised)	1.17%	2.60%	2.61%	2.63%
(v) Turnover (Total Income from operations) *	2018.30	1991.99	2083.74	7765.30
(vi) Profit before tax *	270.11	639.44	591.24	2467.98
(vii) Profit after tax *	213.04	475.44	451.04	1764.98

* Includes dividend from subsidiary companies of ₹ 28.07 lakhs for the year ended March 31, 2014 and ₹ 25.51 lakhs for the year ended March 31, 2013.

- 4 During the quarter and year ended March 31, 2014, the Company issued 67,885 and 15,58,622 equity shares respectively of face value of ₹ 10 each pursuant to exercise of stock options by employees under the employee stock option scheme.
- 5 The disclosures for NPA referred to in note 3 (iii) above correspond to non performing advances.
- 6 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 Revised Schedule VI to the Companies Act, 1956. 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.
- 7 IDFC Housing Finance Company Limited and IDFC Infra Debt Fund Limited were incorporated as subsidiaries of the Company on March 4, 2014 and March 7, 2014 respectively. During the year ended March 31, 2014, Galaxy Mercantiles Limited became wholly owned subsidiary of the Company.
- 8 Consequent to the approval from the Honble Bombay High Court vide order dated March 28, 2014, with appointed date of November 1, 2013 and effective date April 5, 2014, IDFC Capital Limited, IDFC Distribution Company Limited and IDFC Pension Fund Management Company Limited have been merged with IDFC Securities Limited. Post merger subsidiaries of IDFC Capital Limited namely IDFC Capital (Singapore) Pte. Limited, IDFC Fund of Funds Limited and IDFC Securities Singapore Pte. Limited have become direct subsidiaries of IDFC Securities Limited.
- 9 The Board of Directors at their meeting proposed a dividend of ₹ 2.60 per share, subject to the approval of the members at the ensuing Annual General Meeting.
- 10 The above results were reviewed by the Audit Committee and approved by the Board of Directors. There are no qualifications in the auditor's report for the year ended March 31, 2014. The information presented above is extracted from the audited financial statements as stated.
- 11 The figures for the quarter ended March 31, 2014 and March 31, 2013 are the balancing figures between audited figures of the full financial year and the published year to date figures up-to the third quarter of the relevant financial year.
- 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.

FOR DELOITTE HASKINS & SELLIS LLP

P.R. Ramesh

P.R. Ramesh
Partner
Mumbai, April 25, 2014

FOR AND ON BEHALF OF THE BOARD

Vikram Limaye

Vikram Limaye
Managing Director & CEO

