July 3, 2018

The Manager - Listing Department National Stock Exchange of India Limited Bandra Kurla Complex Bandra (E) Mumbai 400051 NSE Scrip Code: IDFC	The Manager - Listing Department BSE Limited 1st Floor, P. J. Towers, Dalal Street, Mumbai 400001 BSE Scrip Code: 532659
National Securities Depository Ltd Tradeworld, 4th& 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013	Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers 28th Floor, Dalal Street Mumbai - 400 001

Dear Sir / Madam,

Sub: IDFC Limited – 21st Annual General Meeting –Annual Report & E-Voting

In continuation to our letter dated July 1, 2018 informing about the 21st Annual General Meeting (AGM) of IDFC Limited to be held on July 31, 2018 at 2.00 pm in Chennai, we are attaching herewith the 21st Annual Report of IDFC Limited for the financial year 2017-18. The Annual Report consists of the following documents:

1. Chairman's Statement;
2. Board's Report;
3. Management Discussion and Analysis;
4. Corporate Governance Report;
5. CEO Certificate;
6. Independent Auditors' Certificate on Corporate Governance
7. Standalone Financial Statements of the Company along with Auditors' Report (including Cash Flow statement);
8. Consolidated Financial Statements along with Auditors' Report (including Cash Flow statement) and
9. Notice.

The aforesaid Annual Report will also be uploaded shortly on the website of the Company i.e. http://www.idfc.com/investor_relations/annual_report.htm.

E-Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, IDFC is providing the facility to its Members holding shares in physical or dematerialized form to exercise their right to vote by electronic means on all or any of the businesses specified in the Notice convening the AGM **(Remote E-Voting).** Accordingly, for the purpose of determining the Shareholders eligible to cast their votes electronically / physically, the Company has fixed **Tuesday, July 24, 2018** as the cut-off date. The Company has engaged the services of Karvy Computershare Private Limited to provide the e-voting facility. The Remote e-voting will commence on **Thursday, July 26, 2018 at 9:00 a.m.** and end on **Monday, July 30, 2018 at 5.00 p.m.** The Company is also offering the facility for voting by way of **physical ballot** at the AGM.

IDFC LIMITED MUMBAI

We would further like to inform that the Board of Directors of the Company has appointed M/s BN & Associates, Practising Company Secretaries, as a Scrutinizer to scrutinize the e-voting process.

In order to facilitate smooth registration / entry, the Company has also provided web check-in facility, which would help the Shareholders to enter the AGM hall directly without going through the registration formalities at the registration counters. The online registration facility will be available from **Thursday, July 26, 2018 at 9:00 a.m.** to **Monday, July 30, 2018 at 5:00 p.m.**

Please take the aforesaid on record.

Thanking you,

Yours faithfully,

For IDFC Limited

IDFC LIMITED MUMBAI

Amol A. Ranade
Company Secretary

C.C: Mr. V Rajendra Prasad, Karvy Computershare Private Ltd.



IDFC LIMITED

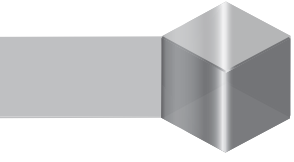
TWENTY-FIRST ANNUAL REPORT 2017-18

SAVE PAPER
SAVE TREES
SAVE THE EARTH

325,000+ Shareholders have already asked for paperless Annual Report. Join them and save paper. Just drop us an e-mail.

The Companies Act, 2013, as a part of Green Initiative, allows companies to go for paperless compliances by sending Notice, Annual Report and other related documents by e-mail to it's Shareholders. Many of the Shareholders have registered their e-mail address and we thank them for the same. Shareholders, who have not registered their e-mail address so far or wish to change their e-mail address may, as a support to this initiative, register their e-mail address by sending an e-mail to **'shareholders@idfc.com'**, quoting their Name, Folio No. / DP ID / Client ID and e-mail address to be registered with us for enabling us to send documents in electronic form.

Also, registering your e-mail address with us will ensure that we directly connect with you and no important communication from our side is missed by you as a Shareholder of the Company.



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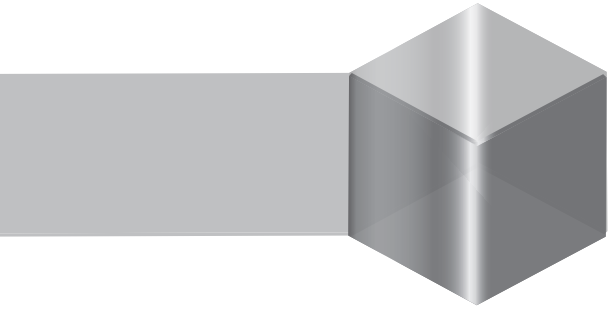
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IDFC LIMITED

IDFC BANK

IDFC ASSET MANAGEMENT COMPANY

IDFC ALTERNATIVES

IDFC INFRASTRUCTURE FINANCE

IDFC SECURITIES

IDFC FOUNDATION

AWARDS & RECOGNITION

IDFC SECURITIES

INSTITUTIONAL INVESTOR FORUM – ANALYSTS RATED WITHIN TOP 4 IN

- AGRICULTURE
- INFORMATION TECHNOLOGY
- POWER SECTOR

THOMSON REUTERS STARMINE ANALYST AWARDS 2018

INDUSTRY STOCK PICKERS

- RANK 1 IN TRANSPORTATION

INDUSTRY EARNINGS ESTIMATORS

- RANK 1 DIVERSIFIED INDUSTRIALS

IDFC BANK

DIGITAL TRANSFORMATION AWARDS 2017

IFSEC INDIA AWARDS 2017

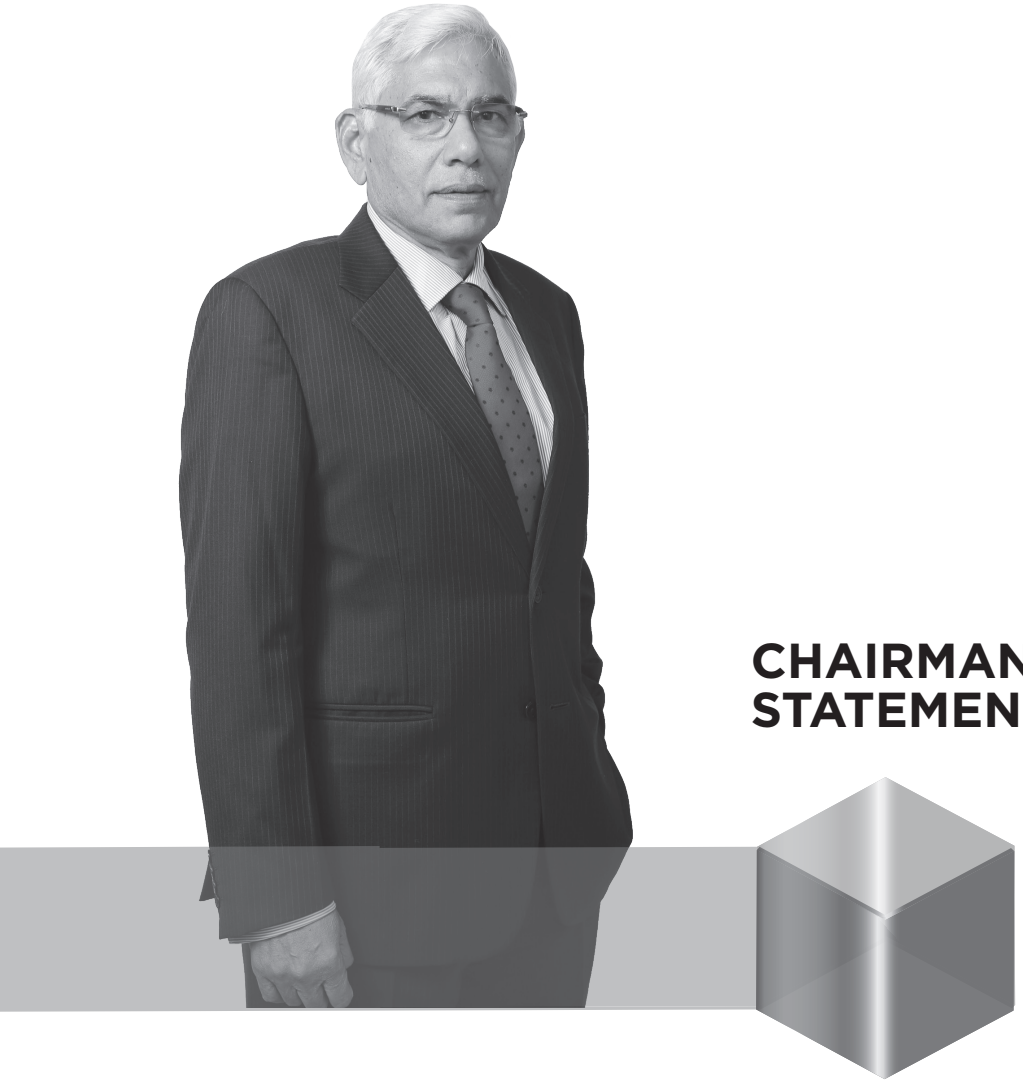
IDEX LEGAL AWARDS 2017

LISTED IN LINKEDIN'S TOP COMPANIES - WHERE INDIA WANTS TO WORK NOW 2017 REPORT

TISS CLO AWARDS 2017

#BANKINGNIBHAO WINS EFFIES 2017

FINNOVITI AWARD 2018



CHAIRMAN'S STATEMENT

Dear Shareholders,

The last financial year has been an eventful year for the economy with the roll-out of GST, the residual impact of demonetisation, the introduction of Indian Bankruptcy Code (IBC), and the NPA problem in the banking sector. However, towards the end of the year, green shoots in the economy were visible and the economy seemed poised for stable growth. The Indian economy expanded by 7.7 percent in the last quarter of FY18, the fastest in the last eight quarters, although rising crude prices and macro headwinds, both global and domestic, could prolong the journey to stable growth.

Against this macro-economic backdrop, I am pleased to inform you that our businesses have delivered a healthy performance in FY18 and thereby, building a foundation for future growth.

Balancing near-term profitability and long-term growth has been the guiding philosophy in our strategy for capital deployment.

Strong domestic consumption growth and flow of savings into the financial system from real assets (property and gold) are two pillars on which future growth of our businesses is predicated on. Our strategy is to steadily invest in our businesses to take advantage of these tailwinds.

The consolidated Balance Sheet of IDFC Limited (**"IDFC"**) as of March 31, 2018, was ₹ 1,33,852 crore, and the consolidated Profit After Tax was ₹ 590 crore. The consolidated Net Worth as of March 31, 2018, was ₹ 11,323 crore. IDFC Bank Limited (**"IDFC Bank** or **"Bank"**), our largest subsidiary, posted a Profit After Tax of ₹ 859 crore in FY18.

The strategic transition of IDFC Bank, from a mono-line infrastructure lender to a universal bank, is

progressing rapidly. The Bank now has a well-diversified assets portfolio of ~ ₹ 71,000 crore with retail assets and non-infrastructure wholesale assets, contributing close to 50 percent. Similarly, on the liability side, our focus is on gathering low-cost CASA deposits by leveraging technology and expanding our physical footprint. I am pleased to note that this strategy is now seeing strong traction.

The Bank's organic retail assets, have tripled from ~ ₹ 2,600 crore as on March 31, 2017, to ~ ₹ 8,000 crore as on March 31, 2018. Likewise, corporate banking assets within the wholesale bank grew 38 percent year-on-year to ~ ₹ 26,000 crore as of March 2018, from ~ ₹ 19,000 crore as of March 2017.

Liabilities have also witnessed strong momentum with CASA increasing 2.7 times to ₹ 5,710 crore as of March 2018 from ₹ 2,094 crore as of March 2017. Government business contributed ₹ 2,763 crore to the CASA franchise. The Bank's CASA to deposit ratio now stands close to 12 percent, which is impressive for a Bank that has been in business for a little over two years. Our CASA and retail term deposits, have doubled from ~ ₹ 4,900 crore to ~ ₹ 10,000 crore as of March 31, 2018, and now contribute over 20 percent to our total deposits.

The Bank's customer base is now at 2.7 million from 1.4 million a year ago. To accelerate this pace of growth, we will continue to judiciously invest in the expansion of our retail franchise. We now have 150 branches, 387 corporate BC outlets, 85 ATMs, and 17,474 customer access points. Of these 150 branches, 50 are in top 35 cities in India. We will continue to expand our physical footprint to be able to serve a larger number of customers.

The Bank has made great strides in building a fee-income franchise, which has resulted in a significant contribution of fees and commissions to our revenues. Total commission income grew by 44 percent to ₹ 431 crore in FY18 from ₹ 299 crore in the previous year.

On the asset quality front, it is heartening to note that the Bank's legacy stressed asset book has been stable for the last 10 quarters, i.e., since the inception of the Bank. The recent RBI inspection also validates our prudent approach to provisioning. The Bank's provision coverage ratio against the stressed book is now over 75 percent.

IDFC Bank's proposed merger with Capital First will add an additional 2.5 - 3 million customers to the already large and rapidly growing customer base of the Bank and complement it with customer segments and products that IDFC Bank does not cover currently.

Coming to our asset management business, we ended the year strong, with a fourth quarter average AUM of about ₹ 70,000 crore, up from around ₹ 60,600 crore in the previous year's corresponding quarter. During the year, we strengthened our core capabilities and significantly expanded our retail distribution network. The number of investor folios added increased 4X in FY18 while addition of the sticky "Systematic Investment Plans" (SIPs) grew 2X.

I am pleased to place on record our improved fund performance during the year. The proportion of equity funds as a part of AUM rose to 29 percent from 22 percent in the previous year, driven by a significant increase in our gross equity fund sales. We now have seventeen funds with AUM of over ₹ 1,000 crore as against thirteen funds in the previous fiscal. The profits of our AMC business were lower at ₹ 54 crore in FY18, as we made substantial investments in expanding our retail distribution network.

Our other subsidiary, IDFC Infrastructure Finance Limited, ended the year with a loan book of ₹ 4,220 crore, across a well-diversified portfolio of roads, renewables, education, healthcare, telecom, SEZ, and transmission among others. The asset quality continues to be pristine and the pipeline for disbursements remains healthy.

In our Securities business, notwithstanding the structural issues faced by the industry, we continued to do well. We strengthened our institutional sales and research to service domestic institutional investors and FIIs. This resulted in a well-diversified revenue mix across geographies and customer segments. In FY18, this business delivered a revenue of ₹ 105 crore and a net profit of ₹ 23 crore.

IDFC Alternatives has entered into a definitive agreement with Global Infrastructure Partners India, for the sale of its infrastructure asset management business. All necessary regulatory approvals for the sale have been received. The Company is also evaluating divestiture of the Private Equity and Real Estate platforms.

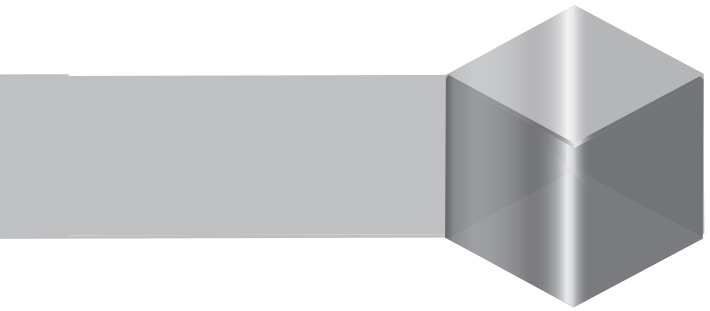
To sum up, FY18 has been a landmark year for us. I am proud of our employees who, despite the challenges faced, have worked hard to create consistent value for the company. I take this opportunity to thank each one of them for their sincere efforts.

I also thank you - our valued Shareholders, for placing your confidence in us. I look forward to your continued support.



Vinod Rai
Independent Non-Executive Chairman

COMPANY INFORMATION



BOARD OF DIRECTORS

MR. VINOD RAI
Independent Non-Executive Chairman

MR. GAUTAM KAJI
Independent Director

MR. S S KOHLI
Independent Director

MR. DONALD PECK
Independent Director

MS. MARIANNE ØKLAND
Independent Director

MR. MANISH KUMAR
Nominee-Government of India
(till June 11, 2018)

MR. SOUMYAJIT GHOSH
Nominee-Government of India

MR. CHINTAMANI BHAGAT
Nominee-Domestic & Foreign
Institutional Shareholders

MR. SUNIL KAKAR
Managing Director & CEO
(w.e.f. July 16, 2017)

MR. VIKRAM LIMAYE
Managing Director & CEO
(till July 15, 2017)

OFFICES

REGISTERED OFFICE

CHENNAI

KRM Towers, 7th Floor,
No. 1, Harrington Road, Chetpet,
Chennai 600 031, Tamil Nadu, India.
TEL : +91 44 4564 4000
FAX : +91 44 4564 4022

CORPORATE OFFICE

MUMBAI

Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051, Maharashtra, India.
TEL : +91 22 4222 2000 / +91 22 7132 5500
FAX : +91 22 2654 0354

CORPORATE INFORMATION

CIN: L65191TN1997PLC037415
www.idfc.com
info@idfc.com

COMPANY SECRETARY

Mr. Amol Ranade

PRINCIPAL BANKER

IDFC Bank Limited

STATUTORY AUDITORS

Price Waterhouse & Co.
Chartered Accountants LLP

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited
(Unit: IDFC Limited)
Karvy Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District,
Nanakramguda, Serilingampally
Hyderabad 500 032, Telangana, India.
Tel: +91 40 6716 1500
Fax: +91 40 2342 0814
E-mail: einward.ris@karvy.com



BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-First Annual Report on the business and operations of the Company together with the audited financial statements for the financial year ended March 31, 2018.

OPERATIONS REVIEW

Effective October 1, 2015 post demerger of Financing Undertaking into IDFC Bank Limited (**"IDFC Bank"**), IDFC Limited (**"IDFC"** or **"the Company"**) is operating as an NBFC – Investment Company mainly holding investment in IDFC Financial Holding Company Limited (**"IDFC FHCL"**) which is a non-operative financial holding company. IDFC FHCL in turn holds investments in IDFC Bank, IDFC Asset Management Company Limited, IDFC Alternatives Limited, IDFC Securities Limited and IDFC Infrastructure Finance Limited.

During the year, Balance Sheet size decreased from ₹ 9,878 crore as on March 31, 2017 to ₹ 9,785 crore as on March 31, 2018. Profit after tax was higher at ₹ 148.43 crore for FY 2017-18 as compared to ₹ 55.75 crore in FY17. Net worth of the Company increased from ₹ 9,650 crore as on March 31, 2017 to ₹ 9,760 crore as on March 31, 2018.

During the year, the Company transferred ₹ 30 crore to Special Reserve u/s 45-IC of Reserve Bank of India (**"RBI"**) Act, 1934.

Details of business overview and outlook of the Company and its subsidiaries are appearing in the chapter Management Discussion and Analysis which forms part of this report.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.75 per equity share of ₹ 10 each (i.e. 7.5 %) for the year ended March 31, 2018.

The Register of Members and Share Transfer Books will remain closed from July 25, 2018 to July 31, 2018 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2018.

Dividend will be paid to those Members whose names appear in the Register of Members as on July 24, 2018. In respect of shares held in dematerialised form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date. Above dividend would be paid subject to approval by the Members at the ensuing Annual General Meeting (**"AGM"**).

01 SUBSIDIARY COMPANIES

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
Domestic Subsidiaries			
i.	IDFC Financial Holding Company Limited (**"IDFC FHCL"**)	Direct	100
ii.	IDFC Foundation (a Company within the meaning of section 8 of the Act)	Direct	100
iii.	IDFC Projects Limited	Direct	100
iv.	IDFC Bank Limited	Indirect through IDFC FHCL	52.80
v.	IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	Indirect through IDFC Bank	52.80
vi.	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	Indirect through IDFC FHCL	81.48
vii.	IDFC Alternatives Limited	Indirect through IDFC FHCL	100
viii.	IDFC Trustee Company Limited	Indirect through IDFC FHCL	100
ix.	IDFC Securities Limited	Indirect through IDFC FHCL	100
x.	IDFC Asset Management Company Limited (**"IDFC AMC"**)	Indirect through IDFC FHCL	100
xi.	IDFC AMC Trustee Company Limited	Indirect through IDFC FHCL	100
Foreign Subsidiaries			
i.	IDFC Capital (Singapore) Pte. Limited	Indirect through IDFC Alternatives	100
ii.	IDFC Securities Singapore Pte. Limited	Indirect through IDFC Securities	100
iii.	IDFC Capital (USA) Inc.	Indirect through IDFC Securities	100
iv.	IDFC Investment Managers (Mauritius) Ltd.	Indirect through IDFC AMC	100
Associate			
i.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Projects Limited	26
Joint Ventures			
i.	Delhi Intigrated Multi - Modal Transit System Limited	Indirect through IDFC Foundation	50
ii.	Infrastructure Development Corporation (Karnataka) Limited (**"iDeck"**)	Indirect through IDFC Foundation	49.49
iii.	Rail Infrastructure Development Company (Karnataka) Limited	Indirect through iDeck	24.71

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**), IDFC had formulated a Dividend Distribution Policy. The policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its Shareholders and / or retaining profits earned by the Company. The said policy is hosted on the website of the Company and can be viewed at http://www.idfc.com/investor_relations/corporate_governance_policies.htm.

SUBSIDIARY COMPANIES

The Company has eleven domestic direct / indirect subsidiaries, four foreign indirect subsidiaries, one Associate Company and three Joint Ventures as on March 31, 2018 which are given in **Table 1**.

IDFC ALTERNATIVES LIMITED

IDFC Alternatives Limited has entered into a definitive agreement with Global Infrastructure Partners India for the sale of its infrastructure asset management business. All necessary regulatory approvals for the sale have been received. IDFC Alternatives will continue to manage Private Equity and Real Estate funds and the aforementioned sale to Global Infrastructure Partners India will not have any impact on its Private Equity and Real Estate verticals. IDFC Limited is evaluating divestiture of the Private Equity and Real Estate platform but no definitive agreement has been signed yet.

EXCLUSIVITY AGREEMENT WITH SHRIRAM GROUP

IDFC Group and Shriram Group had signed an exclusivity agreement on July 8, 2017 to allow for due diligence and discussions to arrive at an agreement on a transaction structure and swap ratio for a strategic combination between certain businesses of the Shriram Group with IDFC Limited and IDFC Bank.

However, despite best efforts, the two groups were not able to reach an agreement on a mutually acceptable swap ratio.

Accordingly, the exclusivity period was terminated with effect from October 30, 2017.

IDFC Bank, while focusing on enhancing its strategic momentum, continued to explore opportunities for inorganic growth as well.

PROPOSED MERGER OF CAPITAL FIRST GROUP WITH IDFC BANK

The Board of Directors of IDFC Bank and Capital First Limited (**"Capital First"**) at their respective meetings held on January 13, 2018 had approved a composite scheme of amalgamation (**"Scheme"**) of Capital First, Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (**"Amalgamation"**).

The share exchange ratio for the Amalgamation was approved to be 139 (One Hundred and Thirty Nine) fully paid-up equity shares of IDFC Bank for every 10 (Ten) fully paid-up equity shares held in Capital First.

As on the date of this report, the Scheme has received;

a. Approvals from National Housing Bank and Competition Commission of India;

b. Approvals from BSE Limited and National Stock Exchange of India Limited (in the capacity of a SEBI registered Stock Broker);

c. No Objection Letters from BSE Limited and National Stock Exchange of India Limited under Regulation 37 of SEBI LODR Regulations;

d. No Objection Letter from RBI under RBI (Amalgamation of Private Sector Banks) Directions, 2016.

IDFC Bank has filed an application with the National Company Law Tribunal (**"NCLT"**), Chennai Bench seeking its direction for convening meetings of the Shareholders and Creditors of IDFC Bank.

On receipt of directions from the NCLT, IDFC Bank shall convene meetings of its Shareholders and Creditors, as may be required.

Subsequent to the receipt of approval of the Shareholders and Creditors, IDFC Bank shall file a Petition with the NCLT for its final approval to the Scheme.

JOINT VENTURES

Additionally, IDFC Foundation, a Section 8 Company within the meaning of the Companies Act, 2013 **("Act")** and a wholly owned subsidiary of the Company has Joint Venture with Uttarakhand Infrastructure Development Company Limited (**"UDeC"**) which is under liquidation.

ASSOCIATES

Additionally, IDFC Bank has one associate company namely Millennium City Expressways Private Limited.

CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of IDFC reviews the affairs of its subsidiary companies regularly. In accordance with the provisions of Section 129(3) of the Act, the Company has prepared Consolidated Financial Statements including requisite details of all the subsidiaries. Further, a statement containing the salient features of performance and financial positions of all the subsidiary companies / associates / joint ventures in the format AOC-I is appended as **Annexure 1**.

In accordance with Section 136 of the Act, the audited Financial Statements together with the Consolidated Financial Statements and related information of the Company and audited accounts of each subsidiary company are available on the website of the Company: www.idfc.com.

Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources and IDFC Foundation activities, have been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 8 employees as on March 31, 2018 and 10,073 employees at the group level. In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company. The said information is available for inspection at the Registered Office and Corporate Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Disclosure pertaining to remuneration & other details as required under section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, are appended as **Annexure 2**.

SHARE CAPITAL UPDATE

During the year, the Company issued and allotted 412,996 equity shares to eligible employees of IDFC and its subsidiaries on exercise of options granted under Employee Stock Option Scheme 2016 (**"IDFC ESOS -2016"**). As on March 31, 2018, the total paid up capital of IDFC was 1,596,354,566 equity shares of ₹ 10 each.

MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of SEBI LODR Regulations, separate detailed

chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

As per Regulation 34(2)(f) of SEBI LODR Regulations and Notifications issued from time to time, a separate report called Business Responsibility Report (**"BRR"**) describing the initiatives taken by IDFC from an environmental, social and governance perspective is hosted on the Company's website: www.idfc.com which forms part of this Annual Report.

Any Member interested in obtaining a physical copy of the same may write to the Company by sending an e-mail on shareholders@idfc.com.

PUBLIC DEPOSITS

During FY18, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Post demerger of financing undertaking into IDFC Bank w.e.f. October 1, 2015, IDFC is registered with RBI as NBFC – Investment Company. Being an investment company, the provisions of Section 186 of the Act are not applicable to IDFC. Hence, the requisite details of loans, guarantees and investments are not given.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

IDFC has put in place a Whistle Blower Policy, which includes reporting to the Management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Audit Committee directly oversees the Vigil Mechanism. The provisions of the policy are also in line with the provisions of Section 177 (9) & (10) of the Act.

The details of Whistle Blower Policy / Vigil Mechanism are posted on the website of the Company: www.idfc.com.

FOREIGN EXCHANGE

There were no foreign exchange earnings during the year. The particulars regarding foreign exchange expenditure are furnished at Item No. 25 in the Notes forming part of the Standalone Financial Statements.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 are not applicable to IDFC.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year Mr. Vikram Limaye (DIN: 00488534) resigned as the Managing Director and Chief Executive Officer (**"MD & CEO"**) of the Company w.e.f. July 15, 2017. The Board places on record its sincere appreciation for the valuable contribution and services rendered by him during his tenure with IDFC Group. Subsequently, the Board appointed Mr. Sunil Kakar (DIN: 03055561) as MD & CEO of the Company w.e.f. July 16, 2017. The Shareholders at its 20th AGM held on July 28, 2017 approved the appointment of Mr. Sunil Kakar as MD & CEO of the Company for a period of three years w.e.f. July 16, 2017.

The Shareholders of the Company at its 20th AGM held on July 28, 2017 approved the reappointment of Mr. S S Kohli and Ms. Marianne Økland for a period of 2

years from conclusion of the 20th AGM till the conclusion of 22nd AGM to be held for FY19.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Act, Mr. Soumyajit Ghosh (DIN: 07698741) would retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

The Shareholders of the Company at its 16th AGM held on July 29, 2013 appointed Mr. Vinod Rai (DIN: 01119922) as Director in the category of Independent Director (**"ID"**) to hold office till the conclusion of the ensuing AGM. Considering that his valuable contribution would be of immense benefit to the Company and based on the recommendation of the Nomination and Remuneration Committee (**"NRC"**)the Board of Directors approved the reappointment of Mr. Vinod Rai as Director of the Company in the category of ID, for a period of 3 years, to hold office from the conclusion of the ensuing AGM to be held on July 31, 2018 till July 30, 2021. In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his intention to propose Mr. Vinod Rai for the office of Independent Director of the Company. Approval of the Shareholders is sought for reappointment of Mr. Vinod Rai at the ensuing AGM.

Mr. Manish Kumar (DIN: 07379535) who was on the Board of the Company as nominee of Government of India (**"GoI"**) ceased to be a Nominee Director w.e.f. June 11, 2018 as directed by GoI, Ministry of Finance, Department of Financial Services. The Board places on record its sincere appreciation for the valuable contribution and services rendered by him.

The Shareholders of the Company at its 19th AGM held on July 27, 2016 reappointed Mr. Gautam Kaji and Mr. Donald Peck for their 2nd term till the conclusion of the 21st AGM (ensuing AGM). Pursuant to the provisions of the Act read with the Rules made thereunder and SEBI LODR Regulations, Mr. Gautam Kaji and Mr. Donald Peck shall complete their 2nd term at the conclusion of ensuing AGM and will cease to be IDs of the Company. The Board places on record its sincere appreciation for their long association and valuable contribution to IDFC.

During the year, Mr. Bipin Gemani resigned as the Chief Financial Officer (**"CFO"**) of the Company w.e.f. January 12, 2018 in view of his appointment as Interim CFO at IDFC Bank Limited. The Company is in process of appointing suitable candidate for the post of CFO. Mr. Ketan S. Kulkarni resigned as the Company Secretary & Compliance Officer of the Company w.e.f. January 31, 2018 and Mr. Amol Ranade was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. February 1, 2018.

FRAMEWORK FOR APPOINTMENT OF DIRECTORS

The Company has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Company.

DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act.

SPECIAL BUSINESS

The Board of Directors recommends the following items under special business for approval of the Shareholders at the ensuing AGM:

a. Payment of Commission to Non-Executive Directors.
b. Reappointment of Mr. Vinod Rai (DIN: 01119922) as an ID.
c. Offer and Issue of Non-Convertible Securities through Private Placement basis.
d. Alteration of Articles of Association of the Company.

SHAREHOLDERS' UPDATE

PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

The Shareholders of the Company at its 16th AGM held on July 29, 2013, had accorded their approval for the payment of remuneration by way of commission or otherwise, not exceeding in aggregate of 1% of the Net Profits of the Company, to be paid to and distributed amongst any or all Non-Executive Directors (**"NEDs"**) of the Company for a period of five years commencing from April 1, 2013 to March 31, 2018. NRC and the Board of Directors of the Company have recommended to continue compensating NEDs which shall not exceed in aggregate of 1% of the Net Profits of the Company as computed in the manner provided in Section 198 of the Companies Act, 2013; for their time and efforts as they bring with them significant professional expertise and rich experience across a wide spectrum of functional areas and it is necessary that adequate compensation should be given to NEDs for the valuable contribution made by them towards the business of the Company. The resolution seeking approval of the Shareholders regarding the same forms part of the Notice of ensuing AGM.

OFFER AND ISSUE OF NON-CONVERTIBLE SECURITIES THROUGH PRIVATE PLACEMENT BASIS

IDFC has been borrowing through issue of Secured Redeemable Non-Convertible Debentures (**"NCDs"**) and Commercial Papers (**"CPs"**) on Private Placement (**"PP"**) basis, from time to time. Section 42 of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, lays down the provisions subject to which a company is allowed to issue securities on PP basis. In view of the same, it is proposed to seek approval of the Shareholders for

borrowing, from time to time, by issuance of Non-Convertible Securities, on PP basis, including but not limited to NCDs and CPs up to an amount not exceeding ₹ 2,000 crore (Rupees Two Thousand crore only), which shall be within the overall borrowing limit of ₹ 10,000 crore (Rupees Ten Thousand crore only) as approved by the Shareholders at its 19th AGM under Section 180(1)(c) of the Act, under one or more shelf disclosure documents, for a period of one year from the conclusion of 21st (Twenty-First) AGM on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be. The Board of Directors recommends the same to the Shareholders of the Company. The resolution seeking approval of the Shareholders regarding the same forms part of the Notice of ensuing AGM.

ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

RBI, while issuing Banking licence to IDFC being promoter of IDFC Bank, had stipulated certain terms and conditions, one of which being restrictions on the transfer of shares of IDFC that no person, without obtaining prior approval of RBI, directly or indirectly, by himself or acting in concert with any other person, can acquire 5% or more paid up equity share capital or voting rights therein of IDFC, which acquisition taken together with the shares / voting rights / compulsorily convertible debentures / bonds, if any, already held by him or his relative or associate enterprise or person acting in concert with him and / or which may result in aggregate shareholding or voting rights therein of 5% or more (directly or indirectly) in IDFC Bank, in a transaction or in series of transactions.

Further, Section 58 of the Act provides that the shares of a public company are freely transferable. However, Section 58(4) of the Act, recognises that in certain cases, the Board of Directors of a Company can refuse to register a transfer. Such a refusal can only be made for a "sufficient cause". The power to refuse a transfer can only be used under limited circumstances such as requirement of RBI in this case.

Before obtaining Banking license, the existing Article 60A was inserted in the Articles of Association (**"AoA"**)after taking approval of the Shareholders on March 30, 2015 by way of postal ballot. These articles restricted aggregate indirect shareholding of any individual or entity or group in IDFC Bank being equivalent to 5% or more of the paid-up voting equity capital of IDFC Bank, in order to avoid hostile takeover of IDFC / IDFC Bank.

However, banking license conditions prescribed by RBI on IDFC being promoter of IDFC Bank Limited requires putting the same restriction on aggregate shareholding of any person / person(s) acting in concert in IDFC Limited holding equivalent to 5% or more of the paid-up voting equity capital of IDFC.

In order to comply with the restrictions relating to transfer of shares in certain circumstances as required above, it is proposed to replace the existing Article 60A of the AoA. The Board of Directors recommends the same to the Shareholders of the Company. The resolution seeking approval of the Shareholders regarding the same forms part of the Notice of ensuing AGM.

BOARD AND ITS COMMITTEES

During the year, 8 (eight) Board Meetings and 4 (four) Audit Committee Meetings were held. Audit Committee comprises of Mr. Gautam Kaji (DIN: 02333127) - Chairman, Mr. Vinod Rai (DIN: 01119922) and Ms. Marianne Økland (DIN: 03581266).

All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION

Pursuant to SEBI LODR Regulations and the Act, the process indicating the manner in which formal annual evaluation of the Chairman, Directors, Board as a whole and Board level committees is given in the Corporate Governance Report, which forms part of this Annual Report

NOMINATION & REMUNERATION COMMITTEE / REMUNERATION POLICY

The Company has a policy in place for identification of independence, qualifications and positive attributes of Directors. IDFC has put in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees.

The remuneration of the Executive Director and KMPs is recommended by NRC to the Board for its approval.

AUDITORS

STATUTORY AUDITORS

At the AGM of the Company held on July 28, 2017, the Shareholders had approved the appointment of Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E / E300009) (**"PWC"**) as Statutory Auditors for a period of 5 years to hold office from the conclusion of the 20th AGM till the conclusion of the 25th AGM of the Company subject to ratification by the Shareholders at every AGM. PWC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY19.

In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY18. The Secretarial Audit Report is appended as **Annexure 3**.

There are no qualifications or observations or adverse remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the Secretarial Standard-I issued by the Institute of Company Secretaries of India pertaining to Board of Directors, the Company confirms that all applicable Secretarial Standards have been duly complied with during the period under review.

INTERNAL CONTROL SYSTEMS

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal Audit of the Company is regularly carried out. The Audit Reports of Internal Auditors i.e. KPMG, along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

KPMG verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. Subsequently, it was placed before the Audit Committee of the Company.

RISK MANAGEMENT POLICY

IDFC as a group, has a robust risk management practice that enables it to book, manage and mitigate risks in all its businesses. The Company has a comprehensive Enterprise Risk Management framework which has been adopted across all entities in the group and covers all three types of risks— credit, market and operational risks. The Board through its Risk Management Committee monitors and reviews risk management of the group on a regular basis. Our Company has Board approved Group Operational Risk Management Policy which endeavours to lay down broad principles for operational risk management. The details of Risk Management Framework are provided in Management Discussion and Analysis.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of IDFC which has occurred between the end of FY18 and the date of this Board's report.

INSTANCES OF FRAUD REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the period under review, there were no significant and material orders passed by the Regulators / Courts / Tribunals.

ANTI SEXUAL HARASSMENT POLICY

The Company has in place the policy on Anti Sexual Harassment. The Company undertakes ongoing trainings to create awareness on this policy. There were no instances of Sexual Harassment that were reported during the period under review. The Company has constituted an Internal Complaints Committee for

redressal of complaints and to prevent sexual harassment.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

- In that in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- In that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date.
- In that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- In that the annual financial statements have been prepared on a going concern basis;
- In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- In that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

GREEN INITIATIVE

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those Shareholders whose e-mail Ids are registered with the Company and / or the Depository Participants.

Your Directors are thankful to the Shareholders for their active participation in this Green Initiative.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return for FY18 in the prescribed Form No. MGT-9 is appended as **Annexure 4**.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee, as constituted under section 135 of the Act, comprises of Mr. Sunil Kakar (DIN: 03055561) Chairman, Mr. Donald Peck (DIN: 00140734) and Mr. S S Kohli (DIN: 00169907).

The disclosure of contents of the Corporate Social Responsibility Policy of the Company as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 forms part of the Board's Report and appended as **Annexure 5**.

RELATED PARTY TRANSACTIONS

The Company has in place the policy on Related Party Transactions and the same has been uploaded on the website of the Company i.e. www.idfc.com. In all related party transactions that were entered into during the financial year, an endeavour was made consistently that they were on an arm's length basis and were in the ordinary course of business. IDFC has always been committed to good corporate governance practices, including matters relating to Related Party Transactions.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during the year by your Company.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC Employee Stock Option Scheme, 2016 (**"IDFC ESOS - 2016"**) to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

All Options vest in graded manner and are required to be exercised within a specific period. The Company has used the intrinsic value method to account for the compensation cost of stock to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the Option.

Disclosures as required under the SEBI (Share Based Employee Benefits) Regulations, 2014, are hosted on the Company's website: www.idfc.com which forms part of this Annual Report.

ACKNOWLEDGEMENTS

We are grateful to the Government of India, State Governments, RBI, SEBI, Stock Exchanges, various Ministries and other domestic and overseas regulatory bodies for their continuous collaboration and support. We would like to thank all our Shareholders, Banks for their co-operation and assistance during the year under review.

We would like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Group.

FOR AND ON BEHALF OF THE BOARD

Vinod Rai
Independent Non-Executive Chairman

Mumbai | June 26, 2018

ANNEXURE 1

AOC - I STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules, 2014]

PART A SUBSIDIARIES

SR. NO.	NAME OF THE SUBSIDIARY COMPANIES	DATE SINCE WHEN SUBSIDIARY ACQUIRED / INCORPORATED	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Alternatives Limited	November 7, 2002	0.22	321.43	394.06	72.41
	(Previous Year)		0.22	329.02	374.08	44.84
2	IDFC AMC Trustee Company Limited	May 30, 2008	0.05	0.15	0.23	0.03
	(Previous Year)		0.05	0.10	0.16	0.01
3	IDFC Asset Management Company Limited	May 30, 2008	2.68	201.86	296.18	91.64
	(Previous Year)		2.68	220.73	276.31	52.90
4	IDFC Capital (Singapore) Pte. Ltd.*	January 2, 2008	246.22	(47.02)	199.73	0.53
	(Previous Year)		246.22	(48.98)	197.51	0.27
5	IDFC Capital (USA) Inc.*	August 3, 2009	4.62	1.66	6.36	0.08
	(Previous Year)		4.62	1.53	6.29	0.14
6	IDFC Foundation (unaudited)	March 4, 2011	13.00	4.78	79.87	62.09
	(Previous Year)		13.00	4.75	99.77	82.02
7	IDFC Investment Managers (Mauritius) Limited*	September 13, 2010	2.51	(1.21)	1.37	0.07
	(Previous Year)		2.51	(1.00)	1.57	0.06
8	IDFC Projects Limited	December 2, 2007	34.05	(151.36)	0.68	117.99
	(Previous Year)		34.05	(141.28)	4.04	111.27
9	IDFC Securities Limited	October 22, 2007	14.14	155.08	193.02	23.80
	(Previous Year)		14.14	131.72	205.45	59.59
10	IDFC Securites Singapore Pte. Ltd*	November 21, 2012	14.91	(12.16)	3.16	0.41
	(Previous Year)		14.91	(11.50)	3.65	0.24
11	IDFC Trustee Company Limited	October 11, 2002	0.05	5.92	6.34	0.37
	(Previous Year)		0.05	4.95	5.01	0.01

₹ IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	EXTEND OF SHAREHOLDING (IN %)	
						PREFERENCE	EQUITY
332.26	104.47	(15.88)	(8.29)	(7.59)	-	-	100
313.18	124.78	28.39	9.35	19.04	-	-	100
-	0.18	0.07	0.02	0.05	-	-	100
-	0.18	0.06	0.02	0.04	-	-	100
225.02	303.08	81.22	26.74	54.48	1200	-	100
233.45	291.96	140.00	42.72	97.28	2275	-	100
116.58	7.74	1.32	-	1.32	-	-	100
127.02	8.05	(0.87)	-	(0.87)	-	-	100
-	3.46	0.23	0.12	0.11	-	-	100
-	3.36	0.22	0.20	0.02	-	-	100
46.51	35.91	0.03	-	0.03	-	-	100
36.87	12.50	0.12	-	0.12	-	-	100
-	-	(0.21)	-	(0.21)	-	-	100
-	-	(0.22)	-	(0.22)	-	-	100
0.17	-	(10.16)	(0.09)	(10.07)	-	-	100
3.52	-	(52.73)	0.30	(53.03)	-	-	100
26.17	92.08	37.11	13.75	23.36	150	-	100
20.13	67.82	16.63	5.44	11.19	-	-	100
-	3.33	(0.67)	-	(0.67)	-	-	100
-	2.10	(1.63)	-	(1.63)	-	-	100
5.57	0.91	1.30	0.33	0.97	-	-	100
2.28	0.89	1.47	0.36	1.11	-	-	100

PART A **SUBSIDIARIES** (CONTD.)

SR. NO.	NAME OF THE SUBSIDIARY COMPANIES	DATE SINCE WHEN SUBSIDIARY ACQUIRED / INCORPORATED	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
12	IDFC Infrastructure Finance Limited	March 7, 2014	540.00	198.87	4,475.07	3,736.20
	(Previous Year)		540.00	112.37	2,837.04	2,184.67
13	IDFC Financial Holding Company Limited	November 7, 2014	9,029.24	91.18	9,120.71	0.29
	(Previous Year)		9,029.24	30.73	9,060.27	0.30
14	IDFC Bank Limited	October 21, 2014	3,404.07	11,852.46	126,520.18	111,263.65
	(Previous Year)		3,399.01	11,279.04	112,159.66	97,481.61
15	IDFC Bharat Limited	October 13, 2016	5.58	169.43	229.15	54.14
	(Previous Year)		5.58	161.61	233.94	66.75

PART B **ASSOCIATES AND JOINT VENTURES**

SR. NO.	PARTICULARS	DELHI INTIGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED	RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED	JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED
1	Latest audited Balance Sheet Date	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2018
2	Date on which the Associate or Joint Venture was associated or acquired	March 23, 2011	March 23, 2011	March 23, 2011	January 11, 2011
3	Shares of associate held by the Company				
	Number of Equity Shares	73,045	4,948,996	1,237	42,637,400
	Amount of investment in associate companies (₹ in crore)	14.73	15.48	0.01	104.23
	Extent of Holding (%)	50%	49.49%	24.71%	26.00%
4	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Associate
5	Reason why the associate is not consolidated	See Note 5	See Note 5	See Note 5	See Note 6
6	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)	45.82	30.72	1.72	(23.83)
7	Profit / (Loss) for the year ended (₹ in crore)	10.81	5.12	0.74	(26.09)
	i. Considered in Consolidation	-	-	-	-
	ii. Not Considered in Consolidation	10.81	5.12	0.74	(26.09)

(i) Names of associates or joint ventures which are yet to commence operations. **NA**
(ii) Names of associates or joint ventures which have been liquidated or sold during the year.

- Uttarakhand Infrastructure Development Company Limited (Under Liquidation) - joint venture of IDFC Foundation is under liquidation.
- During the year, Feedback Infra Private Limited ceased to be Associate Company of IDFC Bank due to sale of partial stake resulted in change in its holding from 24.61% to 17.77%

Note 1: The group has significant influence through holding more than 20% of the equity shares in the investee company in terms of Accounting Standard 23, issued by ICAI.
Note 2: Delhi Integrated Multi Modal Transit System Limited and Infrastructure Development Corporation (Karnataka) Limited are Joint Ventures of IDFC Foundation.
Note 3: Rail Infrastructure Development Company (Karnataka) Limited is Joint Venture of Infrastructure Development Corporation (Karnataka) Limited.
Note 4: Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Projects Limited.
Note 5: Refer Note 3(c) of Consolidated Financial Statements.
Note 6: Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated.

₹ IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	EXTEND OF SHAREHOLDING (IN %)	
						PREFERENCE	EQUITY
158.00	336.52	86.49	-	86.49	-	-	81.48
125.28	206.93	70.84	-	70.84	-	-	81.48
8,984.07	202.69	202.30	1.90	200.40	-	-	100
8,984.07	111.32	111.08	1.72	109.36	-	-	100
61,201.53	8,930.00	1,027.30	168.00	859.30	7.50	-	52.80
50,471.70	8,532.71	1,470.96	451.22	1,019.74	7.50	-	52.88
-	177.29	32.95	11.70	21.25	1400#	-	52.80
-	262.95	20.90	8.49	12.41	-	-	52.88

Note: There are no subsidiaries which are yet to commence operations.
No subsidiaries have been liquidated or sold during the year.
Includes interim dividend of 200% on equity shares paid during the year. Further, In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend of 1200% is not recognised as a liability by the subsidiary as on March 31, 2018.
* Exchange rate:
Closing Rate : 1 USD = ₹ 65.0441
Average Rate : 1 USD = ₹ 64.4932

For and on behalf of the Board of Directors of
IDFC Limited

Vinod Rai
Non-Executive Chairman

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

Mumbai | April 27, 2018

ANNEXURE 2

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended from time to time.:

i. **The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year**
   The ratio of the remuneration of MD & CEO to the median remuneration of the employees of IDFC Limited for FY18 was 22 X.
ii. **The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year**
   MD & CEO - 5%
   CFO - 5%
   CS - 5%
iii. **The percentage increase in the median remuneration of employees in the financial year**
   The median pay increase for eligible employees was 5%.
iv. **The number of permanent employees on the rolls of the Company**
   There were 8 employees of the Company as on March 31, 2018
v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**
   Average percentile increase for Managerial Personnel for the last financial year was 5%. Average percentile increase for employees other than the Managerial Personnel for the last financial year was 5%. The average percentile increase in the remuneration of employees compared to increase in remuneration of Key Managerial Personnel as per the Act is in line with the compensation benchmark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.
vi. **Affirmation that the remuneration is as per the remuneration policy of the Company**
   We confirm.

Note: The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the Shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

ANNEXURE 3

SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2018 [Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IDFC Limited,
KRM Towers, 7th Floor,
No. 1, Harrington Road, Chetpet,
Chennai 600 031,
Tamil Nadu

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2018 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

v. Other laws as applicable specifically to the Company:
Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and other relevant guidelines and circulars issued by the Reserve Bank of India from time to time and to the extent of capital adequacy norms and periodic reporting to be done by the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

During the audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the audit period under review, provisions of the following Act / Regulations were not applicable to the Company:

a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d. The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998;

e. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and

obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any Member of the Board of Directors during the period under review.

We further report that –

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that-

During the audit period, the Company has Obtained approval from its Members at 20th Annual General Meeting of the Company held on 28th July 2017, for an amount not exceeding ₹ 10,000 crore (Rupees Ten Thousand crore only). The said limit of ₹ 10,000 crore shall be within the overall borrowing limit as approved by the Shareholders at the 19th (Nineteenth) AGM under Section 180(1)(c) of the Companies Act, 2013.

For BNP & ASSOCIATES
Company Secretaries

B. Narasimhan
Partner
FCS 1303
COP No. 10440

Mumbai | April 27, 2018

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

To,
The Members,
IDFC Limited,

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **IDFC Limited** (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & ASSOCIATES
Company Secretaries

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440

Mumbai | April 27, 2018

ANNEXURE 4

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

For the financial year ended March 31, 2018

[Pursuant to Section 92(3) of the Act and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

01 REGISTRATION AND OTHER DETAILS

1	CIN	L65191TN1997PLC037415
2	Registration Date	January 30, 1997
3	Name of the Company	IDFC Limited
4	Category / Sub-Category of the Company	Non Banking Financial Company - Investment Company
5	Address of the Registered office and contact details	KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India. Tel.: +91 44 4564 4000 Fax No.: +91 44 4564 4022
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, (Unit: IDFC Limited), Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032. Tel.: +91 40 6716 1500 Fax No.: +91 40 2342 0814

02 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER
1	NBFC (IC) registered with RBI	IDFC Limited holds a certificate of registration bearing no. B-07.00718 issued by RBI to carry on the activities of a Non-Banking Financial Company (**"NBFC"**) under Section 45 IA of RBI Act, 1934 in the category of Investment Company (**"IC"**)	100

03 PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	Subsidiary	100	2(87)
2	IDFC Alternatives Limited	U67190MH2002PLC137798	Subsidiary	100	2(87)
3	IDFC Capital (Singapore) Pte. Limited	Foreign Company	Subsidiary	100	2(87)
4	IDFC Trustee Company Limited	U65990MH2002PLC137533	Subsidiary	100	2(87)
5	IDFC Securities Limited	U99999MH1993PLC071865	Subsidiary	100	2(87)
6	IDFC Securities Singapore Pte. Limited	Foreign Company	Subsidiary	100	2(87)
7	IDFC Capital (USA) Inc.	Foreign Company	Subsidiary	100	2(87)
8	IDFC Asset Management Company Limited	U65993MH1999PLC123191	Subsidiary	100	2(87)
9	IDFC Investment Managers (Mauritius) Limited	Foreign Company	Subsidiary	100	2(87)
10	IDFC AMC Trustee Company Limited	U69990MH1999PLC123190	Subsidiary	100	2(87)
11	IDFC Projects Limited	U45203MH2007PLC176640	Subsidiary	100	2(87)
12	IDFC Foundation	U93000DL2011NPL215231	Subsidiary	100	2(87)
13	IDFC Infrastructure Finance Limited	U67190MH2014PLC253944	Subsidiary	81.48	2(87)
14	IDFC Bank Limited	L65110TN2014PLC097792	Subsidiary	52.8	2(87)
15	IDFC Bharat Limited	U65929TN2003PLC050856	Subsidiary	52.8	2(87)
16	Jetpur Somnath Tollways Private Limited	U74120HR2011PTC058062	Associate[1]	26	2(6)
17	Delhi Integrated Multi Modal Transit System Limited	U60232DL2006PLC148406	Joint Venture[2]	50	2(6)
18	Infrastructure Development Corporation (Karnataka) Limited	U45203KA2000PLC027382	Joint Venture[2]	49.49	2(6)
19	Uttarakhand Infrastructure Development Company Limited[4]	U65993UR2002SGC027065	Joint Venture[2]	49.9	2(6)
20	Rail Infrastructure Development Corporation (Karnataka) Limited	U60100KA2000PLC028171	Joint Venture[3]	24.71	2(6)

1 Associate of IDFC Projects Limited.

2 Joint Venture of IDFC Foundation (a Company within the meaning of Section 8 of the Act).

3 Joint Venture of Infrastructure Development Corporation (Karnataka) Limited.

4 Under liquidation.

04 SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

I CATEGORY-WISE SHARE HOLDING

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									-
	Total A	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds / UTI	220729497	0	220729497	13.83	258079430	0	258079430	16.17	2.34
(b)	Financial Institutions / Banks	15548025	0	15548025	0.97	12784574	0	12784574	0.80	(0.17)
(c)	Central Government / State Government(s)	261400000	0	261400000	16.38	261400000	0	261400000	16.37	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	48522313	0	48522313	3.04	47133555	0	47133555	2.95	(0.09)
(f)	Foreign Institutional / Portfolio Investors	612625873	0	612625873	38.39	512116653	0	512116653	32.09	(6.31)
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	4436433	0	4436433	0.28	0	0	0	0.00	(0.28)
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	**1163262141**	**0**	**1163262141**	**72.89**	**1091514212**	**0**	**1091514212**	**68.38**	**(4.51)**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	73074983	0	73074983	4.58	82331824	0	82331824	5.16	0.58
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	170033747	32697	170066444	10.65	167818085	27250	167845335	10.52	(0.14)
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	136825512	0	136825512	8.57	217177312	0	217177312	13.60	5.03
(c)	Others									
	Clearing Members	18191435	0	18191435	1.14	8664960	0	8664960	0.54	(0.60)
	Non Resident Indians	11495261	0	11495261	0.72	9059895	0	9059895	0.57	(0.15)
	NRI Non-Repatriation	3825815	0	3825815	0.24	7532014	0	7532014	0.47	0.23
	Trusts	18277715	0	18277715	1.15	12026694	0	12026694	0.75	(0.39)
	NBFC	922264		922264	0.06	202320		202320	0.01	(0.05)
	Sub-Total B(2) :	**432646732**	**32697**	**432679429**	**27.11**	**504813104**	**27250**	**504840354**	**31.62**	**4.51**
	Total B=B(1)+B(2) :	**1595908873**	**32697**	**1595941570**	**100.00**	**1596327316**	**27250**	**1596354566**	**100.00**	**0.00**
	Total (A+B) :	**1595908873**	**32697**	**1595941570**	**100.00**	**1596327316**	**27250**	**1596354566**	**100.00**	**0.00**
(C)	**SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	GRAND TOTAL (A+B+C) :	**1595908873**	**32697**	**1595941570**	**100.00**	**1596327316**	**27250**	**1596354566**	**100.00**	**-**

II SHAREHOLDING OF PROMOTERS: NOT APPLICABLE

III CHANGE IN PROMOTERS' SHAREHOLDING: NOT APPLICABLE

IV SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters and Holders of GDRs and ADRs)

SR NO.	NAME OF SHAREHOLDERS*	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CHANGES IN THE SHAREHOLDING DURING THE YEAR		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE Co.	INCREASE	DECREASE	NO OF SHARES	% OF TOTAL SHARES OF THE Co.
1	President of India	261,400,000	16.38	-	-	261,400,000	16.37
2	Sipadan Investments (Mauritius) Limited	151,145,989	9.47	-	-	151,145,989	9.47
3	Theleme Master Fund Limited	-	-	79,475,433	-	79,475,433	4.98
4	Orbis Sicav Emerging Markets Equity Fund	50,780,947	3.18	8,181,002	-	58,961,949	3.69
5	Ashish Dhawan	41,844,470	2.62	6,928,641	-	48,773,111	3.06
6	East Bridge Capital Master Fund Limited	38,845,294	2.43	795,787	-	39,641,081	2.48
7	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	8,951,791	0.56	17,805,000	-	26,756,791	1.68
8	Akash Bhanshali	308,447	0.02	25,742,474	-	26,050,921	1.63
9	ICICI Prudential Balanced Fund	22,429,326	1.41	-	3,068,090	19,361,236	1.21
10	Platinum Asia Fund	21,998,600	1.38	-	2,914,286	19,084,314	1.20

* Top ten Shareholders of the Company as on March 31, 2018 have been considered for the above disclosure.
The shares of the Company are traded on daily basis and hence, the date wise increase / decrease in shareholding is not indicated.

V SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR NO.	NAME OF SHAREHOLDERS	SHAREHOLDING AT THE BEGINNING OF THE YEAR / DATE OF APPOINTMENT		CHANGES IN THE SHAREHOLDING DURING THE YEAR / PERIOD		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR / DATE OF RESIGNATION	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	INCREASE	DECREASE	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Mr. Vikram Limaye, MD & CEO[1]	2,117,728	0.13	-	510,000	1,607,728[1]	N.A.
2	Mr. Sunil Kakar, MD & CEO[2]	-	-	-	-	-	-
3	Mr. Bipin Gemani, CFO[3]	141,442	0.01	-	75,000	66,442[3]	N.A.
4	Mr. Ketan Kulkarni, CS[4]	-	-	-	-	N.A.[4]	N.A.
5	Mr. Amol Ranade, CS[5]	1,760[5]	ß	-	-	1,760	ß

1 Mr. Vikram Limaye resigned w.e.f. July 15, 2017.
2 Mr. Sunil Kakar was appointed w.e.f. July 16, 2017.
3 Mr. Bipin Gemani resigned w.e.f. January 12, 2018.
4 Mr. Ketan Kulkarni resigned w.e.f. January 31, 2018.
5 Mr. Amol Ranade was appointed w.e.f. February 1, 2018 (ß denotes negligible value).

05 INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ IN CRORE

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i. Principal Amount	0	199.70	0	199.70
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	0	0	0	0
TOTAL (i+ii+iii)	0	199.70	0	199.70
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	0	199.70	0	199.70
Net Change	0	(199.70)	0	(199.70)
Indebtedness at the end of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	-	-	-	-

06 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

AMOUNT IN ₹

A REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

SR. NO.	PARTICULARS OF REMUNERATION	MR. VIKRAM LIMAYE[1]	MR. SUNIL KAKAR[2]	TOTAL AMOUNT
		MD & CEO	MD & CEO	
		From April 1, 2017 to July 15, 2017	From July 16, 2017 to March 31, 2018	
1	Gross salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,599,090	14,360,373	24,959,463
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	13,200	239,050	252,250
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	
3	Sweat Equity	-	-	-
4	Commission	-	-	-
i)	as % of profit	-	-	-
ii)	Others, specify	-	-	-
5	Others—Contribution to Provident & Other Funds	566,617	2,553,613	3,120,230
	TOTAL (A)	**11,178,907**	**17,153,036**	**28,331,943**
	Ceiling as per the Act			Refer Note 3

Note: 1 During FY18, Mr. Vikram Limaye was paid bonus of ₹ 2 crore for FY17. He tendered his resignation as MD & CEO of the Company w.e.f. July 15, 2017. He was also paid ₹ 2 crore as exgratia for his services rendered to the Company.
2 Mr. Sunil Kakar was appointed as MD & CEO of the Company w.e.f. July 16, 2017.
3 The remuneration paid to MD & CEO is within the limits prescribed under the Companies Act, 2013.

B REMUNERATION TO OTHER DIRECTORS

AMOUNT IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	FEES	COMMISSION[1]	OTHERS	TOTAL AMOUNT
1	**Independent Directors**				
	Mr. Vinod Rai	1,150,000	2,200,000	-	3,350,000
	Mr. Gautam Kaji	1,000,000	1,300,000	-	2,300,000
	Mr. S S Kohli	850,000	1,200,000	-	2,050,000
	Mr. Donald Peck	800,000	1,157,143	-	1,957,143
	Ms. Marianne Økland	800,000	1,200,000	-	2,000,000
	TOTAL (1)	**4,600,000**	**7,057,143**	**-**	**11,657,143**
2	**Other Non-Executive Directors**			**-**	
	Mr. Chintamani Bhagat	625,000	957,143	-	1,582,143
	Mr. Manish Kumar	-	-	-	-
	Mr. Soumyajit Ghosh	-	-	-	-
	TOTAL (2)	**625,000**	**957,143**	**-**	**1,582,143**
	TOTAL (B) = (1+2)	**5,225,000**	**8,014,286**	**-**	**13,239,286**
	TOTAL MANAGERIAL REMUNERATION (A+B)				**41,571,229**
	Overall ceiling as per the Act				Refer Note 2

Note: 1 Commission for FY17 paid in FY18.
Note: 2 In terms of the provisions of the Act, the remuneration payable to Directors other than Executive Directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the Directors is within the said limit.

C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

AMOUNT IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	MR. BIPIN GEMANI[1]	MR. KETAN KULKARNI[2]	MR. AMOL RANADE[3]	TOTAL
		CFO	CS	CS	
		From April 1, 2017 to January 12, 2018	From April 1, 2017 to January 31, 2018	From February 1, 2018 to March 31, 2018	
1	Gross salary				
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,547,477	2,166,790	153,344	9,867,611
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	27,000	51,960	2,700	81,660
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
i)	as % of profit	-	-	-	-
ii)	Others, specify	-	-	-	-
5	Others—Contribution to Provident & Other Funds	1,266,229	239,080	16,013	1,521,322
	TOTAL	**8,840,706**	**2,457,830**	**172,057**	**11,470,593**

Note: 1 a. During FY18, Mr. Bipin Gemani was paid bonus of ₹ 60 lacs for FY17. He resigned as CFO w.e.f. January 12, 2018.
b. During FY18, Mr. Gemani was granted 100,000 stock options respectively, under IDFC ESOP Scheme.
2 a. During FY18, Mr. Ketan Kulkarni was paid bonus of ₹ 15 lacs for FY17. He resigned as CS w.e.f. January 31, 2018.
b. During FY18, Mr. Kulkarni was granted 20,000 stock options respectively, under IDFC ESOP Scheme.
3 Mr. Amol Ranade was appointed as CS w.e.f. February 1, 2018.

07 PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES: NIL

ANNEXURE 5

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1 A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Company's business strategy for overall value creation for all stakeholders. IDFC believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India befitting its status as a conscientious corporate citizen.

Section 135 of Companies Act, 2013 (**"the Act"**) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 requires IDFC to mandatorily spend on CSR activities.

During the year, IDFC carried out CSR activities through its wholly owned subsidiary company, namely, IDFC Foundation, a not-for-profit Company within the meaning of Section 8 of the Act, 2013 (erstwhile Section 25 of the Companies Act, 1956).

The object of the CSR activities would seek to –

a. serve the poor, marginalised and underprivileged
b. promote inclusion
c. be sustainable
d. meet needs of the larger community and society

IDFC Foundation, as implementing agency on behalf of IDFC Limited and its group companies, undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act for promoting the development of –

a. livelihoods
b. rural development projects
c. promoting healthcare including preventive health care
d. education

e. community engagement / development
f. environmental sustainability
g. disaster relief
h. research and studies in all or any of the activities mentioned in Schedule VII and
i. Others

2. The Composition of the CSR Committee:
Mr. Sunil Kakar - Chairman
Mr. Donald Peck
Mr. S S Kohli

3. Average net profit of the Company for last three financial years – ₹13.57 crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3. above) – ₹0.27 crore

5. Details of CSR spent during the financial year.
a. Total amount to be spent for the financial year: ₹ **0.27 crore**
b. Amount spent during the year: ₹ **0.27 crore**
c. Amount unspent, if any; **NIL**
d. Manner in which the amount spent during the financial year is detailed below: **Annexure – A**

6. In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For IDFC Limited

Place: Mumbai
Date: June 26, 2018

Sunil Kakar
Chairman–CSR Committee

S S Kohli
Director

ANNEXURE A

CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

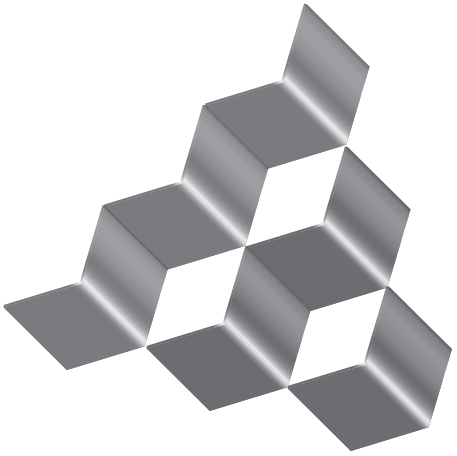
SR. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AMENDED)
1	Promoting learning outcomes of under privileged students in night schools in Maharashtra	Cl.(ii) promoting education
2	Promoting learning outcomes in 60 government primary schools in the backward blocks of Ramgarh and Kishangarh	Cl.(ii) promoting education
3	Promoting Digital Literacy through Digishalas in government schools of Hoshangabad, Madhya Pradesh	Cl.(ii) promoting education
4	Program on strengthening and improving quality of life in Indian cities and towns	Cl.(ii) promoting education Cl.(ii) livelihood enhancement projects,
	TOTAL	
5	Program on improving access to water and sanitation in Odisha	Cl.(i) Sanitation & Safe Drinking water
	TOTAL	
6	Shwetdhara-Cattle Care Program to improve the productivity of milch animals and increase the income of small and marginal dairy farmers	Cl.(ii) livelihood enhancement projects,
7	Promoting Financial Inclusion by deploying interoperable Financial Inclusion Devices and organising Financial Literacy Programs	Cl.(ii) livelihood enhancement projects; Cl. (x) rural development projects.
	TOTAL	
8	Research & studies on various social and economic issues directly impacting welfare of people	Various clauses of Schedule VII
	TOTAL	
	Total Direct Expense of Project & Programmes (A)	
	Overhead Expense (B)	
	Total (A) + (B)	

*IDFC Foundation, a wholly owned subsidiary of the IDFC Limited, is an implementing agency of IDFC Limited and its group Companies and engaging Corporate Social Responsibility (**"CSR"**) activities as per the CSR policy adopted by IDFC & its group companies in line with the Schedule VII of the act. The Company is primarily focusing on CSR activities as well defined projects or programmes that would include promoting and development of (a) livelihoods, (b) rural development projects, (c) promoting healthcare including preventive health care, (d) education, (e) community engagement / development, (f) environmental sustainability, (g) disaster relief, (h) research and studies in all or any of the activities mentioned in Schedule VII and (i) Others, with the help of various partners.

** The excess spending against budget has been made out of the previous years CSR contribution available with the implementing agency i.e. IDFC Foundation.

₹ IN CRORE

PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS**	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT : DIRECT OR THROUGH IMPLEMENTING AGENCY
Maharashtra-Mumbai	0.03	0.38	2.25	IMPLEMENTING AGENCY - IDFC FOUNDATION*
Rajasthan - Alwar		0.28	2.93	
Madhya Pradesh - Hoshangabad		0.30	1.50	
Gujarat - Ahmedabad & Surat, Karnataka - Bangalore, Madhya Pradesh - Bhopal, Odisha - Bhubaneswar, Chandigarh, Tamilnadu - Chennai, Kerala - Thiruvananthapuram, Uttarakhand - Dehradun, Delhi, Andhra Pradesh - Hyderabad, Rajasthan - Jaipur, Uttar Pradesh - Kanpur & Lucknow, West Bengal - Kolkata, Punjab - Ludhiana, Maharashtra - Mumbai, Bihar - Patna, Chhattisgarh - Raipur, Jharkhand - Ranchi		0.34	1.32	
	0.03	**1.30**	**8.00**	
Odisha	0.01	0.15	0.41	
	0.01	**0.15**	**0.41**	
Madhya Pradesh - Hoshangabad, Harda, Khandwa, Khargone,Dhar, Bhopal, Raisen, Dewas and Indore Karnataka - Hubballi(Dharwad), Haveri, Koppal, Bagalkot, Belgavi	0.14	1.77	4.30	
PAN India		15.41	16.78	
	0.14	**17.18**	**21.08**	
PAN India	0.09	3.86	17.11	
	0.09	**3.86**	**17.11**	
		22.49	**46.60**	
		0.25	**2.81**	
	0.27	**22.74**	**49.41**	



MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

MACRO-ECONOMIC ENVIRONMENT

The Indian economy emerged as one of the fastest growing economies of the world in 2017 and is most likely to maintain this position in 2018. India has been witnessing significant shifts on the structural front – including the implementation of GST and efforts from both the RBI and government to correct the "twin balance sheet" problem. Forecast of a good monsoon augurs well for agricultural growth and rural demand and there are also signs of strengthening industrial activity. A rise in global crude oil prices and a rebalancing in global capital flows are potential vulnerabilities but are unlikely to derail the progress.

India's macro-economics is currently set within a phase where global economic activity has continued to expand despite emerging geo-political tensions. Economic activity in major emerging market economies has largely remained resilient while oil prices have increased. Financial markets have remained volatile and have been mainly driven by monetary policy expectations and geo-political developments. Despite these challenges, India's GDP registered a growth of 6.7% in FY18.

INDIA'S GROWTH-INFLATION DYNAMICS

A downward growth trajectory that had emerged starting from Q1FY17 was aggravated by the demonetization exercise of November 2016. Introduction of GST in July 2017, a landmark structural reform, is expected to have positive impact on the economy with its share of near-term teething problems.

Although for FY18 as a whole, GDP growth was at 6.7% compared to 7.1% in full year FY17, GDP growth momentum improved through the various quarters of FY18 – from 5.6% in Q1FY18 to 7.7% in Q4FY18.

Headline retail (CPI) inflation had ended in FY17 at 3.9% and dropped to a low of 1.5% by June 2017 – mostly on a base effect from food prices. However, headline CPI peaked at 5.2% in December 2017 after vegetable prices showed a sharp pickup. By March 2018, headline CPI inflation dropped to 4.3%.

MONETARY POLICY AND DEBT RESOLUTION FRAMEWORK

The monetary policy stance was changed to "neutral" from "accommodative" in February 2017 and this was retained through FY18 with just one cut in the repo rate by 25 bps in the August 2017 meeting, bringing the repo rate down to 6%. With the repo rate cut, MCLRs declined across tenors till around February 2018, but tended to show some reversal in March 2018.

RBI also tightened the bad debt resolution framework in mid-February by withdrawing all existing schemes of debt resolution and replacing them with a single stricter code. The new code requires banks to implement a resolution plan for large borrower accounts within 180 days, failing which loans will have to be referred under the Insolvency and Bankruptcy Code (**"IBC"**). IBC was introduced to ensure time-bound settlement of insolvency and enable faster turnaround of business and is expected to bring about fundamental changes in creditor rights with long term implications for banking in India.

IDFC LIMITED

IDFC Limited (**"IDFC"**) is a financial conglomerate and is registered with Reserve Bank of India as an NBFC. Its main subsidiary is IDFC Bank. Besides banking, it also has investments in various financial services businesses such as Asset Management (both public markets and private markets), Institutional Broking & Research, and Infrastructure Debt Fund. All these businesses are carried out through independent subsidiaries. IDFC holds all these investments under IDFC Financial Holding Company Limited (NOFHC). IDFC and IDFC Bank are two listed entities of IDFC Group (**"Group"**) and the rest of the businesses are conducted through unlisted subsidiaries.

IDFC's mission is to create long-term value for all our stakeholders by being a dynamic and customer centric organization providing banking and other financial services through our subsidiaries.

IDFC aims to be the most respectable financial services provider that reaches out to millions of people pan India through its various subsidiaries. We aspire to live up to the expectations of our customers, our people, our investors and society at large.

OVERVIEW OF THE GROUP COMPANIES

IDFC BANK

VISION & STRATEGY

The vision of IDFC Bank is to transform itself into a mass retail bank in 5 years through organic growth and acquisitions. Organically, the progress of IDFC Bank in terms of network and customers; diversification of assets; growth in CASA (Current Accounts and Savings Accounts) and core deposits; growth in fees and non-funded trade products and finally ring-fencing and managing stressed assets has been impressive in the short period since the launch of the bank in October 2015.

BUSINESS OVERVIEW

During the year, the wholesale banking business successfully navigated a challenging business environment, and has leveraged expertise and corporate relationships to deliver healthy growth. This has enabled the Bank to successfully transition from an infrastructure player to a preferred bank in the Emerging Large Corporate space.

In its second year of operations, IDFC Bank continued to expand its retail network, digital payment channels and product suite across customer segments, gaining significant momentum in terms of market coverage and customer acquisition. The Bank is building a 'click and mortar' ecosystem that enables customers to conduct their banking business flexibly, interacting directly with people at physical outlets and / or digitally. IDFC Bank has also adopted a granular perspective of

customer segments and geographies. This has enabled it to find growth in segments that have been hitherto underserved. Through innovation, the Bank has also brought down the cost-to-serve customers, making outreach to the underserved, a profitable proposition.

IDFC Bank made profits of ₹ 859 crore in FY18 and proposed a dividend of 75 paisa per share.

NETWORK

The network of IDFC Bank as on March 31, 2018, comprises 150 branches, 387 Corporate Business Correspondent (BC) branches, 85 ATMs and 17,474 'customer access points'. Of the 150 branches, 50 branches are in the top 35 cities in India. The remaining 100 semi-urban and rural branches are across Madhya Pradesh, Karnataka, Andhra Pradesh, Gujarat, Rajasthan, Tamil Nadu, Tripura and Meghalaya. In the two-and-half years since its launch, IDFC Bank now has a presence in all the top cities in the country and a semi-urban and rural distribution footprint in 8 key states.

CUSTOMERS

IDFC Bank now has 2.7 million customers. Of these, about 400,000 are urban customers and the remaining 2.3 million customers are semi-urban and rural. IDFC Bank has now been consistently acquiring over 1 lac customers a month and with the recent branch expansion covering the top cities in the last 6 months, IDFC Bank should continue to sustain this momentum of acquiring new customers.

FUNDED CREDIT

Although the gross corporate and retail assets of IDFC Bank were broadly unchanged over the last one year witnessing a 1% yearly growth from ₹ 70,249 crore as on March 31, 2017 to ₹ 70,932 crore as on March 31, 2018, the change in underlying composition of these assets was consistent with the strategic direction of aggressively growing retail assets and non-infra corporate banking within the wholesale bank. In fact, retail assets of IDFC Bank tripled from ₹ 2,599 crore as on March 31, 2017 to ₹ 7,966 crore as on March 31, 2018. The addition of close to ₹ 2,000 crore of retail assets in the last quarter indicates the build-up of a very strong momentum in the retail book of IDFC Bank. Likewise, the non-infra corporate banking assets within the wholesale bank grew 38% annually from ₹ 18,949 crore as on March 31, 2017 to ₹ 26,059 crore as on March 31, 2018 with growth of the Emerging Large Corporate segment being the strategic focus.

CASA AND CORE DEPOSITS

The CASA franchise of IDFC Bank has grown strongly. It increased 2.7x from ₹ 2,094 crore as on March 31, 2017 to ₹ 5,710 crore as on March 31, 2018. Strong relationships of IDFC Bank with the government translated in the government business contributing ₹ 2,763 crore to the CASA franchise. The CASA to deposits ratio of IDFC Bank is now close to 12%, which is by no means insignificant for a bank that is just about two-and-half years old.

The core deposits of IDFC Bank (CASA and retail term deposits) almost doubled from ₹ 4,906 crore as on March 31, 2017 to ₹ 10,053 crore as on March 31, 2018. The core deposits now contribute about 10% to the deposits and borrowings of IDFC Bank.

FEES AND COMMISSIONS

IDFC Bank has created a strong non-fund based franchise amongst its customers which has significantly strengthened the contribution of fees and commissions to its financials. Fees and commissions grew by 37% annually from ₹ 360 crore in FY17 to ₹ 494 crore in FY18. In particular, recurring fees from trade and cash management grew by 88% from ₹ 65 crore in FY17 to ₹ 122 crore in FY18.

The underlying non-funded trade outstanding book of IDFC Bank grew by 50% from ₹ 18,605 crore as on March 31, 2017 to ₹ 27,905 crore as on March 31, 2018.

ENRICHED PRODUCT SUITE

Over the past two and a half years, IDFC Bank has built a complete retail suite of savings accounts and time deposits, customised to the needs of individuals, small and medium businesses and professionals.

IDFC Bank continued to delight customers with a wide array of self-assist tools that enable digital prepayment, part payment and closure of loans. With this, IDFC Bank is one of the few in the country to meet all loan service requirements on the mobile and / or via net banking.

During the year, the Bank strengthened its Wealth Management offering. It also launched its NRI Banking services to complete its liability product suite. The Bank offers a simple and unique digital account opening facility for NRIs based in 70 countries.

To deepen financial inclusion, IDFC Bank has placed a special emphasis on taking its services to segments such as marginal farmers, micro enterprises and self-employed customers. To serve these segments, the Bank has designed products across the spectrum of savings, assets and payments.

In deep rural locations, the Bank is promoting financial literacy and enabling customers to co-relate banking to life's goals and growth. Consistent engagement with customers has helped the bank incorporate their feedback, and design improved and customized products.

In line with the Government's agenda of promoting digital modes of payments, IDFC Bank introduced a number of services. IDFC Bank was amongst the first banks to onboard one of the largest electricity billers on NPCI promoted Bharat Bill Payment System (BBPS).

STRESSED ASSETS

The legacy stressed assets book of IDFC Bank has remained stable over the last 10 quarters. The recent RBI inspection

validates its prudent provisioning norms. The provision coverage ratio against stressed assets book (excluding security receipts) is now over 75%. In fiscal 18, due to lack of progress on gas supply for gas based power plants, IDFC Bank made additional provisions of about ₹ 300 crore to reach a coverage of 90% for these assets, which is prudent and adequate from an economic loss perspective. Despite this, the capital adequacy of IDFC Bank is extremely healthy at 18%.

MERGER OF CAPITAL FIRST INTO IDFC BANK

Capital First will add an additional ~3 million customers to the already large and rapidly growing customer base of IDFC Bank and complement it with customer segments and products that IDFC Bank does not cover. Key advantages are lower cost of funds for Capital First in a bank construct; ability to cross-sell banking asset products to customers of Capital First; expansion of distribution network; and greater CASA mobilization. This will translate into a stronger combined entity delivering on profitability metrics of RoA and RoE in a much shorter time frame.

IDFC AMC

IDFC Asset Management Company Limited (**"IDFC AMC"**) is the 11th largest mutual fund house in the country. Our Average Assets Under Management (**"AAUM"**) for the quarter ended March 2018 increased 15% YoY to ₹ 69,919 crore from ₹ 60,636 crore for the quarter ended March 2017.

FY18 saw IDFC AMC roll out significant initiatives to align its offerings with the demands of an evolving investor segment. These included an expansion of its product suite, launch of new funds and repositioning of some of the existing funds. Among the funds repositioned was the IDFC Focused Equity Fund (earlier IDFC Imperial Equity Fund); its investment strategy entailed selecting a focused portfolio of up to 30 stocks across market caps. Other repositioned funds included IDFC Equity Fund (positioned in the Large-cap space), Banking Debt Fund (repositioned as IDFC Banking & PSU Debt Fund), IDFC Dynamic Equity Fund (now actively managed with tighter PE bands) and Asset Allocations Funds.

Funds continued to steadily build AUM with IDFC Classic Equity, growing over three times to cross ₹ 2,000 crore in AUM. IDFC Balanced Fund, IDFC Infrastructure fund and IDFC Tax Advantage Fund each crossed ₹ 1,000 crore in AUM during FY18. We also launched two close-ended equity fund offerings, which are tailored to client requirements.

Among the Fixed Income offerings, IDFC Corporate Bond Fund witnessed steady increase in AUM crossing ₹ 10,000 crore during the year. IDFC Credit Opportunities Fund, launched in February 2017, crossed ₹ 1,000 crore in AUM in less than one year of its launch. In the second half of the year, IDFC AMC launched a series of timely Fixed Maturity Plans, helping investors capitalize on rising rate environment.

Recognizing its fixed income platform, the Asset magazine featured IDFC AMC as one of the Top 5 Investment Houses in India under Asian Local Currency Bonds for 2017.

Taking forward its innovation and diversification agenda, we launched two key offerings for sophisticated institutional and high net worth investors. We launched the IDFC Neo Equity portfolio and India's first Artificial Intelligence powered Portfolio Management Services (**"PMS"**). We also set up Liquid Alternatives division and launched India Equity Hedge – Conservative fund, a hedge fund deploying market neutral strategy and one of the very few in the industry.

Separately, we launched 'Passport', a partner recognition program, to step up engagement with our partners. We also introduced a 'Virtual' relationship manager to help reach out to a wider customer base. FY18 also saw a thrust on digitisation to improve customer experience. IDFC AMC introduced

multiple initiatives on its website to facilitate ease of transaction, like One Time Password (OTP) based log-in for transacting and accessing portfolio and purchases through the easy-to-use chatbot interface on its website called 'Ask Bugs' – an industry first. The chat interface resolves queries as well as enables customers to transact.

During the year, the AMC continued its unique investor awareness initiatives, and launched 'Return of One Idiot', a short movie made by the acclaimed director Amole Gupte and a sequel to the highly acclaimed 'One Idiot' movie. The movie highlights the importance of retirement planning. Along with theatre screenings for channel partners and investors, the movie was released online and registered over two million views on YouTube within days of its launch.

IDFC AMC reported profits of ₹ 54 crore in FY18.

IDFC SECURITIES

IDFC Securities Limited is engaged in the business of Institutional Broking and Research. In FY18, Indian capital markets witnessed steady gains in Volume - 23% in cash and 35% in derivatives segment. FIIs net inflow decreased to ~US$3.4bn (down by 59%) during the year, but the markets were supported by a huge inflow of US$17.9bn from DIIs (up by ~294%). On the regulatory front, introduction of MIFID (Markets In Financial Instruments Directive) rules has put pressure on margins.

IDFC Securities delivered stellar performance during the year with derivatives volumes increasing ~57% and investment banking revenue increasing ~453% YoY in FY18. Furthermore, our efforts across research, sales and trading were well recognized by clients and backed by accolades from leading surveys such as AsiaMoney and Institutional Investor.

IDFC INFRASTRUCTURE FINANCE LIMITED (formerly IDFC Infrastructure Debt Fund Limited)

IDFC Infrastructure Finance Limited (**"IDFC IFL"**) is engaged in the business of refinancing operating infrastructure projects that have completed at least one year of satisfactory commercial operations.

The Company ended the fiscal year with a loan book of ₹ 4,220 crore – registering a robust growth of 57% over that in FY 2017. In FY18, the Company disbursed ₹ 1,826 crore across 19 assets.

The loan portfolio continues to be well-diversified across 49 assets with exposures across Public Private Partnership (**"PPP"**) projects including roads, power transmission as well as non-PPP projects including renewable power, hospitals, education, captive power, airport cargo terminal and ITSEZs. The asset quality remains healthy with nil Non-Performing Assets (NPAs).

Profit After Tax (PAT) grew by 22.2% to ₹ 86.5 crore from ₹ 70.8 crore in FY 2017 and the business delivered a healthy average Return on Equity (RoE) of 12.4% and average Return on Assets (RoA) of 2.5%.

The capitalization of IDFC Infrastructure Limited is comfortable with a Capital Adequacy Ratio of 22.1% as of March 31, 2018. The total outstanding borrowing, at the end of March 31, 2018 was ₹ 3,596 crore.

The Company is well poised for growth and over the next few years the business is expected to gain further momentum. There have been sustained efforts by the Government to address the various issues faced by the infrastructure sector. With improvement in private sector investments in the country, a larger pool of operational projects will be available for refinancing. Against this macro context, the Company plans to steadily increase its loan book and maintain a balanced and diversified portfolio across both PPP and non-PPP infrastructure projects.

IDFC ALTERNATIVES

IDFC Alternatives Limited has entered into a definitive agreement with Global Infrastructure Partners India for the sale of its infrastructure asset management business. All necessary

regulatory approvals for the sale have been received. IDFC Alternatives will continue to manage Private Equity and Real Estate funds and the aforementioned sale to Global Infrastructure Partners India will not have any impact on its Private Equity and Real Estate verticals. IDFC Limited is evaluating divestiture of the Private Equity and Real Estate platforms but no definitive agreement has been signed yet.

During the year, the Private Equity vertical continued exits from PE Fund II & III. Fund III achieved its largest exit of ₹ 1,410 crore with Sembcorp Green Infra at a healthy multiple of 3.2x. This exit marks a full cycle for a platform investment which IDFC Alternatives has built from grounds up since 2008. With this exit, the Fund has achieved a realized Multiple on Investment Capital (**"MOIC"**) of 1.8x. The Fund Manager also exited the balance investments in PE Fund II.

Private Equity Fund IV continued its focus on deploying capital and made its second investment in ASG Hospitals, a leading eye-care chain started by AIIMS alumni. With this investment, the Fund has made two investments and deployed ₹ 155 crore. The Fund Manager is in active discussion with investors and is targeting to close fund raising for PE Fund IV during FY19.

During the year, the Real Estate vertical focused on deploying capital and asset management. IDFC SCORE Fund committed ₹ 330 crore across residential projects in Hyderabad, Chennai and Bangalore. The Fund also started making distributions and has distributed nearly ₹ 47 crore during the year. IDFC Real Estate Yield Fund (REYF) also made aggregate distribution of ₹ 140 crore. With this, the Fund has distributed ₹ 625 crore since inception, resulting in Distribution to paid-in capital (DPI) of 0.8x.

IDFC Parampara Early Stage Opportunities Fund, an early stage VC fund in partnership with Parampara, achieved a final close of the fund at ₹ 80 crore. The Fund also successfully made its first exit, at a multiple of 3.2x, one of the very few early stage cash exits in the Indian venture space.

IDFC FOUNDATION

Corporate Social Responsibility (**"CSR"**) has been core to the Group's philosophy. The Group has woven social development activities seamlessly into the fabric of its business to benefit local communities. IDFC Foundation, a subsidiary of IDFC, has been leading the Group's CSR agenda and the Group fulfills its CSR mandate through IDFC Foundation.

The Foundation focuses on four broad areas of activity:

a. livelihood enhancement through financial inclusion;
b. rural development through dairy farming;
c. education for children and youth from lower income families; and
d. support for research institutions, in particular, IDFC Institute.

LIVELIHOOD ENHANCEMENT THROUGH FINANCIAL INCLUSION

IDFC Foundation, through its financial inclusion initiative, has been complementing government efforts to universalize access to social entitlements. The Foundation, with the help of IDFC Bank, has deployed interoperable financial inclusion devices in underserved and backward areas across 24 states and 3 Union Territories. Using these devices, community members in over 30,000 villages have been accessing various banking services like withdrawals, deposits and remittances within minutes and without stepping out of their villages.

In addition to providing large scale access to financial services, the initiative has also resulted in the creation of over 9,000 social entrepreneurship opportunities across the country in the form of Mitras. The Mitras earn a crucial income by providing services to the community members through the financial inclusion devices.

In line with the Master Circular on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission issued by the Reserve Bank of India, IDFC Foundation has been supporting the State Rural Livelihood Missions of Bihar, Jharkhand, Maharashtra and Chhattisgarh in improving access to banking services for the poor.

In addition, IDFC Foundation in partnership with National Institute of Securities Markets (promoted by SEBI) has conducted a number of financial literacy programs. The participants gained not only better knowledge of personal finance but also skills to manage their resources. These include awareness about the need to save, ways to access formal credit, protect wealth and prepare for financial exigencies.

SHWETDHARA - CATTLE CARE PROGRAM

The 'Shwetdhara-Cattle Care program', initiated by the Foundation, has been focusing on increasing the income of small and marginal farmers in the states of Madhya Pradesh and Karnataka. As part of the program, the Foundation established Dairy Vikas Kendras in rural and underserved areas.

The Dairy Vikas Kendras acted as an important source of information for the farmers in nearby villages. The Foundation also deployed a trained para-vet in each of the centres. The para-vets provided the farmers a range of dairy related services including artificial insemination, pregnancy diagnosis, infertility treatment, deworming, deticking, etc. at their doorstep.

The Shwetdhara program has contributed immensely in strengthening the veterinary infrastructure in project areas. More than half a million treatments and around 40,000 artificial insemination services have also been done till date.

EDUCATION INITIATIVES FOR CHILDREN AND YOUTH FROM LOWER SOCIO-ECONOMIC STRATA:

The IDFC Foundation has helped thousands of children and young people in Rajasthan, Madhya Pradesh and Maharashtra gain good quality education. In Alwar district of Rajasthan, the Foundation worked with teachers and School Management Committees of 60 Government primary schools to improve learning outcomes and leadership skills of students. Through the 'Night School Transformation Program', the Foundation has been supporting 10 night schools located in Mumbai suburbs. The Foundation also adopted 18 Government Schools in Hoshangabad district (Madhya Pradesh) to promote 'digital literacy' among students.

IDFC INSTITUTE

IDFC Institute is an independent, not-for-profit, think / do tank, focusing primarily on two broad areas of research / action: a) job creation in the context of India's transition from farm to non-farm, rural to urban and informal to formal economic activity; and b) improving the delivery of essential services (such as infrastructure). The Institute produces evidence-based, actionable research and diagnostic tools that can contribute towards bringing about meaningful change. All of the Institute's work is in the public domain and freely accessible through the website www.idfcinstitute.org.

This year, as part of its research program on urbanization, IDFC Institute released key findings from 'Safety Trends and Reporting of Crime' (SATARC), a 4-city, 21,000 households, crime victimisation survey that measures the gap between the true extent of crime and official crime records. The Ministry of Home Affairs' Bureau of Police Research & Development (BPR&D) will now roll out a similar survey covering 100+ police districts across the country. IDFC Institute has been invited to join the Executive Committee on Crime Victimisation Survey (**"CVS"**) to provide inputs on the launch of the first pan India CVS. In August 2017, the IDFC Institute–NITI Aayog "Ease of Doing Business: An Enterprise Survey of Indian States" report was launched by Nirmala Sitharaman and Ravi Shankar Prasad. The Survey covered 3,200 manufacturing firms and assessed the business regulatory environment for manufacturing at the state level. In December 2017, Finance Minister Arun Jaitley launched IDFC Institute's first book, "Aadhaar: A Biometric History of India's 12-Digit Revolution" by Visiting Senior Fellow, Shankkar Aiyar.

RISK MANAGEMENT

IDFC Limited is a holding company for its various businesses. The Group has a robust risk management practice in place to pro-actively identify and manage various types of risks, namely, credit, market and operational risks.

CREDIT RISK MANAGEMENT

IDFC Limited is the holding company with no direct lending operations. The lending business is carried out by two subsidiaries viz., IDFC Bank Limited and IDFC Infrastructure Finance Limited. These entities have Credit Risk Policy and Delegation of Authority approved by their respective Boards. The lending business is done with adherence to these Board approved documents.

MARKET RISK MANAGEMENT

IDFC Limited is the holding company with no direct businesses that has no significant market risk. Market risk governance frameworks exist in subsidiaries exposed to market risk. The Group has set up robust market risk management process, which sets out the broad guidelines for managing market risk that the Group is exposed to. Management of market risk encompasses risk identification, measurement, setting up of limits, monitoring and control. The market risk management process at the Group level ensures that the products that are exposed to market risk are within the risk appetite laid down by the Board of respective subsidiaries. The Board of respective subsidiaries approved risk appetite is monitored and reported as per the guidelines laid down from time to time.

OPERATIONAL RISK MANAGEMENT

A strong Operational Risk framework and governance structure is in place in subsidiary companies as detailed below.

IDFC Bank Limited, the largest subsidiary in the Group, has put in place Board approved governance and organizational structure that specifies roles and responsibilities of Business and Shared Service Units, Operational Risk Management Department and other stakeholders towards operational risk management. Operational Risk Management Department engages with the First Line of Defense (Business & Operating Units) on a continuous basis to identify and mitigate operational risks to minimize their impact.

For non-bank entities viz. IDFC Alternatives, IDFC Securities, IDFC AMC, IDFC Infrastructure Finance and IDFC Foundation, the Group Operational Risk Committee (**"GORC"**) is responsible for providing oversight over the adequacy of Operational Risk Management function. GORC is a management-level Committee of Senior Executives representing Group Companies. The GORC meets every quarter to discuss key operational risk issues and report summary of key findings and issues to the Risk Management Committee of IDFC Limited. Each of these companies in turn have respective 'Business Operational Risk Committees' (**"BORC"**) comprising of Senior Management personnel to govern operational risks with support from dedicated Business Operational Risk Managers.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported correctly. Such internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. These are designed to ensure that financial and other records are reliable for preparing financial information

and other reports and for maintaining regular accountability of the Company's assets. The internal auditors present their report on a quarterly basis to the Audit Committee of the Board.

HUMAN RESOURCES

People agenda of the Group in FY18 was guided by three themes -talent development, employee engagement and digitisation.

NURTURING TALENT

In a fast-moving and fiercely competitive business environment, employees are required to constantly adapt to changing customer expectations. Learning, therefore, plays a critical role in developing employee capability and empowering them so that they can effectively contribute to the organisation's objectives.

The Group continued to invest in its people in a significant way in FY18. Talent development initiatives included extensive training programs, learning events and mentoring. These provided an enabling environment in which employees could perform to their potential and navigate in a challenging business environment.

The Group's new leadership programs encouraged innovation and collaboration across businesses, functions and geographies. The Group closed the year with more than one lakh learning hours, including offline and online training programs.

Customised training programs such as 'Certified To Operate', 'Role-based Induction' and 'Agile' focused on project management. To equip frontline managers, who play a critical role in motivating their teams, the Group rolled out dedicated programs of 'Param' and 'Manager of Now' for them.

CREATING AN ENGAGING WORKPLACE

As an employee-first organisation, engagement continued to be a valuable theme for the human resource function during the year. Several engagement initiatives were implemented structurally within the organization to make employees more collaborative and enable them to lead better work lives. Employees also engaged in volunteering initiatives during the year, the prime among them being blood donation on World Donor Day and teaching at night schools run by Masoom (an NGO supported by the IDFC Foundation).

During the year, IDFC Bank, a subsidiary of IDFC Limited, was recognized by LinkedIn for talent, as it featured in the 'LinkedIn Top Companies 2017: Where India wants to work now', reinforcing IDFC as a strong employer brand in the talent industry.

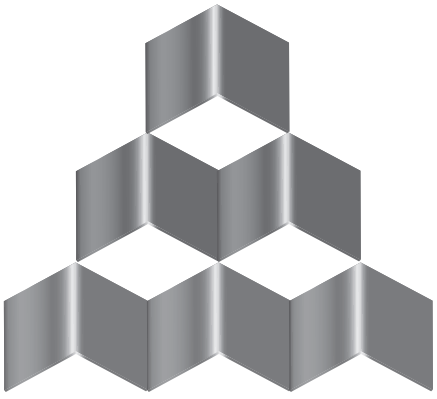
In an effort to encourage a diverse and an inclusive work environment, IDFC introduced an additional child care leave for women employees which can be used in the first two years of maternity.

DIGITISING BENEFITS

IDFC introduced innovative digital solutions at Group level that not only drove efficiencies at an organizational level, but also enhanced convenience for employees, empowering them to manage their benefits on-the-go. One of the solutions was the IDFC Benefits Card in partnership with Zeta. The end-to-end digital solution integrates the full suite of allowances and reimbursements offered by IDFC into one preloaded card.

TECHNOLOGY

IDFC's technology framework underpins its focus on digital banking that has led innovations in product, channel, reach, cost of acquisition, and most importantly, service. These elements come together to enhance customer engagement and experience. IDFC continuously improves on technology solutions at Group level such as interoperable Micro-ATMs, mobile banking app, net banking, digitized branches and the 24x7 Banker-on-Call -all of which enable seamless user experience and agility.



CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CORPORATE GOVERNANCE

Being a professionally run enterprise with no single promoter or promoter group, effective board oversight and sound Corporate Governance practices are fundamental to the quest of IDFC Limited (**"IDFC"** or **"the Company"**) in delivering long-term value to all its stakeholders. Good Corporate Governance is intrinsic to the management of IDFC.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust. Therefore, it always seeks to ensure that its performance goals are met with integrity. By adopting such a framework as it does, IDFC is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on appropriate and timely disclosures and transparency in its business dealings.

Corporate Governance is a continuous process at IDFC. It is about commitment to values and ethical business conduct. Systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment.

BOARD OF DIRECTORS

The Board of Directors oversee the management functions to ensure that they are effective and enhance value for all the stakeholders. The Board's mandate *inter alia* is to have an oversight of the Company's strategic direction, to review corporate performance, assess the adequacy of risk management and mitigation measures, to authorise and monitor strategic investments, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders.

COMPOSITION OF THE BOARD

The Board comprises of a majority of Independent Directors (**"IDs"**). It has an appropriate combination of Executive and Non-Executive Directors (**"NEDs"**), including IDs. As on March 31, 2018, IDFC's Board consisted of 9 Directors, comprising of (i) Five IDs, including an Independent Non–Executive Chairman; (ii) A Managing Director & Chief Executive Officer (**"MD & CEO"**);
(iii) Two Nominee Directors representing the Government of India (**"GoI"**) and
(iv) One Nominee Director representing an institution which has invested in the Company. The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields viz. banking, global finance, accounting and economics which enables the Board to discharge its responsibilities and provide effective leadership to the business. None of the Directors of your Company are inter-se related to each other. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations (**"SEBI LODR Regulations"**), read with Section 149(4) of the Companies Act, 2013 (**"Act"**) with the Company having Independent Non-Executive Chairman and more than one third of the Board comprising of IDs.

Table 1 gives details of the composition of the Board of Directors for FY18 including their Directorships and Memberships / Chairpersonships of committees in other companies, alongwith details of the attendance at Board meetings and the Annual General Meeting (**"AGM"**), respectively.

The number of Directorships, Committee Memberships / Chairpersonships of all Directors is within respective limits prescribed under the Act and SEBI LODR Regulations.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the AGM. Additional meetings are held whenever necessary. The agenda and the explanatory notes are circulated in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Since the Board of IDFC includes Directors from various parts of the world, it may not be possible for each of them to be physically present at all the meetings, hence the Company makes use of video conferencing facility and other audio-visual means, whenever necessary, to enable larger participation of Directors in the meetings. Members of the Senior Management are invited to attend the Board Meetings to make presentations and provide additional inputs to the items under discussion. The Minutes of Board

Meetings of subsidiary companies of IDFC are periodically tabled at the Company's Board Meetings. A statement of all significant transactions and arrangements entered into by the subsidiary companies is also placed before the Board. All the recommendations made by the Audit Committee during the year were accepted by the Board.

During FY18, the Board met 8 (Eight) times and the intervening period between two Board Meetings was well within the limit prescribed. The requisite quorum was present during all the meetings of the Board of Directors. The annual calendar of meetings is broadly determined at the beginning of each year. The Board Meetings were held on April 28, 2017; June 24, 2017; July 8, 2017, July 27, 2017; October 30, 2017; January 12, 2018, January 29, 2018 and March 28, 2018. Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

INFORMATION PROVIDED TO THE BOARD

The Board agenda is prepared by the Company Secretary of the Company in consultation with the Chairman and MD & CEO of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are backed by comprehensive background information to enable the Board to take informed decisions and are sent to the Directors well in advance pursuant to the provisions of the Secretarial Standard - I and other applicable provisions of the Act and Rules made thereunder to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarifications on the matter listed therein. The Board also passes resolutions by circulation on need basis, which are noted and confirmed in the subsequent Board Meeting.

The Board is presented with the information on various important matters of operations and business, annual operating plans, budgets, presentations, financial results of the Company and its subsidiaries, minutes of the Audit and other Committees of the Board, appointment / cessation and remuneration of Senior Management and KMP, various policies adopted at IDFC and Group level, details of joint ventures or collaboration, if any, information on subsidiaries, sale of investment and assets which are material in nature and not in ordinary course of business, foreign exposure, compliances of all the laws applicable to IDFC and non-compliance, if any and steps taken to rectify instances of non-compliances and other matters which are required to be placed before the Board.

With a view to leverage technology and reduce paper consumption, the Company has adopted a web-based application for transmitting Board / Committee Agenda. The Directors of the Company receive the Agenda in electronic form through this application, which can be accessed through iPads or Browsers. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda in electronic form.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board Committees are set up as per the provisions of the Act and / or SEBI LODR Regulations or as per the requirement of the Company. However, every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of these Committees are placed before the Board for its review. The Committees ensure that any feedback or observations made by them during the course of meetings form part of the Action Taken Report for their review at the next meeting. All Committees comprises of requisite number of IDs as prescribed by the Act or SEBI LODR Regulation or any other regulatory authority. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company Secretary officiates as the Secretary to all the Committee Meetings. The composition of various committees of the Board is in line with the applicable regulations and is hosted on the website of the Company: www.idfc.com.

The Board has established the following statutory and non-statutory Committees.

A. Audit Committee
B. Nomination & Remuneration Committee
C. Risk Management Committee
D. Stakeholders' Relationship Committee
E. Corporate Social Responsibility Committee
F. Investment Committee
G. IT Strategy Committee

Composition and Attendance of Directors at Committee Meeting(s) for FY18 are given in Table 2. Attendance is presented as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY18.

During the year, The Board constituted a Sub-Committee for Corporate Restructuring as Joint Working Group to explore transaction and hold explanatory discussions with Shriram Group and to recommend to the Board of Directors the best possible option relating to the Corporate Restructuring. Few Meetings of this Committee were held during the year.

A. AUDIT COMMITTEE

The Audit Committee comprises of three Members, all of whom are IDs. The Committee is chaired by Mr. Gautam Kaji and has Mr. Vinod Rai and Ms. Marianne Økland as its Members with any two Members forming the quorum.

The Committee met four times during FY18. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were April 28, 2017;

01 COMPOSITION OF BOARD OF DIRECTORS FOR FY18

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD AND ATTENDED IN FY18	WHETHER ATTENDED LAST AGM ON JULY 28, 2017	NO OF DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC)[1]	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC)[2]
Independent Directors				
Mr. Vinod Rai (Independent Non-Executive Chairman)	8/8	Yes	4	2 (including 1 chairmanship)
Mr. Gautam Kaji[3]	8/8	Yes	2	2 (both as chairman)
Mr. S S Kohli	8/8	Yes	10	8 (including 4 chairmanship)
Mr. Donald Peck[3]	7/8	Yes	2	1
Ms. Marianne Økland	8/8	Yes	2	1
Government Nominee Directors				
Mr. Manish Kumar[4]	5/8	No	1	-
Mr. Soumyajit Ghosh	5/8	No	1	-
Nominee of Domestic and Foreign Institutional Shareholders				
Mr. Chintamani Bhagat	7/8	No	1	-
Managing Director & Chief Executive Officer				
Mr. Sunil Kakar[5]	5/5	Yes	8	7
Mr. Vikram Limaye[6]	3/3	No	NA	NA

[1] Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

[2] Includes only Audit Committee and Stakeholders' Relationship Committee.

[3] Will cease to be Independent Directors on the completion of ensuing AGM.

[4] Ceased to be Nominee Director w.e.f. June 11, 2018.

[5] Appointed w.e.f. July 16, 2017.

[6] Resigned w.e.f. July 15, 2017.

July 27, 2017; October 30, 2017 and January 29, 2018.

The Chief Financial Officer, the representatives of the Statutory Auditors and the Internal Auditors are generally invited to the Audit Committee Meetings. The Company Secretary of IDFC is the Secretary to the Audit Committee. The Minutes of the Audit Committee Meetings are circulated to the Members of the Board regularly and are taken note of. All Members of the Audit Committee are financially literate and have accounting and related financial management expertise.

The role of the Audit Committee includes the following:

a. Oversight of the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.

b. Recommending to the Board, the appointment, remuneration and terms of appointment if required, of the Statutory Auditors & the Internal Auditors and the fixation of audit fees.

c. Reviewing, with the Management, the annual financial statements and Auditors' Report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements

d. Review performance and financials of subsidiary companies, including Investments made by them.

e. Review and monitor the auditor's independence and performance, and effectiveness of audit process.

f. Reviewing the adequacy of internal audit carried out in the Company and wherever required, to review the scope, coverage and frequency of the internal audit and amend the same as per requirements.

g. The Audit Committee is also appraised on information with regard to related party transactions by being presented and having its views taken on. A statement in summary form of transactions with related parties in

the ordinary course of business and carried out at arm's length basis.

h. Scrutiny of inter-corporate loans and investments.

i. Valuation of undertakings or assets of the company, wherever it is necessary

j. Details of materially significant individual transactions with related parties which are not in the normal course of business.

k. Details of materially significant individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same, if any.

l. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.

m. Evaluation of internal financial controls and risk management systems.

n. Monitoring the end use of funds raised through public offers and related matters.

o. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / re-enactments thereof from time to time.

B. NOMINATION & REMUNERATION COMMITTEE

As of March 31, 2018, the Nomination & Remuneration Committee (**"NRC"**) comprised of Mr. Donald Peck as the Chairman, Mr. Vinod Rai and Mr. Gautam Kaji as its Members, all of whom are IDs. The quorum of the meeting is any two Members. The Committee met six times during the year on April 28, 2017; June 24, 2017; October 30, 2017; January 12, 2018; January 29, 2018 and March 28, 2018.

The role of NRC includes the following:

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

b. Scrutinizing the nominations of the Directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation.

c. Formulation of criteria for evaluation of performance of every Director and the Board as a whole.

d. Devising a policy on Board diversity.

e. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal & shall carry out evaluation of every Director's performance.

f. Administering the Employee Stock Option Plan of the Company and determining eligibility of employees for stock options.

g. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / re-enactments thereof from time to time.

REMUNERATION POLICY

IDFC pays remuneration to the Executive Director (**"ED"**) by way of salary, perquisites including retirement benefits (fixed component) and a variable component based on the recommendation of the NRC and approval of the Board and the Shareholders of the Company. The Company has a Board approved Remuneration policy in place which is hosted on the website of the Company www.idfc.com. The remuneration paid to ED is determined keeping in view the industry benchmark and the performance of the Company vis-à-vis industry performance.

The NEDs are paid remuneration by way of commission and sitting fees. Commission is paid as per the limits approved by the Shareholders of the Company at the 16th AGM held on July 29, 2013. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as Chairpersonship of the Committees. The criteria for payment of commission to NEDs are given in **Table 3**. IDFC will pay a sum not exceeding ₹ 85 Lacs as commission to its NEDs for FY18. The said amount will be paid to the Directors, subject to deduction of tax, after the ensuing AGM. The Company has not granted any stock options to NEDs / IDs. As on March 31, 2018, none of the NEDs held any shares of the Company.

Table 4 gives details of remuneration paid to the Directors during FY18. The Company did not advance loans to any of its Directors during FY18. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2018. As per the current term of employment, the notice period of Mr. Sunil Kakar, MD & CEO is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

C. RISK MANAGEMENT COMMITTEE

As on March 31, 2018, the Risk Management Committee (**"RMC"**) comprises of five Members, with Ms. Marianne Økland as the Chairperson, Mr. Vinod Rai, Mr. Gautam Kaji, Mr. S S Kohli and Mr. Sunil Kakar as its Members, with any three Members forming the quorum. Mr. Kakar was inducted as a Member of the RMC w.e.f. July 16, 2017 in view of the resignation of Mr. Vikram Limaye as the MD & CEO of the Company and as a Member of the RMC Committee. The Committee met three times during the year on April 28, 2017; October 30, 2017 and January 29, 2018.

IDFC has in place mechanism to inform the Board about its risk assessment and risk mitigation procedures with periodical reviews to ensure that the Management controls risk through a Board-approved properly defined framework. This is done through its Board-level RMC and it monitors and reviews risk management of the Company on a regular basis. The RMC reviews and monitors mainly three types of risks across the organisation: credit risk, market risk and operational risk and takes note of the Legal & Regulatory updates for all the Non-Bank Entities. This is done under the overall framework of the Enterprise Risk Management System. The Chairperson of the Committee reports the

02 ATTENDANCE DETAILS OF COMMITTEE MEETINGS FOR FY18

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDER'S RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Mr. Vinod Rai	4/4	6/6	3/3	C 4/4	-
Mr. Gautam Kaji	C 4/4	6/6	3/3	-	-
Mr. S S Kohli		-	3/3	4/4	1/1
Mr. Donald Peck	-	C 5/6	-	-	1/1
Ms. Marianne Økland	4/4		C 3/3	-	-
Mr. Chintamani Bhagat	-	-	-	-	-
Mr. Sunil Kakar[1]			2/2	3/3	C 0/0
Mr. Vikram Limaye[2]	-	-	1/1	1/1	C 1/1

figures marked with **"C"** represent Chairperson of the Committee
1 Appointed as a Member/ Chairman of the Committee w.e.f July 16, 2017.
2 Tendered his resignation as MD & CEO of the Company w.e.f. July 15, 2017.

findings / observations of the Committee to the Board.

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2018, the Stakeholders' Relationship Committee (**"SRC"**) consists of three Directors - Mr. Vinod Rai as the Chairman, Mr. S S Kohli and Mr. Sunil Kakar as its Members, with any two Members forming the quorum. Mr. Kakar was inducted as a Member of the SRC w.e.f. July 16, 2017 in view of the resignation of Mr. Vikram Limaye as the MD & CEO of the Company and as a Member of the SRC Committee. The Committee met four times during the year on April 28, 2017; July 27, 2017; October 30, 2017 and January 29, 2018.

The Committee is empowered to handle Shareholders' and other investors' complaints and grievances. The SRC considers and resolves the grievances of the equity Shareholders of the Company, including complaints related to transfer of equity shares, non-receipt of annual report, non-receipt of declared dividends, etc. Additionally, it is responsible to perform any other function as stipulated by the Act, Reserve Bank of India, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws, as amended from time to time.

Additionally, Allotment and Share Transfer Committee (**"ASTC"**) comprising of Mr. Vinod Rai, Mr. Sunil Kakar and Mr. Amol Ranade looks into share allotment, transfer, transmission, name deletion, transposition, rematerialisation and related applications received from Shareholders, with a view to accelerate the transfer procedures. Mr. Amol Ranade was inducted as a Member of the ASTC w.e.f. February 1, 2018 in view of the resignation of Mr. Ketan Kulkarni and Mr. Bipin Gemani as the Members of the ASTC. The quorum for any meeting of this Committee is two Members.

Mr. Amol Ranade, the Company Secretary is designated as the Compliance Officer in terms of the SEBI LODR Regulations whose designated e-mail address for investor complaints is amol.ranade@idfc.com. All complaints received during the year have been redressed to the satisfaction of the Shareholders and none of them were pending as at the end of FY18.

Details of queries and grievances received and attended by the Company during FY18 are given in **Table 5**.

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2018, the Corporate Social Responsibility (**"CSR"**) Committee consists of three Directors, Mr. Sunil Kakar as the Chairman, Mr. S S Kohli and Mr. Donald Peck as its Members. Mr. Kakar was inducted as a Member of the CSR Committee w.e.f. July 16, 2017, in view of the resignation of Mr. Vikram Limaye as the MD & CEO of the Company and as the Chairman of the CSR Committee. The quorum of the meeting is two Members. During the year one meeting was held on April 28, 2017.

The purpose of the Committee is to formulate and monitor the CSR policy of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on these activities. A copy of the said CSR policy is placed on the website of the Company: www.idfc.com. Details of the CSR contribution made by IDFC during the year are given as **Annexure 5** to the Board's Report.

F. INVESTMENT COMMITTEE

As on March 31, 2018, the Investment Committee (**"IC"**) consists of four Members, namely Mr. Vinod Rai as the Chairman and Mr. S S Kohli, Mr. Donald Peck & Mr. Sunil Kakar as its Members.
Mr. Kakar was inducted as a Member of the IC w.e.f. July 16, 2017 in view of the resignation of Mr. Vikram Limaye as the MD & CEO of the Company and as a Member of the IC. Post demerger, IDFC is registered with the RBI as an NBFC - Investment Company. The broad mandate of IC is to take an informed decision about the proposed investments in equity, preference, convertible securities and VCF Units to be made by IDFC, having regard to factors like long-term value creation and / or business growth / diversification benefits.

G. IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated

03 CRITERIA FOR PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

PARTICULARS	AMOUNT IN ₹
Fixed Remuneration for Member of the Board	700,000
Chairperson of the Board	700,000
Chairperson of the Audit Committee	200,000
Chairperson of Other Committees	100,000
Member of the Audit Committee	100,000
Member of Other Committees	50,000
Variable remuneration (Depending on attendance at Board Meetings)	300,000

June 8, 2017 pertaining to "Information Technology Framework for NBFC sector, during the year, IT Strategy Committee was constituted having Mr. S S Kohli as Independent Director & Chairman of the Committee and Mr. Sunil Kakar (MD & CEO), Mr. Bipin Gemani & Mr. Madhusudan Warrior as Members. The Committee met once on November 11, 2017 and all the Members attended the meeting. The Board approved the Information Technology (IT) Strategy Document, Information Security Management System (ISMS) Policy, IT Policy, Cyber Security Policy and Cyber Crisis Management Plan on the recommendation of IT Strategy Committee.

Terms of reference of IT Strategy Committee include:

- Approving IT strategy and policy documents for an effective strategic planning. IT strategy will be based on the NBFC Business strategy.
- Communicating and monitoring information technology strategy internally and externally so that all employees, partners, suppliers, and contractors understand the Company-wide strategic plan and how it carries out the company's overall goals.
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- Ensuring IT investments are in line with business requirements, accepted IT Security standards within agreed budgets.
- Review of IT team strength, IT outsourced activities and guide in resource mobilizing for executing strategies.
- Ensuring proper controls exist towards IT risks giving a balance of risks and benefits.
- Driving technology decision-making that creates medium- and long-term improvement.
- Reviewing key strategic priorities and translating them into a comprehensive strategic plan for technology initiatives.
- Monitoring the execution of the IT policy, ISMS policy, BCP policy, DR policy, IT Outsourcing policy.
- IT Budgets review and approval
- IT projects review and approve delivery schedules.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on April 28, 2017 without the presence of the Non-Independent Directors and senior management team of the Company.

All IDs attended the Meeting and discussed the matters as required under the relevant provisions of the Act and the SEBI LODR Regulations.

In addition to the said formal Meeting, interactions outside the Board Meetings also take place between the Chairman and IDs.

BOARD EVALUATION

The Act and SEBI LODR Regulations contain broad provisions on Board Evaluation i.e. evaluation of the performance of: (i) the Board as a whole, (ii) individual Directors (including ID and Chairman) and (iii) various Committees of the Board. The provisions also specify responsibilities of Directors / Committees for conducting such evaluation.

SEBI, vide its circular dated January 5, 2017 had provided a guidance note covering all major aspects of evaluation which would serve as a guide for listed entities and may be adopted by them if considered appropriate.

Accordingly, detailed questionnaires were prepared and circulated to the Board for Annual evaluation. The outcome / responses of the evaluation process was presented and discussed verbally with the Directors present at the meeting.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations were made at the Board Meetings, on business and performance updates of the Company and its subsidiaries, global business environment, business strategy and associated risks, roles, rights and responsibilities of IDs. Details of the same are given on the website of the Company: www.idfc.com.

CODE OF CONDUCT

Code of Conduct for all Directors and designated Senior Management Personnel (**"SMP"**)[**"Code"**] is in place and the said Code is available on the website of the Company: www.idfc.com. All Board Members and designated SMPs

04 DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS

AMOUNT IN ₹

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY & PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION FOR FY17 PAID IN FY18	PAID DURING FY18 TOTAL
Mr. Vinod Rai	01119922	1,150,000	-	-	2,200,000	3,350,000
Mr. Gautam Kaji	02333127	1,000,000	-	-	1,300,000	2,300,000
Mr. S S Kohli	00169907	850,000	-	-	1,200,000	2,050,000
Mr. Donald Peck	00140734	800,000	-	-	1,157,143	1,957,143
Ms. Marianne Økland	03581266	800,000	-	-	1,200,000	2,000,000
Mr. Chintamani Bhagat	07282200	625,000	-	-	957,143	1,582,143
Mr. Manish Kumar[1]	07379535	-	-	-	-	-
Mr. Soumyajit Ghosh	07698741	-	-	-	-	-
Mr. Sunil Kakar[2]	03055561	-	14,599,423	2,553,613	-	17,153,036
Mr. Vikram Limaye[3]	00488534	-	10,612,290	566,617	-	11,178,907

1 Ceased to be Nominee Director w.e.f. June 11, 2018.
2 Appointed w.e.f. July 16, 2017.
3 During FY18, Mr. Vikram Limaye was paid bonus of ₹ 2 crore for FY17. He tendered his resignation as MD & CEO of the Company w.e.f. July 15, 2017. He was also paid ₹ 2 crore as exgratia for his services rendered to the Company.

have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD & CEO is enclosed at the end of this chapter. Further, all IDs have confirmed that they meet the criteria of Independence mentioned under Regulation 16(1)(b) of SEBI LODR Regulations, read with Sections 149(6) and 149(7) of the Act.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted the Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code lays down guidelines and procedures to be followed and disclosures to be made, while dealing with shares of the Company, as well as the consequences of violation. The Code has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company's securities. The said Code of Conduct for Prohibition of Insider Trading is also available on the website of the Company: www.idfc.com.

APPOINTMENT / REAPPOINTMENT / RESIGNATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL ("KMPS")

In July 2015, the Shareholders of the Company had appointed Mr. Vinod Rai as an ID for a period of three years till the conclusion of the AGM to be held for FY 18. Accordingly, Mr. Rai would hold office till the conclusion of the ensuing AGM. The NRC and the Board at their respective meetings held on April 27, 2018, approved his reappointment as an ID for a period of three years to hold office from conclusion of the ensuing AGM to be held on July 31, 2018 till July 30, 2021.

The above reappointment is subject to the approval of the Shareholders of the Company at the ensuing AGM by way of a Special Resolution.

During the year, following changes took place in the position of the Director / KMP:

1. Appointment of Mr. Sunil Kakar as a MD & CEO of the Company w.e.f. July 16, 2017 and subsequent approval at the 20th AGM of the Company, in view of resignation of Mr. Vikram Limaye as MD & CEO w.e.f July 15, 2017.
2. Mr. Bipin Gemani resigned as the Chief Financial Officer of the Company w.e.f. January 12, 2018, in view of his appointment as Interim Chief Financial Officer of IDFC Bank Limited.
3. Appointment of Mr. Amol Ranade as the Company Secretary & Compliance Officer of the Company w.e.f. February 1, 2018, in view of the resignation of Mr. Ketan Kulkarni as Company Secretary & Compliance Officer w.e.f. January 31, 2018.

Mr. Manish Kumar ceased to be a Nominee Director of GoI w.e.f. June 11, 2018.

Pursuant to provisions of Companies Act, 2013 read with the Rules made thereunder and SEBI LODR Regulations, Mr. Gautam Kaji and Mr. Donald Peck shall complete their 2nd term at the conclusion of ensuing AGM and will cease to be Independent Directors of the Company.

The Board places on record its sincere appreciation for the services rendered by the outgoing Directors

05 NATURE OF COMPLAINTS RECEIVED AND ATTENDED DURING FY18 FOR EQUITY SHARES

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2017	RECEIVED DURING THE YEAR	ATTENDED DURING THE YEAR	PENDING AS ON MARCH 31, 2018
1.	Non-receipt of Dividend warrants	NIL	237	237	NIL
2.	Non-receipt of Annual Report	NIL	95	95	NIL
3.	Complaints received from:				
	- SEBI	NIL	3	3	NIL
	- Stock Exchange	NIL	8	8	NIL
4.	Non-receipt of Refund	NIL	2	2	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	2	2	NIL
6.	Non-receipt of Securities	NIL	3	3	NIL

and KMPs during their tenure in the Company.

CEO CERTIFICATION

Certification from the MD & CEO on the financial statements and internal controls relating to financial reporting for FY18 is enclosed at the end of this chapter.

GENERAL BODY MEETINGS

ANNUAL AND EXTRA-ORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Table 6 gives details of AGMs held during last three years.

No Extra-Ordinary General Meeting was held during the last three financial years.

SHAREHOLDERS' UPDATE

Special Resolutions sought to be passed at the ensuing AGM

IDFC seeks the approval of Shareholders of the Company by way of Special Resolution for

(i) Reappointment of Mr. Vinod Rai as an ID of the Company.

(ii) Offer and Issue of Non-Convertible Securities through Private Placement basis.

(iii) Alteration of Articles of Association.

Detailed explanatory statement pursuant to Section 102 of the Act in respect of the above items forms part of the AGM Notice.

Means of communication with Shareholders

As per Regulation 46 of SEBI LODR Regulations, IDFC maintains a website: www.idfc.com containing basic information about the Company, such as details of its business, financial results, shareholding pattern, compliance with corporate governance, contact information of the designated official who is responsible for assisting and handling investor grievances. It also displays all official press releases and presentation to institutional investors or analysts made by the Company. This information is regularly updated on the website of the Company.

The financial and other information filed by the Company from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE. NSE and BSE have introduced their respective electronic platforms namely NSE Electronic Application Processing System (**"NEAPS"**) and BSE Listing Centre Online Portal for submission of various filings by listed companies. IDFC ensures that the requisite compliances are filed through these systems. The Company also informs to the Stock Exchanges the schedule of Investor Conferences where representatives of IDFC attend. The quarterly, half-yearly and annual results of IDFC are published in leading newspapers like the Hindu Business Line & Makkal Kural and are also displayed on the website of the Company: www.idfc.com.

DISCLOSURES

RELATED PARTY DISCLOSURES

During FY18, all transactions entered into with Related Parties, as defined under the Act and SEBI LODR Regulations, were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Act. There were no materially significant related party transactions that could have any potential conflict of interest of the Company at large. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the notes to the Financial Statements. All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. Further, an omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature and the management appraises the Audit Committee of such transactions every quarter. Further, the details of Related Party Transactions are included in the Notes to the Financial Statements which forms part of this Annual Report. The Board of Directors have formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Act and SEBI LODR Regulations.

The same are displayed on the website of the Company: www.idfc.com.

06 ANNUAL GENERAL MEETINGS HELD DURING THE LAST THREE YEARS

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY15	The Music Academy, Kasturi Srinivasan Hall, New No. 168, (Old No. 306), Next to Acropolis Building T.T.K. Road, Royapettah, Chennai 600 014.	July 30, 2015	2.00 p.m.	i. Offer and Issue of Non-Convertible Securities under Private Placement.
FY16	The Music Academy, T.T.K. Auditorium (Main Hall), Near Acropolis Building New No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 27, 2016	2.00 p.m.	i. Reappointment of Mr. Donald Peck as an Independent Director; ii. Approval of the Borrowing Limits of the Company including Issue of Non-Convertible Securities under Private Placement.
FY17	The Music Academy, T.T.K. Auditorium (Main Hall), Near Acropolis Building New No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 28, 2017	2.00 p.m.	i. Reappointment of Mr. S S Kohli as an Independent Director of the Company; ii. Reappointment of Ms. Marianne Økland as an Independent Director of the Company; iii. Offer and Issue of Non-Convertible Securities through Private Placement.

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of SEBI LODR Regulations defines a material non listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose Income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated Income or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, as of March 31, 2018, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Bank Limited (Listed). Further, as per Regulation 24(1) IDFC has nominated its IDs on the Board of IDFC Financial Holding Company Limited. Consequent upon resignation of Mr. Vikram Limaye and appointment of Mr. Sunil Kakar as MD & CEO of the Company, Mr. Kakar has been nominated on the Board of IDFC Bank. A Policy for determining 'material' subsidiaries is placed on the website of the Company: www.idfc.com. The Audit Committee of IDFC reviews the financial statements of the subsidiary companies and the investments made by its subsidiaries. The minutes of the Board Meetings of the subsidiary companies are placed before the Board of IDFC at regular intervals. A statement of all significant transactions and arrangements entered into by the subsidiary companies, if any, is periodically placed before the Board of IDFC. The audited Annual Financial Statements of the subsidiary companies are provided to the Audit Committee and Board of IDFC.

CONFIRMATION OF COMPLIANCE

IDFC has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory / regulatory authority(ies) on any matter related to capital market during the last three years.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V of SEBI LODR Regulations, the Auditors' Certificate on Corporate Governance is annexed and forms part of the Annual Report.

COMMODITY PRICE RISKS OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company did not enter into any Commodity transactions. Further, the Company did not have any foreign currency exposure.

POSTAL BALLOT

The Company may seek to pass Special Resolution(s) in FY19 through Postal Ballot, as and when required, subject to applicable Act and Rules.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177(9) of the Act and Regulation 22 of SEBI LODR Regulations, the Company has established the Vigil Mechanism, by adopting Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee reviews the functioning of Whistle Blower Mechanism. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company and no personnel has been denied access to the Audit Committee. The said policy has been posted on the website of the Company: www.idfc.com.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its businesses, including adherence to the Company's policies, the safeguard of its assets, the prevention of frauds and errors, the accuracy and completeness of the accounting policies and the timely preparation of reliable financial disclosures.

COMPLIANCE

The Company has adhered to all the mandatory requirements of Corporate Governance norms prescribed under Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR Regulations to the extent applicable to the Company.

ADOPTION OF NON-MANDATORY REQUIREMENTS

SEPARATE POSTS OF CHAIRPERSON AND CEO

The Company has complied with the requirement of having separate persons for the posts of Chairperson and MD & CEO. Mr. Vinod Rai is the Independent Non-Executive Chairman and Mr. Sunil Kakar is MD & CEO of the Company.

AUDIT QUALIFICATION

During the year under review, there were no audit qualifications in the Company's Standalone & Consolidated financial statements. IDFC continues to adopt best practices to ensure regime of unqualified financial statements.

REPORTING OF INTERNAL AUDITORS

The Internal Auditors present their reports directly to the Audit Committee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34(2)(e) of SEBI LODR Regulations, the Annual Report has a separate chapter titled Management Discussion & Analysis.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (**"Indian GAAP"**) to comply with the Accounting Standards as specified under Section 133 of the Act. The financial statements have been prepared on the accrual basis under the historical cost convention.

As directed by RBI, the Company will prepare the financial statements in accordance with Ind-AS from April 01, 2018.

ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

In keeping with specific requirements for a Non-Banking Financial Company, the Company has formulated an Anti-Money Laundering and Know Your Customer Policy.

GENERAL SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Financial Year - April 1, 2017 to March 31, 2018

For the year ended March 31, 2018, results were announced on

- July 27, 2017 for the first quarter.
- October 30, 2017 for the second quarter and half year.
- January 29, 2018 for the third quarter and nine months.
- April 27, 2018 for the fourth quarter and annual.

For the year ending March 31, 2019, results will be announced latest by:

- Second week of August, 2018 for the first quarter.
- Second week of November, 2018 for the second quarter and half year.
- Second week of February, 2019 for the third quarter and nine months.
- Last week of May, 2019 for the fourth quarter and annual.

DIVIDEND

A Final Dividend of ₹ 0.75 per equity share of ₹ 10 each (i.e. 7.5%) will be paid after the AGM subject to approval by the Shareholders at the ensuing AGM. The Register of Members will be closed from July 25, 2018 to July 31, 2018 (both days inclusive) for the purpose of payment of dividend.

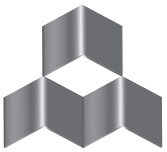
IDFC'S LISTING AND STOCK

EXCHANGE CODES

At present, the equity shares of IDFC are listed on BSE and NSE details whereof are given in **Table 7**. The annual listing fees for FY19 have been paid.

07 **IDFC'S STOCK EXCHANGE CODES FOR EQUITY SHARES**

NAME & ADDRESS OF THE STOCK EXCHANGE	STOCK SYMBOL / SCRIP CODE
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla-Complex, Bandra (East), Mumbai 400 051	IDFC
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	532659
ISIN	INE043D01016



ANNUAL GENERAL MEETING

DATE & TIME

TUESDAY, JULY 31, 2018 AT 2:00 P.M.

VENUE

SIR MUTHA VENKATASUBBA RAO CONCERT HALL

(INSIDE LADY ANDAL SCHOOL PREMISES),
SHENSTONE PARK,
13/1 HARRINGTON ROAD, CHETPET,
CHENNAI – 600 031. TAMIL NADU, INDIA.

STOCK PRICES

Table 8 gives details of the stock market prices of IDFC's shares. A comparison of the share prices of the Company at NSE and BSE with their respective indices are given in Charts A and B.

DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of IDFC's equity shares by size and shareholding pattern by ownership along with Top 10 equity Shareholders of the Company as on March 31, 2018 are given in **Table 9**, **Table 10** and **Table 11**, respectively.

DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India NSDL and CDSL. As on March 31, 2018, approximately 99.99% shares of IDFC were held in dematerialised form. The details of the same are given in **Table 12**.

OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company does not have outstanding GDRs / ADRs / Warrants or any Convertible Instruments as on date.

UNCLAIMED / UNPAID DIVIDEND

Pursuant to the provisions of Sections 124 and 125 of the Act, any dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to Investor Education and Protection Fund (**"IEPF"**) established by the Central Government.

Accordingly, an amount of ₹ 1,712,540 being unclaimed / unpaid dividend for FY10 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the IEPF. The unpaid dividend amount pertaining to FY11 will be transferred to IEPF after August 29, 2018. Hence, Shareholders who have not yet encashed their dividend warrant(s) pertaining to dividend for FY11 are requested to make their claims on or before August 29, 2018 to IDFC or Karvy Computershare Private Limited.

Pursuant to the applicable provisions of the Act and Rules made thereunder, as amended from time to time, it is clarified that after such a transfer, no claim shall lie against the Company. However, the investor can claim the unpaid dividend from the IEPF Authority.

The status of Dividend remaining unclaimed is given in **Table 13**.

Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 28, 2017 (date of last AGM) on the Company's website: www.idfc.com and on MCA website.

TRANSFER OF SHARES TO IEPF

Pursuant to the applicable provisions of Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent modification thereof, all shares in respect of which dividend have remained unpaid or unclaimed for consecutive seven years, the corresponding shares have to be transferred to IEPF Authority. In compliance with the aforesaid provisions, the Company has transferred 96,883 equity shares of ₹ 10 each to the designated account of the IEPF Authority. As required under the said provisions, all subsequent corporate benefits that will be accrued in relation to the above shares shall also be credited to the corresponding Bank account of IEPF Authority. The details of such shares transferred to IEPF are available on website of the Company at http://www.idfc.com/investor_relations/UnclaimedShares.htm. Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at http://www.iepf.gov.in.

The Company had already sent communication to the Shareholders requesting them to claim the dividend, in order to avoid their shares getting transferred to IEPF. Accordingly, Shareholders who have not claimed the dividend since FY11, are requested to contact Karvy Computershare Private Limited and submit requisite documents, failing which the Company will be constrained to transfer the shares to IEPF Authority as per the Rules.

UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

IDFC had credited the unclaimed shares lying in the escrow account, allotted in

CHART A **IDFC VS NIFTY** **IN PERCENTAGE**

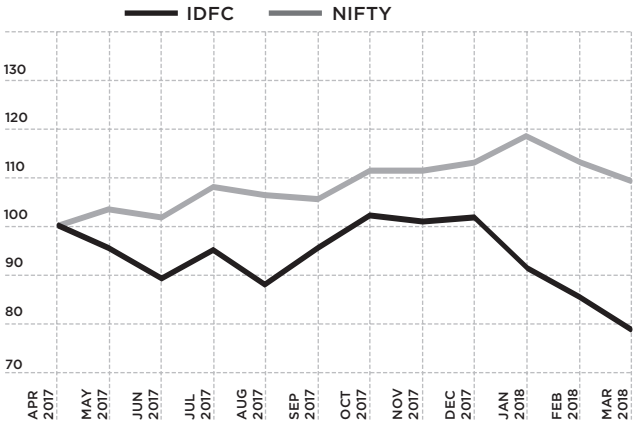
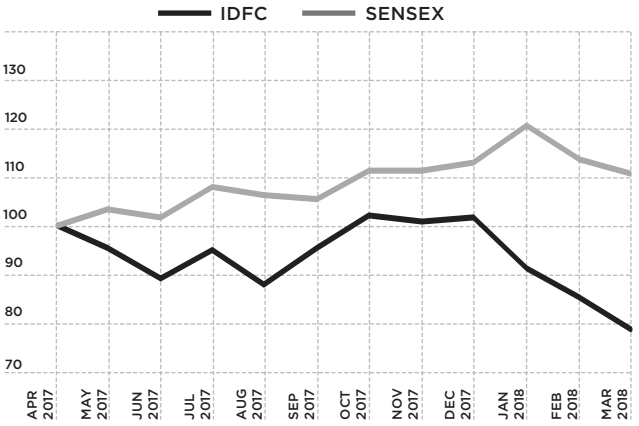


CHART B **IDFC VS SENSEX** **IN PERCENTAGE**



08 HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES

	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
Apr-17	62.85	54.25	174,246,808.00	62.80	54.20	22,068,176.00
May-17	65.85	56.20	190,269,737.00	65.85	56.25	54,080,693.00
Jun-17	60.00	54.15	95,285,131.00	60.05	54.15	9,638,164.00
Jul-17	68.90	53.90	258,426,858.00	64.50	53.95	50,573,342.00
Aug-17	59.60	52.80	121,474,982.00	59.60	52.85	18,018,995.00
Sep-17	63.60	54.85	231,733,619.00	63.60	54.90	38,952,703.00
Oct-17	68.00	58.45	316,539,876.00	67.95	58.35	36,998,580.00
Nov-17	65.70	59.05	168,562,400.00	65.70	59.10	18,087,107.00
Dec-17	64.40	56.15	125,737,087.00	64.35	56.10	11,183,065.00
Jan-18	67.80	55.00	270,132,859.00	68.00	54.95	47,497,883.00
Feb-18	57.20	49.30	103,039,281.00	57.15	49.50	10,039,620.00
Mar-18	53.40	48.30	123,319,625.00	53.40	48.25	19,376,322.00

Note: High and Low are in rupees per traded share. Volume is the total monthly volume of trade in number of IDFC's shares.

the Initial Public Offer of the Company during July–August, 2005, into a Demat Suspense Account opened specifically for this purpose. The Company transfers the shares lying unclaimed under the IPO to the eligible Shareholders as and when the request for the same is received after proper verification. During the year, the Company had received one request for claiming the said shares and the claim was settled accordingly. These shares were transferred to IEPF Authority as per the IEPF Rules. Details of shares which were lying in the 'Unclaimed Suspense Account' and were transferred to IEPF Authority are given in **Table 14**. Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at http://www.iepf.gov.in.

SHARE TRANSFER SYSTEM

IDFC has appointed Karvy Computershare Private Limited as its Registrar and Transfer Agent. All share transfer and related operations are conducted by Karvy, which is registered with the SEBI as a Category 1 Registrar. The shares sent for physical transfer are effected after giving a 15 day's notice to the seller for confirmation of the sale. IDFC has a Stakeholders'

09 IDFC'S DISTRIBUTION OF SHAREHOLDING PATTERN BY SIZE AS ON MARCH 31, 2018

CATEGORY (SHARES)	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1–5000	431,678	98.41	151,011,105	9.46
5001–10000	3637	0.83	27,143,069	1.70
10001–20000	1622	0.37	23,295,948	1.46
20001–30000	504	0.12	12,642,391	0.79
30001–40000	225	0.05	7,937,712	0.50
40001–50000	161	0.04	7,467,059	0.47
50001–100000	323	0.07	23,593,405	1.48
100001 & Above	500	0.11	1,343,263,877	84.14
TOTAL	**438,650**	**100.00**	**1,596,354,566**	**100.00**

10 IDFC'S EQUITY SHAREHOLDING PATTERN BY OWNERSHIP AS ON MARCH 31, 2018

SR. NO.	CATEGORY OF SHAREHOLDER	NO. OF EQUITY SHARES (FACE VALUE OF ₹10 EACH)	% OF SHARES
PROMOTERS HOLDING		Not Applicable	
NON-PROMOTERS HOLDING			
1	President of India	261,400,000	16.37
2	Banks, Financial Institutions, Insurance Companies	59,918,129	3.75
3	Foreign Institutional / Portfolio Investors	512,116,653	32.09
4	NRI / Foreign Nationals	16,592,109	1.04
5	HUF	13,824,313	0.87
6	Bodies Corporate	82,331,824	5.16
7	Mutual Funds	258,079,430	16.17
8	NBFC	202,320	0.01
9	Resident Individuals	371,198,134	23.25
10	Trusts	12,026,694	0.75
11	Clearing Members	8,664,960	0.54
GRAND TOTAL		**1,596,354,566**	**100.00**

11 TOP 10 EQUITY SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2018

SR. NO.	NAME	SHARES	% TO EQUITY
1	President of India	261,400,000	16.37
2	Sipadan Investments (Mauritius) Limited	151,145,989	9.47
3	Theleme Master Fund Limited	79,475,433	4.98
4	Orbis Sicav Emerging Markets Equity Fund	58,961,949	3.69
5	Ashish Dhawan	48,773,111	3.06
6	East Bridge Capital Master Fund Limited	39,641,081	2.48
7	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	26,756,791	1.68
8	Akash Bhanshali	26,050,921	1.63
9	ICICI Prudential Balanced Fund	19,361,236	1.21
10	Platinum Asia Fund	19,084,314	1.20

Relationship Committee for monitoring redressing of Shareholders' complaints regarding securities issued by IDFC from time to time.

As required under Regulation 40(9) of SEBI LODR Regulations, a Practising Company Secretary examines the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above Regulations.

As required by SEBI, audit of Reconciliation of Share Capital is conducted by a Practising Company Secretary on a quarterly basis for the purpose, *inter alia*, of reconciliation of the total admitted equity share capital with the depositories and in physical form with the total issued / paid-up equity share capital of the Company.

Certificates issued in this regard are forwarded to BSE and NSE on periodic basis.

12 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2018

CATEGORY	NO. OF SHARES	%
Physical	27,250	ß*
NSDL	1,500,417,928	93.99
CDSL	95,909,388	6.01
TOTAL	**1,596,354,566**	**100.00**

* ß denotes negligible value

13 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2018

PARTICULARS	UNCLAIMED DIVIDEND (₹)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2010–11	3,241,390	July 27, 2011	August 29, 2018
2011–12	4,734,324	July 9, 2012	August 12, 2019
2012–13	4,113,206	July 29, 2013	August 29, 2020
2013-14	4,800,719	July 29, 2014	September 2, 2021
2014-15	4,299,789	July 30, 2015	September 3, 2022
2015-16 [1]	-	-	-
2016-17	918,217	July 28, 2017	August 29, 2024

[1] Dividend was not declared for FY 2015-16

14 UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

PARTICULARS	NO. OF CASES / MEMBERS	NO. OF SHARES OF ₹ 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	100	28,453
Number of Shareholders who approached to IDFC / Registrar for transfer of shares from suspense account during the year 2017-18	1	200
Number of Shareholders to whom shares were transferred from suspense account during the year 2017-18	1	200
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2018	99	28,253

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited
(Unit: IDFC Limited)
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli,
Financial District,
Nanakramguda, Serilingampally
Hyderabad – 500 032
Tel: +91 40- 6716 2222
Fax: +91 40- 2342 0814
E-mail: einward.ris@karvy.com

THE COMPANY SECRETARY

Mr. Amol Ranade
IDFC Limited
Naman Chambers,
C-32, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051
Tel: +91 22 4222 2240
Fax: +91 22 2654 0354
E-mail: amol.ranade@idfc.com
Website: www.idfc.com

REGISTERED OFFICE ADDRESS

IDFC Limited
KRM Towers, 7th Floor,
No. 1, Harrington Road,
Chetpet, Chennai - 600 031
Tel: +91 44 4564 4000
Fax: +91 44 4564 4022



CEO CERTIFICATE

Certification by Chief Executive Officer of the Company for the Financial Year 2017-18

I Sunil Kakar, Managing Director & Chief Executive Officer of IDFC Limited **("IDFC" or "the Company"),** hereby certify to the Board that:

a. I have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of my knowledge and belief, no transactions entered into by IDFC during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. I am responsible for establishing and maintaining internal controls for financial reporting in IDFC and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

d. I have indicated to the Auditors and the Audit committee:

i. Significant changes in internal control over financial reporting during the year;
ii. Significant changes in accounting policies during the year and the same have been disclosed in the Notes to the financial statements; and
iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting

e. I affirm that I have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any)

f. I further declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the current year.

Sunil Kakar
Managing Director & CEO

Mumbai | April 24, 2018



INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF IDFC LIMITED

We have examined the compliance of conditions of corporate governance by **IDFC LIMITED** (the 'Company') for the year ended March 31, 2018, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR BNP & ASSOCIATES
Company Secretaries
[Firm Regn. No. P2014MH037400]

B. Narasimhan
Partner
FCS No.:- 1303
COP No.:- 10440

Mumbai | April 27, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying Standalone Financial Statements of **IDFC Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The standalone financial statements of the company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated April 28, 2017 expressed an unmodified opinion on those financial statements.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

INDEPENDENT AUDITORS' REPORT

11. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company does not have any pending litigations as at March 31, 2018 which would impact its financial position.

        ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. There are no derivative contracts as at March 31, 2018.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
(Membership Number: 042190)

Mumbai | April 27, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of **IDFC Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
(Membership Number: 042190)

Mumbai | April 27, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of IDFC Limited on the financial statements as of and for the year ended March 31, 2018

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification was carried out by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any, have been properly dealt with in the books of account.

(c) The Company does not own any immovable properties. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loan or provided any guarantee or security in connection with any loan taken by parties covered under Section 185 of the Act. Therefore, the provisions of Section 185 are not applicable to the Company. The Company is registered as a Non-Banking Financial Company - Investment Company with the RBI. Thus, the provision of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub section (1) of Section 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees state insurance, income tax, service tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, goods and service tax and other material statutory dues which have not been deposited on account of any dispute.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Systemically Important Non-deposit Accepting or Holding Non-Banking Financial Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
(Membership Number: 042190)

Mumbai | April 27, 2018

BALANCE SHEET

AS AT MARCH 31, 2018

(₹ IN CRORE)

	NOTES	AS AT MARCH 31, 2018	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
EQUITY AND LIABILITIES				
Equity and liabilities				
Shareholders' funds				
(a) Share capital	4	1,596.35		1,595.94
(b) Reserves and surplus	5	8,164.25		8,054.35
			9,760.60	9,650.29
Non-current liabilities				
(a) Deferred tax liability	6	9.40		11.24
(b) Long term provisions	7	0.08		-
			9.48	11.24
Current liabilities				
(a) Short term borrowings	8	-		199.70
(b) Trade payables	9			
(i) Total outstanding dues of micro enterprises and small enterprises		-		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2.46		7.20
(c) Other current liabilities	10	6.36		6.17
(d) Short-term provisions	11	6.15		3.86
			14.97	216.93
TOTAL			9,785.05	9,878.46
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment				
(i) Tangible assets	12		56.77	61.85
(b) Non-current investments	13		9,187.43	9,133.44
(c) Long-term loans and advances	14		1.71	1.73
			9,245.91	9,197.02
Current assets				
(a) Current investments	15	507.00		250.00
(b) Trade receivables	16	1.12		0.16
(c) Cash and bank balances	17	3.52		401.22
(d) Short-term loans and advances	14	26.36		22.94
(e) Other current assets	18	1.14		7.12
			539.14	681.44
TOTAL			9,785.05	9,878.46

The accompanying notes are integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Russell Parera
Partner
Membership Number : 42190

Mumbai, April 27, 2018

For and on behalf of the Board of Directors of
IDFC Limited

Vinod Rai
Non-Executive Chairman

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN CRORE)

		NOTES	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
I	**INCOME**			
	Revenue from operations	19	197.44	159.22
	Other income	20	10.54	-
	TOTAL INCOME (I)		207.98	159.22
II	**EXPENSES**			
	Employee benefits expense	21	12.30	11.24
	Finance costs	22	0.30	2.73
	Provisions and contingencies	23	14.67	49.52
	Other expenses	24	13.95	11.55
	Depreciation and amortisation expense	12	5.24	5.25
	TOTAL EXPENSES (II)		46.46	80.29
III	**PROFIT BEFORE TAX (I - II)**		161.52	78.93
IV	**TAX EXPENSE**			
	Current tax		14.93	23.10
	Deferred tax	6	(1.84)	0.08
	TOTAL TAX EXPENSE (IV)		13.09	23.18
V	**PROFIT FOR THE YEAR (III-IV)**		148.43	55.75
VI	**EARNINGS PER EQUITY SHARE (NOMINAL VALUE OF SHARE ₹ 10 EACH)**	31		
	(a) Basic (₹)		0.93	0.35
	(b) Diluted (₹)		0.93	0.35

The accompanying notes are integral part of these financial statements.

This is the Statement of Profit & Loss referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Russell Parera
Partner
Membership Number : 42190

Mumbai, April 27, 2018

For and on behalf of the Board of Directors of
IDFC Limited

Vinod Rai
Non-Executive Chairman

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax			161.52	78.93
Adjustments for:				
Depreciation and amortisation expense	12	5.24		5.25
Provisions and contingencies (excluding bad debts written off)	23	14.67		49.52
Interest income	19	(5.51)		(7.16)
Interest expense	22	0.30		2.39
Profit on sale of current investments (net)	19	(36.97)		(42.07)
Profit on sale of non-current investments	19	-		(8.77)
Profit on sale of fixed assets	20	(0.05)		-
Interest received on fixed deposits		5.12		8.22
Interest paid on borrowings	22	(0.30)		(2.39)
			(17.50)	4.99
Operating profit before working capital changes			144.02	83.92
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets				
Trade receivables		(0.96)		(0.03)
Long-term loans and advances		0.02		(0.98)
Short-term loans and advances		(13.07)		55.42
Other current assets		1.43		(3.61)
Adjustments for increase / (decrease) in operating liabilities				
Trade payables		(8.24)		1.50
Other current liabilities		3.78		(0.44)
			(17.04)	51.86
Direct taxes paid			(12.65)	(21.67)
NET CASH GENERATED FROM OPERATING ACTIVITIES			114.35	114.11
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including intangible assets under development)			(0.33)	(1.37)
Investment in subsidiaries			-	(244.24)
Purchase of other investments			(4,818.71)	(4,293.99)
Term deposit placed			(1,782.00)	(440.50)
Term deposit matured			1,803.80	418.70
Sale proceeds on sale of fixed assets			0.22	-
Sale proceeds of other investments			4,544.71	4,399.73
NET CASH USED IN INVESTING ACTIVITIES			(252.31)	(161.67)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from fresh issue of shares (net of issue expenses)			1.78	0.14
Proceeds from borrowings			-	897.31
Repayment of borrowings			(199.70)	(697.61)
Dividend paid (including dividend distribution tax)			(39.90)	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES			(237.82)	199.84
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)			(375.77)	152.28
Cash and cash equivalents as at the beginning of the year	17		377.08	224.80
Cash and cash equivalents as at the end of the year	17		1.31	377.08
			(375.77)	152.28
RECONCILIATION :				
Cash & Bank Balances as per Balance Sheet (refer note 17)			3.52	401.22
Less : Bank balances not considered as Cash & Cash equivalents as defined in AS 3 Cash Flow Statements			2.21	24.14
Net Cash & Cash equivalents as defined in AS 3 Cash Flow Statements			1.31	377.08

The accompanying notes are integral part of these financial statements.

This is the Cash Flow statement referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Russell Parera
Partner
Membership Number : 42190

Mumbai, April 27, 2018

For and on behalf of the Board of Directors of
IDFC Limited

Vinod Rai
Non-Executive Chairman

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

01 CORPORATE INFORMATION

IDFC Limited ('the Company') is a company incorporated in India and is a Non Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). It was operating as an Infrastructure Finance Company, i.e. financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, tourism and hotels upto September 30, 2015. The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the company is operating as NBFC - Investment Company.

02 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") and the relevant provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the RBI for non-deposit taking Non-banking Finance Companies (NBFC-ND). The accounting policies adopted in preparation of financial statements are consistent with those followed in the previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

03 SIGNIFICANT ACCOUNTING POLICIES

A. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and any revisions or the differences between the actual results and the estimates are recognised in the current and future periods.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank, fixed deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

C. CASH FLOW STATEMENT

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Company are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

D. INVESTMENTS

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standards notified under Section 133 of the 2013 Act. Current investments also include current maturities of long-term investments. All other investments are classified as long-term investments.

The Company follows settlement date method of accounting for recording of purchase and sale of investments. All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised gain is ignored, while net depreciation is provided for. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investments. Premium paid over the face value of long-term investment is amortised over the life of the investment on straight line method.

Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at the lower of book value and fair value / market value on the date of transfer.

E. LOANS

In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets (ii) sub-standard assets (iii) doubtful assets and (iv) loss assets.

F. TANGIBLE FIXED ASSETS

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. Profit or loss arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss.

G. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on tangible fixed assets is provided on the straight line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile phones - 2 years b) Motor Cars - 4 years.

Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

H. INTANGIBLE ASSETS AND AMORTISATION

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is charged annually to the Statement of Profit and Loss. Intangible assets are being amortised over the estimated useful life of the asset on a straight-line method. The estimated useful life of the intangible assets and amortisation period are reviewed at the end of each financial year.

I. IMPAIRMENT OF ASSETS

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

J. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES

The Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to Statement of Profit and Loss.

K. EMPLOYEE BENEFITS

- Defined contribution plans

  The Company's contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made and when services are rendered by the employees.

- Defined benefit plan

  The net present value of the Company's obligation towards gratuity to employees is funded and actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the year.

- Compensated absences

  Based on the leave rules of the Company, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year.

L. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

M. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest is accounted on accrual basis except in the case of non-performing loans and identified advances, where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.
- Dividend is accounted when the right to receive is established.
- All other fees and charges are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due.
- Profit / loss on sale of investments is recognised on settlement date basis. Profit / loss on sale of investments is determined based on the weighted average cost.
- Revenue from power supply is accounted on accrual basis, unless there is any uncertainty relating to its recovery.

N. SEGMENT REPORTING

The Company's primary business segments are reflected based on the principal business carried out, i.e. investing. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment.

O. LEASES

Where the Company is lessee

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight - line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under section 133 of the 2013 Act. Initial direct costs incurred specifically for operating leases are recognised as expense in the year in which they are incurred.

P. EARNINGS PER SHARE

The Company reports basic and diluted earnings per share in accordance with AS-20, 'Earnings Per Share', as notified under section 133 of the 2013 Act. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end, except where the results are anti-dilutive.

Q. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income - tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income-tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus a permanent difference. Accordingly, no deferred tax liability has been created in books of account, towards the same.

R. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gain or loss resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

S. PROVISIONS AND CONTINGENCIES

Provision against loans and advances

- Contingent provision against standard assets is made at 0.40% of the outstanding standard assets in accordance with the RBI guidelines.
- Provision against non performing advances are made as per RBI guidelines.

Other provisions and Contingent liabilities

- A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed separately. Contingent assets are not recognised in the financial statements.

T. SECURITIES ISSUE EXPENSES

Issue expenses of certain securities and redemption premium are adjusted against the securities premium account as permissible under Section 52 of the 2013 Act, to the extent balance is available for utilisation in the securities premium account.

U. SERVICE TAX / GOODS AND SERVICE TAX INPUT CREDIT

Service tax input / GST credit is accounted in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credit.

04 SHARE CAPITAL

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
AUTHORISED				
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
		5,000.00		5,000.00
ISSUED, SUBSCRIBED & FULLY PAID-UP				
Equity shares of ₹ 10 each	1,596,354,566	1,596.35	1,595,941,570	1,595.94
Total issued, subscribed and fully paid-up share capital		1,596.35		1,595.94

(a) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the year

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
EQUITY SHARES	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	1,595,941,570	1,595.94	1,594,020,668	1,594.02
Issued during the year - stock options exercised under the ESOS [see note (e)]	412,996	0.41	1,920,902	1.92
Outstanding as at the end of the year	1,596,354,566	1,596.35	1,595,941,570	1,595.94

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors on the board meeting dated April 27, 2018 is subject to approval of the shareholders at the ensuing Annual General Meeting. During the year, the Board of Directors proposed dividend of ₹ 0.75 per share (7.5%) [Previous Year ₹ 0.25 per share (2.50%)].

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% of the shares in the Company

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
EQUITY SHARES	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
President of India	261,400,000	16.37	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47
First State Investments ICVC	-	-	94,016,080	5.89

(d) Shares reserved for issue under stock options

Refer to note (e) for details of shares reserved for issue under the ESOS of the Company.

(e) Movement in stock options granted under the ESOS is as under:

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
	NUMBER	NUMBER
Outstanding as at beginning of the year	36,477,254	39,579,341
Add: Granted during the year	244,200	4,187,925
Less: Exercised during the year [see note (a)]	412,996	1,920,902
Less: Lapsed / forfeited during the year	9,390,773	5,369,110
Outstanding as at the end of the year	26,917,685	36,477,254

05 RESERVES AND SURPLUS

		(₹ IN CRORE)
	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(A) SECURITIES PREMIUM ACCOUNT		
Opening balance	2,504.05	2,499.98
Add: premium on exercise of stock options under the ESOS	1.37	4.07
Closing balance	2,505.42	2,504.05
(B) STOCK OPTIONS OUTSTANDING		
Opening balance	2.18	7.04
Less: Transferred to general reserve [see note 5(e)]	2.18	4.68
Less: Stock options exercised	-	0.18
Closing balance	-	2.18

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(C) SPECIAL RESERVE U/S. 36(1)(VIII) OF THE INCOME-TAX ACT, 1961		
Opening balance	3,053.25	3,053.25
Add: Transfer from surplus in the Statement of Profit and Loss	-	-
Closing balance	3,053.25	3,053.25
(D) SPECIAL RESERVE U/S. 45-IC OF THE RBI ACT, 1934		
Opening balance	927.00	915.80
Add: Transfer from surplus in the Statement of Profit and Loss [see note (i) & 5(f)]	30.00	11.20
Closing balance	957.00	927.00
(E) GENERAL RESERVE		
Opening balance	628.84	624.16
Add: Transfer from stock options outstanding [see note 5(b)]	2.18	4.68
Closing balance	631.02	628.84

(F) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS				
Opening balance		939.03		894.48
Profit for the year		148.43		55.75
		1,087.46		950.23
Less: Appropriations				
Special reserve u/s. 45-IC of the RBI Act, 1934 [see note 5(d)]	30.00		11.20	
Dividend paid (includes tax on dividend)	39.90		-	
Total appropriations		69.90		11.20
Closing balance		1,017.56		939.03
TOTAL RESERVES AND SURPLUS		8,164.25		8,054.35

(i) Appropriation of ₹ 30.00 crore (Previous Year ₹ 11.20 crore) was made under section 45-IC of the RBI Act.

06 DEFERRED TAX LIABILITY

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	9.40	11.24
TOTAL	9.40	11.24

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as specified under Section 133 of the 2013 Act, the Company has taken credit of ₹ 1.84 crore in the Statement of Profit and Loss on account of timing differences (Previous year charge of ₹ 0.08 crore).

07 LONG TERM PROVISIONS

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Contingent provision against standard assets	0.08	-
TOTAL	0.08	-

08 SHORT-TERM BORROWINGS

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Commercial papers (unsecured)		
Face value	-	200.00
Less: Unexpired discount [see note (a)]	-	0.30
TOTAL	-	199.70

(a) Unexpired discount on commercial paper is net of ₹ 0.15 crore towards interest accrued but not due in previous year.

09 TRADE PAYABLES

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(i)	Total outstanding dues of micro enterprises and small enterprises	-	-
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises		
	Other trade payables	0.67	5.72
	Provision for expenses	1.79	1.48
TOTAL		2.46	7.20

Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars		As at March 31, 2018	As at March 31, 2017
(a)	Principal amount remaining unpaid to any supplier at the end of the accounting year.	-	-
(b)	Interest due thereon remaining unpaid to any supplier at the end of the accounting year.	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

10 OTHER CURRENT LIABILITIES

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Unclaimed dividend [see note (a)]	2.21	2.34
Employee benefits payable	3.64	3.53
Statutory dues	0.51	0.30
TOTAL	6.36	6.17

(a) No amount of unclaimed dividend was due for transfer to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the Balance Sheet date.

11 SHORT-TERM PROVISIONS

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Provision for income tax	6.15	3.86
[Net of advance payment of tax of ₹ 350.87 crore (Previous Year ₹ 338.24 crore)]		
TOTAL	6.15	3.86

12 TANGIBLE ASSETS

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT APRIL 1, 2017	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT APRIL 1, 2017	DEPRECIATION CHARGE FOR THE YEAR	DISPOSALS	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT MARCH 31, 2017
Own Assets:										
Vehicles	0.82	-	0.56	0.26	0.47	0.12	0.40	0.19	0.07	0.35
(Previous year)	(0.63)	(0.19)	-	(0.82)	(0.33)	(0.14)	-	(0.47)	(0.35)	
Office equipment	0.08	0.01	0.01	0.08	0.05	0.02	ß	0.07	0.01	0.03
(Previous year)	(0.05)	(0.03)	-	(0.08)	(0.03)	(0.02)	-	(0.05)	(0.03)	
Computers	6.72	0.32	-	7.04	5.21	0.50	-	5.71	1.33	1.51
(Previous year)	(5.57)	(1.15)	-	(6.72)	(4.72)	(0.49)	-	(5.21)	(1.51)	
Wind mills	101.25	-	-	101.25	41.29	4.60	-	45.89	55.36	59.96
(Previous year)	(101.25)	-	-	(101.25)	(36.69)	(4.60)	-	(41.29)	(59.96)	
TOTAL	108.87	0.33	0.57	108.63	47.02	5.24	0.40	51.86	56.77	61.85
(Previous Year)	(107.50)	(1.37)	-	(108.87)	(41.76)	(5.25)	-	(47.02)	(61.85)	

13 NON-CURRENT INVESTMENTS (AT COST)

	FACE VALUE (₹)	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
		QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
Investments in equity shares (fully paid)					
Subsidiaries (unquoted) (see note 29)					
IDFC Foundation	10	13,000,000	13.00	13,000,000	13.00
IDFC Financial Holding Company Limited	10	9,029,240,000	9,029.24	9,029,240,000	9,029.24
IDFC Projects Limited	10	34,050,000	34.07	34,050,000	34.07
			9,076.31		9,076.31
Associates (unquoted)					
Novopay Solutions Private Limited	10	227,145	35.62	227,145	35.62
			35.62		35.62
Other Investments					
Equity shares (unquoted) (fully paid)					
Uniquest Infra Venture Private Limited	10	28,042,781	14.33	28,042,781	14.33
			14.33		14.33
Venture capital units (unquoted) [see note (c)]					
IDFC Private Equity Fund IV (fully paid)	100	6,632,678	66.33	3,485,350	34.85
IDFC Score Fund - Class A3 (partly paid)	1,000	500,000	25.44	500,000	11.27
Lok Capital Growth Fund (partly paid)	100	851,706	9.01	-	-
Faering Capital India Evolving Fund II (fully paid)	1,000	50,000	5.00	50,000	5.00
IDFC Parampara early stage opportunity fund - Class A (fully paid)	100,000	369	2.88	402	4.02
IDFC Parampara early stage opportunity fund - Class C (fully paid)	100,000	15	0.13	18	0.18
Oman India Joint Investment Fund II (fully paid)	10	611,396	0.61	94,748	0.09
IDFC Private Equity Fund II - Class C (fully paid)	10	6,621	0.01	6,621	0.01
IDFC Score Fund - Class B (partly paid)	1,000	10	ß	10	ß
IDFC Private Equity Fund III - Class B (fully paid)	10	3,571	ß	3,571	ß
IDFC Private Equity Fund III - Class E (fully paid)	10	1,429	ß	1,429	ß
India Infrastructure Fund - Class B (fully paid)	1	4,070	ß	4,070	ß
India Infrastructure Fund II - Class B (fully paid)	100	100	ß	100	ß
IDFC Real Estate Yield Fund - Class B (fully paid)	1,000	10	ß	10	ß
			109.41		55.42
TOTAL NON-CURRENT INVESTMENTS			9,235.67		9,181.68
Less: Provision for diminution in value of investments [see note (d)]			48.24		48.24
TOTAL NON-CURRENT INVESTMENTS (NET)			9,187.43		9,133.44
(a) Aggregate amount of quoted investments					
Cost			-		-
Market value			-		-
(b) Aggregate amount of unquoted investments - cost			9,235.67		9,181.69

(c) Investments includes ₹ 109.41 crore (Previous Year ₹ 55.42 crore) in respect of venture capital units which are subject to restrictive covenants.

(d) Includes provision for Subsidiary Companies of ₹ 47.07 crore (Previous Year ₹ 47.07 crore).

14 LOANS AND ADVANCES - OTHERS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Unsecured				
Loans and advances to related parties [see note 29]	-	42.69	-	36.16
[includes ₹ 24.08 crore (Previous Year ₹ 14.43 crore) considered doubtful]				
Loans and advances to employees	-	-	-	ß
Income tax refund receivable	-	5.98	-	-
Security deposits	1.70	1.65	1.70	0.75
Other loans and advances				
Supplier advances	-	0.03	-	0.23
Prepaid expenses	0.01	0.07	0.03	0.19
Balance with defined benefit plan [see note 27]	-	0.02	-	0.04
Balances with government authorities - cenvat credit available	-	-	-	ß
	1.71	50.44	1.73	37.37
Less: Provision against doubtful advances	-	24.08	-	14.43
TOTAL	1.71	26.36	1.73	22.94

15 CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE, UNLESS STATED OTHERWISE)

		AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	FACE VALUE (₹)	QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
INVESTMENT IN DEBENTURES & BONDS (UNQUOTED) (FULLY PAID)					
Subsidiaries					
IDFC Infrastructure Finance Company Limited	1,000,000	495.000	49.50	-	-
			49.50		-
INVESTMENT IN MUTUAL FUNDS (UNQUOTED)					
IDFC Cash Fund-Growth-(Direct Plan)	1,000	2,052,939.836	432.50	1,139,111.542	225.00
IDFC Corporate Bond Fund Direct Plan - Growth	10	-	-	25,000,000.000	25.00
IDFC IEH Conservative Fund	100	2,500,000.000	25.00	-	-
			457.50		250.00
TOTAL CURRENT INVESTMENTS (NET)			507.00		250.00
(a) Aggregate amount of unquoted investments - cost			507.00		250.00

16 TRADE RECEIVABLES (UNSECURED)

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
CONSIDERED GOOD		
Outstanding for a period more than six months from the date they are due for payment	-	-
Others	1.12	0.16
TOTAL	1.12	0.16

17 CASH AND BANK BALANCES

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Cash and cash equivalents			
In current accounts	1.31		377.01
Cheques on hand	-		0.07
Cash on hand	ß		ß
		1.31	377.08
OTHERS			
Balances with banks:			
In earmarked accounts:			
- unclaimed dividend	2.21		2.34
In deposit accounts [see note (a)]	-		21.80
		2.21	24.14
TOTAL		3.52	401.22

(a) Balances with banks include deposits of ₹ Nil (Previous Year ₹ 21.80) having original maturity of more than 12 months.

18 OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD, UNLESS STATED OTHERWISE)

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Fees receivables	4.95	6.38
Interest accrued on fixed deposits / bonds [see note 29]	1.14	0.62
Interest accrued on inter-corporate deposits [see note 29]	-	0.12
Less:- Provision against fees receivable	4.95	-
TOTAL	1.14	7.12

19 REVENUE FROM OPERATIONS

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest [see note (a)]	5.51	7.16
Other financial services - Fees	-	10.13
Dividend income [see note (b)]	139.95	84.20
Net profit on sale of investment [see note (c)]	36.97	50.84
Other operating income - Sale of power	15.01	6.89
TOTAL	197.44	159.22
(a) Details of interest income		
Interest on deposits [see note 29]	2.73	5.61
Interest on current investments	1.49	1.55
Other interest	1.29	-
TOTAL	5.51	7.16
(b) Details of dividend income		
Current investments	-	6.01
Long-term investments (see note 29)	139.95	78.19
TOTAL	139.95	84.20
(c) Details of net profit on sale of investments		
Current investments	36.97	42.07
Long-term investments	-	8.77
TOTAL	36.97	50.84

20 OTHER INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest on income tax refund	5.98	-
Profit on sale of fixed assets	0.05	-
Liabilities no longer required written back	4.42	-
Miscellaneous income	0.09	-
TOTAL	10.54	-

21 EMPLOYEE BENEFITS EXPENSE

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Salaries [see note 29]	11.43	10.75
Contribution to provident fund [see note 27]	0.47	0.41
Contribution to gratuity fund [see note 27]	0.35	0.04
Staff welfare expenses	0.05	0.04
TOTAL	12.30	11.24

22 FINANCE COSTS

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest expense	0.30	2.39
Other borrowing costs	ß	0.34
TOTAL	0.30	2.73

23 PROVISIONS AND CONTINGENCIES [SEE NOTE 36 (A)]

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Provision for doubtful loans and debtors	14.59	14.43
Provision against standard assets	0.08	-
Provision for diminution in value of investments (net)	-	35.09
TOTAL	14.67	49.52

24 OTHER EXPENSES

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Rent	0.06	0.04
Repairs and maintenance		
Equipments	2.62	1.86
Others	0.01	0.03
Insurance charges	0.13	0.05
Rates and taxes	1.84	1.12
Travelling and conveyance [see note 25]	1.36	1.45
Printing and stationery	0.43	0.87
Communication costs	0.17	0.57
Advertising and publicity	0.12	0.14
Professional fees	5.15	1.51
Loss on foreign exchange fluctuation (net)	ß	ß
Directors' sitting fees	0.52	0.40
Commission to directors	0.45	0.72
Bad debts written off	0.05	-
Corporate social responsibility and donation [see note 30]	0.27	1.26
Miscellaneous expenses	0.84	0.94
Auditors' remuneration [see note (a)]	0.46	0.41
Shared service costs (net) [see note (b)]	(0.53)	0.18
TOTAL	13.95	11.55

(a) Break up of auditors' remuneration:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Audit fees	0.23	0.20
Tax audit fees	0.02	0.02
Taxation matters	0.08	0.09
Other services	0.13	0.09
Out-of-pocket expenses	ß	0.01
TOTAL	0.46	0.41

(b) Shared service costs (net) represents ₹ 0.53 crore (Previous Year ₹ 0.18 crore) recovered from / paid to subsidiary companies under a shared service agreement.

25 EXPENDITURE IN FOREIGN CURRENCIES

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Travelling expenses	0.14	0.14
Others	0.75	0.22

26 REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDENDS

The particulars of dividends paid to non-resident shareholders are as under:

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Number of non-resident shareholders	6,760	6,828
Number of equity shares held by them	16,625,317	632,388,732
Gross amount of dividend (₹ in crore)	0.42	Nil
Dividend relating to the year	2016-17	2015-16

27 IN ACCORDANCE WITH ACCOUNTING STANDARD 15 ON 'EMPLOYEE BENEFITS' AS NOTIFIED UNDER THE ACCOUNTING STANDARDS SPECIFIED UNDER SECTION 133 OF THE 2013 ACT, THE FOLLOWING DISCLOSURES HAVE BEEN MADE:

i. The Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds (see note 21) :

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Provident fund	0.32	0.34
Superannuation fund	0.03	0.02
Pension fund	0.12	0.05

ii. The details of the Company's post - retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and relied upon by the auditors :

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:		
Liability at the beginning of the year	2.55	2.30
Current service cost	0.24	0.25
Interest cost	0.19	0.19
Liabilities settled on divestiture	0.78	0.01
Benefits paid	(1.38)	(0.09)
Actuarial loss / (gain)	(0.25)	(0.10)
Liability at the end of the year	2.13	2.55
FAIR VALUE OF PLAN ASSETS:		
Fair value of plan assets at the beginning of the year	2.59	2.25
Expected return on plan assets	0.19	0.20
Contributions	0.33	0.13
Benefits paid	(1.38)	(0.09)
Distributed on Divestiture	0.47	-
Actuarial gain / (loss) on plan assets	(0.06)	0.11
Fair value of plan assets at the end of the year	2.14	2.59
ACTUAL RETURN ON PLAN ASSETS:		
Expected return on plan assets	0.19	0.20
Actuarial gain / (loss) on plan assets	(0.06)	0.11
Actual return on plan assets	0.14	0.30
AMOUNT RECOGNISED IN THE BALANCE SHEET:		
Liability at the end of the year	2.14	2.55
Fair value of plan assets at the end of the year	2.16	2.59
Amount recognised in the Balance Sheet under 'Loans and Advances' (see note 14)	0.02	0.04
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	0.24	0.25
Interest cost	0.19	0.19
Expected return on plan assets	(0.19)	(0.20)
Net actuarial loss/ (gains) to be recognised	(0.19)	(0.21)
Liabilities settled on divestiture	0.30	0.01
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense' (see note 21)	0.35	0.04
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:		
Opening net asset / (liability)	0.25	0.20
Expense recognised	0.35	0.04
Contribution by the Company	0.33	0.13
Expected employer's contribution next year	0.25	0.25

	FOR THE YEAR ENDED				(₹ IN CRORE)
	MARCH 31, 2018	MARCH 31, 2017	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	2.14	2.55	2.30	22.17	17.73
Plan assets	2.15	2.59	2.25	22.37	16.66
Surplus/(deficit)	0.02	0.04	(0.05)	0.20	(1.06)
Experience adjustments on plan liabilities	(0.24)	(0.21)	(2.50)	0.91	2.12
Experience adjustments on plan assets	(0.06)	0.11	(1.26)	2.24	0.08

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
	(%)	(%)
INVESTMENT PATTERN:		
Insurer managed funds	100.00	100.00
Government securities	30.04	32.90
Deposit and money market securities	5.12	2.92
Debentures / bonds	51.42	50.80
Equity shares	13.42	13.38
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	7.35	7.10
Expected rate of return on assets (p.a.)	7.50	7.50
Salary escalation rate (p.a.)	8.00	8.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

28 The Company is operating as NBFC - Investment Company. The Company does not have any geographic segments. As such, there are no separate reportable segments as per Accounting Standards 17 on 'Segment Reporting' under specified Section 133 of the 2013 Act.

29 As per Accounting Standard 18 on 'Related Party Disclosures' as notified under the Accounting Standards specified under section 133 of the 2013 Act, the related parties of the Company are as follows:

I. SUBSIDIARIES:

(a) Direct

IDFC Foundation
IDFC Financial Holding Company Limited
IDFC Projects Limited

(b) Through subsidiaries

IDFC Alternatives Limited
IDFC Asset Management Company Limited
IDFC AMC Trustee Company Limited
IDFC Bank Limited
IDFC Infrastructure Finance Limited
IDFC Securities Limited
IDFC Trustee Company Limited
IDFC Capital (USA) Inc.
IDFC Capital (Singapore) Pte. Ltd.
IDFC Investment Managers (Mauritius) Limited
IDFC Securities Singapore Pte. Limited
IDFC Bharat Limited

II. JOINTLY CONTROLLED ENTITIES:

(a) Through subsidiaries

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited
Uttarakhand Infrastructure Development Company Limited (under liquidation)*
Rail Infrastructure Development Company (Karnataka) Limited*

III. ASSOCIATES:

(a) Direct
Novopay Solutions Private Limited

(b) Through subsidiaries
Jetpur Somnath Tollways Private Limited
Feedback Infra Private Limited (upto March 19, 2018)*
Millennium City Expressway Private Limited*

IV. KEY MANAGEMENT PERSONNEL:

(a) Mr. Sunil Kakar - Managing Director & CEO (w.e.f July 16, 2017)
(b) Mr. Vikram Limaye - Managing Director & CEO (upto July 15, 2017)

The Company is in process of appointing Chief Financial Officer as required u/s 203 of the Companies Act, 2013 and expects to appoint these Key managerial personnel in financial year 2018-2019.

* No transactions during the year

I) The nature and volume of transactions of the Company with the above mentioned related parties are as summarised below:

(₹ IN CRORE)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME								
Dividend	139.95	78.19	-	-	-	-	-	-
Interest	2.12	4.93	-	-	-	-	-	-
EXPENDITURE								
Remuneration paid	-	-	-	-	-	-	8.78	5.41
Shared service cost recovery	(0.95)	(0.43)	-	-	-	-	-	-
Shared service cost	0.42	0.61	-	-	-	-	-	-
CSR contribution	0.27	1.25	-	-	-	-	-	-
Brokerage on sale of investments	0.03	ß	-	-	-	-	-	-
ASSETS / TRANSACTIONS								
Purchase / subscription of investments	-	279.86	-	-	-	-	-	-
Subscription of bonds/ outstanding bonds	49.50	-	-	-	-	-	-	-
Current account balance	3.44	379.30	-	-	-	-	-	-
Fixed deposits placed	2.00	60.50	-	-	-	-	-	-
Fixed deposits matured	2.00	43.70	-	-	-	-	-	-
Fixed deposits - Balance outstanding	-	16.80	-	-	-	-	-	-
Inter-corporate deposits (placed and matured)	6.00	870.00	-	-	-	-	-	-
Advances given	6.78	6.97	-	-	-	-	-	-
Advances recovered	0.25	61.03	-	-	-	-	-	-
Advances recoverable - balance outstanding	42.69	36.16	-	-	-	-	-	-
Interest accrued on bonds - balance outstanding	1.14	-	-	-	-	-	-	-
Interest accrued on ICD	-	0.12	-	-	-	-	-	-
Interest accrued on fixed deposits - balance outstanding	-	0.61	-	-	-	-	-	-
Outstanding Equity investment	9,076.31	9,076.31	35.62	35.62	-	-	-	-
LIABILITIES / TRANSACTIONS								
Trade payable- balance outstanding	-	-	-	-	4.03	5.43	-	-

II) The nature and volume of transactions of the Company with the above mentioned related parties are as detailed below:

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME								
Dividend								
IDFC Financial Holding Company Limited	139.95	78.19	-	-	-	-	-	-
Interest income								
IDFC Alternatives Limited	ß	-	-	-	-	-	-	-
IDFC Bank Limited	0.73	4.38	-	-	-	-	-	-
IDFC Securities Limited	0.25	0.55	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	1.14	-	-	-	-	-	-	-
EXPENDITURE								
Remuneration paid								
Mr.Sunil Kakar	-	-	-	-	-	-	1.72	-
Mr.Vikram Limaye	-	-	-	-	-	-	7.06	5.41
Shared Service cost recovery								
IDFC Alternatives Limited	(0.08)	(0.05)	-	-	-	-	-	-
IDFC Securities Limited	(0.10)	(0.07)	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	(0.03)	(0.01)	-	-	-	-	-	-
IDFC Asset Management Company Limited	(0.49)	(0.30)	-	-	-	-	-	-
IDFC Bank Limited	(0.25)	-	-	-	-	-	-	-
Shared Service cost								
IDFC Bank Limited	0.39	0.61	-	-	-	-	-	-
IDFC Asset Management Company Limited	0.01	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	0.02	-	-	-	-	-	-	-
CSR Contribution								
IDFC Foundation	0.27	1.25	-	-	-	-	-	-
Brokerage on sale of investments								
IDFC Securities Limited	0.03	ß	-	-	-	-	-	-
ASSETS / TRANSACTIONS								
Subscription of Investments								
IDFC Financial Holding Company Limited	-	244.24	-	-	-	-	-	-
Purchase of Investments								
IDFC Projects Limited	-	35.62	-	-	-	-	-	-
Subscription of Bonds/ Outstanding Bonds								
IDFC Infrastructure Finance Limited	49.50	-	-	-	-	-	-	-
Current account balance								
IDFC Bank Limited	3.44	379.30	-	-	-	-	-	-
Fixed deposits placed								
IDFC Bank Limited	2.00	60.50	-	-	-	-	-	-
Fixed deposits matured								
IDFC Bank Limited	2.00	43.70	-	-	-	-	-	-
Fixed deposits outstanding								
IDFC Bank Limited	-	16.80	-	-	-	-	-	-
Inter-corporate deposits (placed and matured)								
IDFC Alternatives Limited	1.00	-	-	-	-	-	-	-
IDFC Securities Limited	5.00	870.00	-	-	-	-	-	-
Advances given								
IDFC Projects Limited	6.78	6.97	-	-	-	-	-	-
Advances recovered								
IDFC Foundation	0.12	0.76	-	-	-	-	-	-
IDFC Project Limited	0.13	60.27	-	-	-	-	-	-

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Advances recoverable - balance outstanding								
IDFC Foundation	18.61	18.73	-	-	-	-	-	-
IDFC Projects Limited	24.08	17.42	-	-	-	-	-	-
Interest accrued on bonds - balance outstanding								
IDFC Infrastructure Finance Limited	1.14	-	-	-	-	-	-	-
Interest accrued on ICD - balance outstanding								
IDFC Securities Limited	-	0.12	-	-	-	-	-	-
Interest accrued on Fixed deposits - balance outstanding								
IDFC Bank Limited	-	0.61	-	-	-	-	-	-
Outstanding Equity Investments								
IDFC Financial Holding Company Limited	9,029.24	9,029.24	-	-	-	-	-	-
IDFC Projects Limited	34.07	34.07	-	-	-	-	-	-
Novopay Solutios Private Limited	-	-	35.62	35.62	-	-	-	-
IDFC Foundation	13.00	13.00	-	-	-	-	-	-
LIABILITIES / TRANSACTIONS								
Trade Payable - Balance outstanding								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	3.92	5.19	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.11	0.24	-	-

30 CORPORATE SOCIAL RESPONSIBILITY (CSR)

ii Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year ₹ 0.27 crore (Previous year ₹ 1.25 crore).

ii Amount spent towards Company on Corporate Social Responsibility (CSR) during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 0.27 crore (Previous year ₹ 1.25 crore), which comprise of following:

(₹ IN CRORE)

S. NO	PARTICULARS	YEAR ENDED MARCH 31, 2018			YEAR ENDED MARCH 31, 2017		
		IN CASH	YET TO BE PAID IN CASH (I.E PROVISION)	TOTAL	IN CASH	YET TO BE PAID IN CASH (I.E PROVISION)	TOTAL
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	0.27	-	0.27	1.25	-	1.25

31 In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified under the Accounting Standards specified under Section 133 of the 2013 Act:

i. The basic earnings per share has been calculated based on:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Net profit after tax	148.43	55.75
Weighted average number of equity shares	1,596,067,350	1,595,860,566

ii. The reconciliation between the basic and the diluted earnings per share is as follows:

(₹)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Basic Earnings per share	0.93	0.35
Effect of outstanding stock options	-	-
Diluted Earnings per share	0.93	0.35

iii. The basic earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity shareholders by the weighted average number of equity shares for the respective years, whereas the diluted earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective years. The relevant details as described above are as follows:

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Weighted average number of shares for computation of basic earnings per share	1,596,067,350	1,595,860,566
Dilutive effect of outstanding stock options	376,035	321,671
Weighted average number of shares for computation of diluted earnings per share	1,596,443,385	1,596,182,237

32 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(A)	**CAPITAL COMMITMENTS**		
(i)	Uncalled liability on shares and other investments partly paid	175.09	345.58
(ii)	Other Commitments	93.59	90.00

33 PROPOSED DIVIDEND

The Board of Directors, in the meeting held on April 27, 2018 have proposed dividend of ₹ 0.75 per equity share (7.5%) amounting to ₹ 119.73 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend is not recognised as a liability as on March 31, 2018. Accordingly, the balance of Reserves and surplus is higher by ₹ 119.73 crore (including corporate dividend tax) and the balance of other liabilities is lower by an equivalent amount as on March 31, 2018.

34 Disclosures relating to Specified Bank Notes (''SBN'')

(a) The disclosures relating to Specified Bank Notes (''SBN'') is not applicable to the Company during the year.
(b) Details of Specified Bank Notes (SBNs) held and transacted during the period November 8, 2016 to December 30, 2016 is provided in table below

(₹)

PARTICULARS	SBNS	OTHER DENOMINATION NOTES	TOTAL
Closing cash on hand as on November 8, 2016	1,000	23,003	24,003
Add: permitted receipts	-	67,113	67,113
Less: permitted payments	-	75,812	75,812
Less: Amount deposited in banks	1,000	-	1,000
Closing cash on hand as on December 30, 2016	-	14,304	14,304

35 The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 008/03.10.119/ 2016-17 dated July 1, 2016) :

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(A)	**CAPITAL TO RISK ASSETS RATIO (CRAR):**		
	CRAR (%)	86.67	67.07
	CRAR - Tier I Capital (%)	86.67	67.07
	CRAR - Tier II Capital (%)	-	-
(B)	**DETAILS OF INVESTMENTS ARE SET OUT BELOW:**		
1	**VALUE OF INVESTMENTS**		
(i)	**Gross Value of Investments**		
(a)	In India	9,742.67	9,431.68
(b)	Outside India	-	-
		9,742.67	9,431.68
(ii)	**Provision for Depreciation**		
(a)	In India	48.24	48.24
(b)	Outside India	-	-
		48.24	48.24

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(iii)	**Net Value of Investments**		
(a)	In India	9,694.43	9,383.44
(b)	Outside India	-	-
		9,694.43	9,383.44
2	**MOVEMENT OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS.**		
(i)	Opening balance	48.24	13.15
(ii)	Add : Provisions made during the year	-	35.09
(iii)	Closing balance	48.24	48.24

(C) INVESTOR GROUP WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND NON-CURRENT) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED):

(₹ IN CRORE)

		AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
		MARKET VALUE / BREAK UP VALUE / FAIR VALUE / NAV	BOOK VALUE NET OF PROVISION	MARKET VALUE / BREAK UP VALUE / FAIR VALUE / NAV	BOOK VALUE NET OF PROVISION
1	Related parties				
(a)	Subsidiaries	9,003.11	9,029.24	8,952.74	9,029.24
(b)	Companies in the same group	38.58	35.62	35.62	35.62
(c)	Other related parties	-	-	-	-
2	Other than related parties	647.33	629.57	307.19	318.58
TOTAL		9,689.02	9,694.43	9,295.55	9,383.44

(D) ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

(₹ IN CRORE)

	UPTO 30/31 DAYS	OVER 1 MONTH UPTO 2 MONTHS	OVER 2 MONTH UPTO 3 MONTHS	OVER 3 MONTH & UPTO 6 MONTH	OVER 6 MONTHS & UPTO 1 YEAR	OVER 1 YEAR & UPTO 3 YEARS	OVER 3 YEAR & UPTO 5 YEARS	OVER 5 YEARS	TOTAL
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	18.62	18.62
Investments	-	-	-	49.50	457.50	-	-	9,187.43	9,694.43
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Previous Year (₹ IN CRORE)

	UPTO 30/31 DAYS	OVER 1 MONTH UPTO 2 MONTHS	OVER 2 MONTH UPTO 3 MONTHS	OVER 3 MONTH & UPTO 6 MONTH	OVER 6 MONTHS & UPTO 1 YEAR	OVER 1 YEAR & UPTO 3 YEARS	OVER 3 YEAR & UPTO 5 YEARS	OVER 5 YEARS	TOTAL
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	18.74	18.74
Investments	-	-	-	-	250.00	-	-	9,133.44	9,383.44
Borrowing	199.70	-	-	-	-	-	-	-	199.70
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(E) EXPOSURES TO CAPITAL MARKET

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	14.33	49.95
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security		
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/ convertible debentures/units of equity-oriented mutual funds does not fully cover the advances		
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		
(vi)	Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		
(vii)	Bridge loans to companies against expected equity flows/issues		
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	284.50	401.00
Total Exposure to Capital Market		298.83	450.95

(F) PENALTIES / FINES IMPOSED BY THE RBI

During the year ended March 31, 2018 there was no penalty imposed by the RBI (Previous Year ₹ Nil).

36 ADDITIONAL DISCLOSURES

(a) Provisions and Contingencies

(₹ IN CRORE)

BREAK UP OF 'PROVISIONS AND CONTINGENCIES' SHOWN UNDER THE HEAD EXPENDITURE IN THE STATEMENT OF PROFIT AND LOSS:	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Provisions for depreciation in value of investment	-	35.09
Contingent provision against standard assets	0.08	-
Provision for doubtful debts and others	4.95	-
Provision against doubtful advances	9.64	14.43
TOTAL	14.67	49.52

(b) Disclosure of complaints

The following table sets forth, the movement and the outstanding number of complaints:

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
SHAREHOLDERS' COMPLAINTS:		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	350	400
No. of complaints disposed off during the year	350	400
No. of complaints remaining unresolved at the end of the year	Nil	Nil

The above information is certified by management and relied upon by the auditors.

37 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(i)	Rating Assigned	A1+	A1+
(ii)	Date of Rating	Short Term - 22-09-2017	Short Term - 24-03-2017
(iii)	Rating Valid upto	21-09-2018	31-10-2017
(iv)	Name of the Rating Agency	ICRA Limited	ICRA Limited

38 Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2018 and March 31, 2017 following disclosures required as per NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 are not applicable to the Company and hence are not disclosed:

(i) Disclosures regarding Derivatives.

(ii) Disclosures relating to Securitisation.

(iii) Exposure to Real Estate Sector.

(iv) Details of financing of parent company products.

(v) Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.

(vi) Unsecured Advances.

(vii) Concentration of Deposits, Advances, Exposures and NPAs.

(viii) Sector-wise NPAs.

(ix) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).

(x) Off-balance sheet SPVs sponsored.

39 The figures for the previous year have been reclassified, wherever necessary to conform with the current year's classification / disclosure.

40 The figures of ₹ 50,000 or less have been denoted by ß.

For and on behalf of the Board of Directors of
IDFC LIMITED

Vinod Rai
Non-Executive Chairman

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

Mumbai, April 27, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **IDFC Limited** ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and associate companies; (refer Note 3 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs 9 and 11 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

8. We draw your attention to Note 4(iv) in the Consolidated Financial Statement, regarding preparation of financial statements of IDFC Alternatives Limited and IDFC Projects Limited, subsidiaries of the group on a realizable value basis, pursuant to Company's intention to discontinue the operations of the Company in view of the reasons stated therein.

   Our opinion is not modified in respect of this matter.

Other Matters

9. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 12,674,933 lakhs and net assets of ₹ 357,909 lakhs as at March 31, 2018, total revenue of ₹ 1,025,520 lakhs, net profit of ₹ 88,056 lakhs and net cash out flows amounting to ₹ 31,616 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

10. We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of ₹ 636 lakhs and net assets of ₹ 628 lakhs as at March 31, 2018, total revenue of ₹ 347 lakhs, net profit of ₹ 10 lakhs and net cash inflows amounting to ₹ 100 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 7,557 lakhs for the year ended March 31, 2018 as considered in the consolidated financial statements, in respect of 4 associate companies whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

11. The financial statements of 3 subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 20,426 lakhs and net assets of ₹ 20,326 lakhs as at March 31, 2018, total revenue of ₹ 1,245 lakhs, net profit of ₹ 46 lakhs and net cash inflows amounting to ₹ 1,166 lakhs for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

    Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

12. The consolidated financial statements of the Company as at March 31, 2017 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated April 28, 2017, expressed an unmodified opinion on those financial statements.

    Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to the preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group and its associates – Refer Note 37 to the consolidated financial statements.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India during the year ended March 31, 2018.

   iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
(Membership Number: 042190)

Mumbai | April 27, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the consolidated financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of March 31, 2018 (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
(Membership Number: 042190)

Mumbai | April 27, 2018

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2018

(₹ IN CRORE)

	NOTES	AS AT MARCH 31, 2018	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
EQUITY AND LIABILITIES				
Shareholders' funds				
(a) Share capital	6	1,596.35		1,595.94
(b) Reserves and surplus	7	9,726.64		9,223.92
			11,322.99	10,819.86
Minority Interest	8		7,366.82	7,096.31
Non-current liabilities				
(a) Long-term borrowings	9	34,913.12		36,431.96
(b) Other long-term liabilities	10	958.09		1,273.03
(c) Deferred tax liability (net)	19	9.40		17.93
(d) Long-term provisions	11	288.57		292.56
			36,169.18	38,015.48
Current liabilities				
(a) Short-term borrowings	12	70,328.82		50,286.87
(b) Trade payables	13			
(i) Total outstanding dues of micro enterprises and small enterprises		-		0.02
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,654.48		3,239.12
(c) Other current liabilities	14	6,597.66		7,856.65
(d) Short-term provisions	15	412.50		326.60
			78,993.46	61,709.26
TOTAL			133,852.45	117,640.91
ASSETS				
Non-current assets				
(a) Property, plant and equipment				
(i) Tangible assets	16 (a)	624.60		604.28
(ii) Intangible assets	16 (b)	295.59		311.96
(iii) Intangible assets under development		3.80		5.90
			923.99	922.14
(b) Goodwill on consolidation	17		1,286.06	1,286.06
(c) Non-current investments	18		16,796.77	15,338.98
(d) Deferred tax asset (net)	19		1,068.77	1,342.25
(e) Long-term loans and advances				
(i) Loans	20	40,096.89		36,281.73
(ii) Others	21	1,546.49		1,152.02
			41,643.38	37,433.75
(f) Other non-current assets	22		27.85	70.33
			61,746.82	56,393.52
Current assets				
(a) Current investments	23		46,614.92	36,347.78
(b) Trade receivables	24		35.50	54.39
(c) Cash and bank balances	25		5,037.68	5,282.43
(d) Short-term loans and advances				
(i) Loans	20	14,969.93		15,145.36
(ii) Others	21	541.92		434.27
			15,511.85	15,579.63
(e) Other current assets	22		4,905.68	3,983.16
			72,105.63	61,247.39
TOTAL			133,852.45	117,640.91

The accompanying notes are an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Russell Parera
Partner
Membership Number : 42190

Mumbai, April 27, 2018

For and on behalf of the Board of
IDFC Limited

Vinod Rai
Non-Executive Chairman

S S Kohli
Director

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN CRORE)

		NOTES	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
I	**INCOME**			
	Revenue from operations	26	11,097.98	10,392.52
	Other income	27	63.23	9.54
	TOTAL INCOME (I)		11,161.21	10,402.06
II	**EXPENSES**			
	Employee benefits expense	28	986.78	794.20
	Finance costs	29	7,366.17	6,650.33
	Provisions and contingencies	30	202.48	273.68
	Other expenses	31	1,046.92	743.76
	Depreciation and amortisation expense	16 (a)&(b)	182.71	148.62
	TOTAL EXPENSES (II)		9,785.06	8,610.59
III	**PROFIT BEFORE TAX (I - II)**		1,376.15	1,791.47
IV	**TAX EXPENSE**			
	Current tax		125.11	84.05
	Deferred tax		266.00	402.67
	Tax adjustment for prior years		(62.29)	(3.85)
	TOTAL TAX EXPENSE (IV)		328.82	482.87
V	**PROFIT AFTER TAX (BEFORE SHARE OF LOSS FROM ASSOCIATES AND ADJUSTMENT FOR SHARE OF MINORITY INTEREST) (III-IV)**		1,047.33	1,308.60
VI	Share of net loss from associates		(75.57)	(68.76)
VII	Share of profit of minority interest	8	(382.11)	(540.75)
VIII	**PROFIT FOR THE YEAR (V+VI+VII)**		589.65	699.09
IX	**EARNINGS PER EQUITY SHARE (NOMINAL VALUE OF SHARE ₹ 10 EACH)**			
	Basic (₹)		3.69	4.38
	Diluted (₹)		3.69	4.38

The accompanying notes are an integral part of these financial statements.

This is the Statement of profit & loss referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Russell Parera
Partner
Membership Number : 42190

Mumbai, April 27, 2018

For and on behalf of the Board of
IDFC Limited

Vinod Rai
Non-Executive Chairman

S S Kohli
Director

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax			1,376.15	1,791.46
Adjustments for:				
Depreciation and amortisation expense	16 (a)&(b)	182.71		148.62
Provision for employee benefits		(1.81)		(6.85)
Provisions and contingencies	30	202.48		277.91
Interest expense	29	7,265.91		6,450.39
Interest Income	26(a)	(9,353.93)		(8,773.94)
Amortisation of premium on long term investments		113.58		29.31
Unrealised loss on foreign currency revaluation		(252.03)		(57.59)
Profit on sale of other investments (net)	26(c)	(461.16)		(653.66)
Foreign currency translation reserve	7(f)	0.80		(5.40)
Loss on sale of fixed assets (net)	31	1.10		5.17
Interest paid		(7,057.61)		(6,132.80)
Interest received		9,144.89		8,476.50
			(215.05)	(242.34)
Operating profit before working capital changes			1,161.10	1,549.12
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets				
Trade receivables		18.90		(18.52)
Long-term loans & advances		52.09		379.46
Short-term loans & advances		(93.04)		(74.78)
Other non-current assets		8.15		19.19
Other current assets		(679.15)		(2,458.78)
Adjustments for increase / (decrease) in operating liabilities				
Trade payables		(1,584.66)		65.52
Other long-term liabilities		(0.31)		(5.50)
Other current liabilities		205.57		92.84
			(2,072.45)	(2,000.57)
Direct taxes paid (net of refund)			(433.35)	2,013.31
CASH GENERATED/ (USED IN) FROM OPERATIONS			(1,344.70)	1,561.86
Loans (disbursed) / repaid (net)			(3,842.20)	(5,367.95)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES			(5,186.90)	(3,806.09)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including intangible assets under development)			(188.75)	(281.59)
Sale of fixed assets			3.08	3.05
Purchase of other investments			(562,182.97)	(569,304.49)
Sale proceed / repayment of investment in subsidiaries			-	(315.25)
Sale proceeds of other investments			550,730.05	549,520.98
Opening adjustment	7(j)		(9.35)	16.71
NET CASH FROM / (USED IN) INVESTING ACTIVITIES			(11,647.94)	(20,360.59)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from fresh issue of shares (net of issue expenses)			1.78	0.15
Proceeds from borrowings			2,998,712.21	3,171,751.99
Repayment of borrowings			(2,981,926.76)	(3,145,290.41)
Dividend paid (including dividend distribution tax)			(79.75)	-
Increase / (Decrease) in minority interest	8		(111.60)	(79.61)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES			16,595.88	26,382.12
Net increase / (decrease) in cash and cash equivalents (A+B+C)			(238.96)	2,215.44
Cash and cash equivalents as at the beginning of the year	25		5,183.17	2,967.74
Cash and cash equivalents as at the end of the year	25		4,944.21	5,183.17
			(238.96)	2,215.44

The accompanying notes are an integral part of these financial statements.

This is the Cash Flow Statement referred in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Russell Parera
Partner
Membership Number : 42190

Mumbai, April 27, 2018

For and on behalf of the Board of
IDFC Limited

Vinod Rai
Non-Executive Chairman

S S Kohli
Director

Sunil Kakar
Managing Director & CEO

Amol Ranade
Company Secretary

01 GROUP INFORMATION

The Holding Company is an operating NBFC - Investment Company. The Group is a financial conglomerate with Bank, Asset Management - public and alternate, Investment Banking, Broking and Infra Debt Funds as its subsidiaries. In accordance with RBI guideline on licensing of new bank in private sector, the Group has implemented Holding Company structure through its 100% subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL'). Under the guidelines all regulated financial services entities should be held through a Non-Operating Financial Holding Company.
The Holding Company and its fifteen subsidiary companies, four jointly controlled entities and one entity over which the Holding Company has indirect control constitutes the Group. The Group also has three associate companies.

All investment in regulated financial subsidiaries i.e. IDFC Bank Limited, IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Infrastructure Finance Limited, IDFC Securities Limited and IDFC Trustee Company Limited are held through its wholly owned subsidiary, IDFC FHCL.

Investments in associates i.e. Feedback Infra Private Limited (upto March 19, 2018) & Millennium City Expressways Private Limited are held through its subsidiary, IDFC Bank Limited, Jetpur Somnath Tollways Limited by its wholly owned subsidiary, IDFC Projects Limited and Novopay Solutions Private Limited directly by IDFC Limited.

02 BASIS OF PREPARATION

The Consolidated Financial Statements of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards as specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless stated otherwise.

03 BASIS OF CONSOLIDATION

(a) The Consolidated Financial Statements comprise the individual financial statements of the Holding Company, its subsidiaries and associates as on March 31, 2018 and for the year ended on that date. The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same Balance Sheet date as that of the Holding Company, i.e. March 31, 2018. The Consolidated Financial Statements have been prepared on the following basis:

i The financial statements of the Holding Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under Section 133 of the Companies Act, 2013 to the extent applicable.

ii Investments in associates by the Holding Company and its subsidiaries are accounted under the equity method and its share of pre-acquisition profits / losses are reflected as capital reserve / goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013 to the extent applicable.

iii The excess of the cost to the Holding Company (directly or through its subsidiary) of its investment in the subsidiaries and the associates over the Holding Company's (directly or through its subsidiary) portion of equity is recognised in the financial statements as goodwill and is tested for impairment on an annual basis.

iv The excess of the Holding Company's portion (directly or through its subsidiary) of equity of the subsidiaries and the associates on the acquisition date over its cost of investment is treated as capital reserve.

v Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made. Net profit / loss for the year of the subsidiaries attributable to minorities is identified and adjusted against the consolidated profit after tax of the Group.

vi In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

vii The Holding Company accounts for investments in associates in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', notified under Section 133 of the Companies Act, 2013 using the equity method of accounting. Accordingly, the increase / decrease in value of investments under equity method is accounted in the Statement of Profit and Loss or corresponding Reserves as Share of Profit / Loss from Associates.

(b) The financial statements of the following subsidiaries have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013:

	NAME OF SUBSIDIARY	MARCH 31, 2018	MARCH 31, 2017
		PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i	IDFC Alternatives Limited [see note 4(iv)] (subsidiary of IDFC Financial Holding Company Limited)	100.00	100.00
ii	IDFC Asset Management Company Limited @ [see note 4 (iii)] (subsidiary of IDFC Financial Holding Company Limited)	100.00	100.00
iii	IDFC AMC Trustee Company Limited @ [see note 4 (iii)] (subsidiary of IDFC Financial Holding Company Limited)	100.00	100.00
iv	IDFC Capital (Singapore) Pte. Limited (subsidiary of IDFC Alternatives Limited)	100.00	100.00
v	IDFC Capital (USA) Inc. (subsidiary of IDFC Securities Limited)	100.00	100.00
vi	IDFC Infrastructure Finance Limited (subsidiary of IDFC Financial Holding Company Limited)	81.48	81.48
vii	IDFC Investment Managers (Mauritius) Limited @ [see note 4 (iii)] (subsidiary of IDFC Asset Management Company Limited)	100.00	100.00
viii	IDFC Projects Limited [see note 4 (iv)]	100.00	100.00
ix	IDFC Securities Limited (subsidiary of IDFC Financial Holding Company Limited)	100.00	100.00
x	IDFC Securities Singapore Pte. Limited (subsidiary of IDFC Securities Limited)	100.00	100.00
xi	IDFC Trustee Company Limited (subsidiary of IDFC Financial Holding Company Limited)	100.00	100.00
xii	IDFC Bank Limited @ (subsidiary of IDFC Financial Holding Company Limited)	52.80	52.88
xiii	IDFC Financial Holding Company Limited	100.00	100.00
xiv	IDFC Bharat Limited @ [see note 4 (ii)] (subsidiary of IDFC Bank Limited w.e.f October 13, 2016)	52.80	52.88

@ Consequent to the change in effective ownership of these subsidiaries in current / previous year, the consolidated net worth of the current year is lower by ₹ 9.35 crore (Previous year higher by ₹ 42.08 crore) and the consolidated profit of the current year is lower by ₹ 0.70 crore (Previous year lower by ₹ 0.09 crore).

All the subsidiaries are incorporated in India, except:

i IDFC Capital (Singapore) Pte. Limited, a Company incorporated in Singapore.

ii IDFC Capital (USA) Inc., a Company incorporated in the United States of America.

iii IDFC Investment Managers (Mauritius) Limited, a Company incorporated in Mauritius.

iv IDFC Securities Singapore Pte. Limited, a Company incorporated in Singapore.

(c) The Holding Company has made an investment in IDFC Foundation, a Section 8 company under Companies Act, 2013, wherein the profits will be applied for promoting its objects. Accordingly, the Consolidated Financial Statements of IDFC Foundation along with jointly controlled entities are not consolidated in these financial statements, since the Holding Company will not derive any economic benefits from its investments in IDFC Foundation.

(d) By virtue of the power of the Holding Company to exercise significant influence as per AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements', Novopay Solutions Private Limited has been recognised as an associate of the group during the financial year.

(e) The Holding Company and its subsidiary company has investment in following associates which are accounted for under the equity method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013.

	NAME OF ASSOCIATE	FACE VALUE (₹)	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
			NUMBER OF SHARES	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)	NUMBER OF SHARES	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i.	Jetpur Somnath Tollways Private Limited (Associate of IDFC Projects Limited)	10.00	42,637,400	26.00	42,637,400	26.00
ii.	Feedback Infra Private Limited [See note 4(i)] (Associate of IDFC Bank Limited)	10.00	-	-	4,026,689	13.01
iii.	Millennium City Expressways Private Limited (Associate of IDFC Bank Limited)	10.00	226,383,431	15.83	218,287,481	15.85
iv.	Novopay Solutions Private Limited (Associate of IDFC Limited)	10.00	227,145	21.24	227,145	32.24

04 CHANGE IN HOLDING IN SUBSIDIARIES AND ASSOCIATES:

(i) During the year ended March 31, 2018, IDFC Bank Limited sold partial stake in Feedback Infra Private Limited, an associate, which resulted in change in its holding from 24.61% to 17.77%. Accordingly, as per AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', Feedback Infra Private Limited is no longer an associate with effect from March 19, 2018.

(ii) During the previous year, IDFC Bank had acquired 100% equity shares of IDFC Bharat Limited, a Non Banking Finance Company- Micro Finance Institution (NBFC-MFI) on receipt of final approval from RBI and satisfaction of all conditions. IDFC Bharat Limited had become a wholly owned subsidiary of the IDFC Bank w.e.f. October 13, 2016.

(iii) During the previous year, IDFC Financial Holding Company Limited has acquired additional 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, thereby making these subsidiaries and IDFC Investment Managers (Mauritius) Limited wholly owned subsidiaries of the Group w.e.f. March 23, 2017.

(iv) In view of likely discontinuance of business operations of IDFC Alternatives Limited and IDFC Projects Limited, the financial statements have been prepared on realizable value basis and accordingly, all assets and liabilities are stated at the value at which they are realizable/ payable.

Consequent to the changes in the ownership interest as detailed above, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'Surplus in the Statement of Profit and Loss' as 'Opening Adjustment'.

05 SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank, fixed deposits and other short-term highly liquid investments with an original maturity of three months or less, that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

(b) Cash flow statement

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Group are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

(c) Investments

Banking Company in the group

- **Classification:**

  In accordance with the RBI Guidelines on investment classification and valuation; Banking Company is required to classify investments on the date of purchase into:

  (i) Held for Trading (HFT),

  (ii) Available for Sale (AFS) or

  (iii) Held to Maturity (HTM).

However for the purpose of consolidation and in compliance with schedule III of the Companies Act, 2013, the above Classification are revised to current and non-current investments. HFT and AFS category investments are classified as current investments and HTM category investments are classified as non-current investments.

Reclassification of securities if any, in any categories are accounted for as per the RBI guidelines. However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

- **Basis of classification and accounting :**

  Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments are recorded on value date except for equity shares which are recorded on trade date. Cost of investments is computed based on First in First out Method for all categories of Investments including Short sales.

- **Valuation:**

  Investments classified under non-current (HTM category) are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line basis while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments is provided for.

  Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines. Traded investments are valued based on the trades / quotes on the recognised stock exchanges, or prices/yields declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA') / Financial Benchmark India Pvt. Ltd. ('FBIL'), periodically.

  Securities are valued script wise and depreciation / appreciation is aggregated for each category. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions.

  Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.

- **Short sales :**

  Short sale transactions in Central Government dated securities are undertaken in accordance with RBI guidelines. The short position is marked to market and loss, if any, is charged to the Statement of Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

NBFC and other entities in the Group

- Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as specified under Section 133 of the Companies Act, 2013. Current investments also include current maturities of long-term investments. All other investments are classified as long-term investments.

- All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss. Purchase and sale of investments are recorded on settlement date basis. Cost of investments is computed based on Weighted Average Method for all categories of Investments.

- Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised gain is ignored, while net depreciation is provided for. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investments. Premium paid over the face value of long-term investments is amortised over the life of the investments on a straight line method.

- Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at lower of book value and fair value / market value on the date of transfer.

(d) Repurchase and resale transactions (Repo)

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

(e) Advances

In accordance with the RBI guidelines, advances are classified as performing and non-performing. Non-Performing advances are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). In addition, based on extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on specific advances in infrastructure sector which are classified as standard advances as these are not non-performing advances ('identified advances'). Advances are stated net of NPA provisions, provision against identified advances, provisions for funded interest term loan classified as non-performing advances, claims received from Export Credit Guarantee Corporation of India Ltd. (ECGC) and provisions in lieu of diminution in the fair value of restructured asset.

The Group makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. The provision on standard advances is not reckoned for arriving at net NPAs.

(f) Tangible fixed assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. Profit or loss arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss.

(g) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is provided on the straight line method, mostly as per the useful life prescribed in Schedule II of the Companies Act, 2013. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation. Depreciation in respect of leasehold improvements is provided on a straight - line method over the extended period of the lease.

(h) Intangible assets and amortisation

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is charged annually to the Statement of Profit and Loss. Intangible assets are being amortised over a period of five years on a straight-line method for Banking Company in the Group and over a period of three years for other companies in the Group.

(i) Impairment of assets

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance sheet date, there is indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

(j) Expense under employee stock option schemes

The Holding Company and two of its subsidiaries has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Holding Company / Subsidiary Company that vest in a graded manner and that are to be exercised

within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price / fair value on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to the Statement of Profit & Loss.

(k) Employee benefits

- **Defined contribution plan**

  The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made as and when services are rendered.

- **Defined benefit plan**

  The net present value of obligation towards gratuity to employees is funded and actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the year.

- **Compensated absences**

  Based on the leave rules of the group companies, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

(l) Borrowing costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

(m) Segment reporting

- **Primary segment (Business segment)**

  The major activities of the Group revolves around financing activity. The other business segment like asset management, investment banking & institutional broking do not individually have income and/or assets more than 10% of the total income and/or assets of the Group. Accordingly, segment information for asset management, investment banking & institutional broking is grouped under business segment 'others'.

- **Secondary segment (Geographical segment)**

  Most of the subsidiaries operate only in the domestic market. As a result, the Group does not have any reportable geographical segment.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest income is recognised on accrual basis in the Statement of Profit and Loss, except in the case of Non-Performing Assets (NPAs) and Identified Advances, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified advances is reversed and recognised on cash basis.
- Interest income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under long term is amortised over the remaining maturity period of the security on a straight line method basis.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

- Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership / syndication fees is recognised as income on completion of the significant act / milestone and when right to recovery is established. Fees and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.
- Brokerage is recognised on trade date basis and is net of statutory payments.
- Asset management fees is recognised on accrual basis.
- Underwriting fees is recognised as income when revenue can be reliably measured on closure of the issue.
- All other fees and charges are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due, except guarantee commission which is recognised pro-rata over the period of the guarantee.
- Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- Profit on sale of loan assets through direct assignment / securitisation is recognised over the residual life of the loan / pass through certificate in terms of the RBI guidelines. Loss arising on account of direct assignment / securitisation is recognised upfront on sale in the Statement of Profit & Loss.
- Revenue from power supply is accounted on accrual basis unless there is any uncertainitiy relating to its recovery.
- Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

(o) Leases

- **Where the assets are taken on lease**

  Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method, over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act, 2013. Initial direct costs incurred specifically for operating leases are recognised as expense in the year in which they are incurred.

- **Where the assets are given on lease**

  Leases under which risks and benefits of ownership of the asset are not substantially transferred are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act, 2013. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

(p) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year.

(q) Taxes on income

- Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.
- Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent

that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and right for such set off are legally enforceable. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

- Minimum alternate tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that normal income tax will be payable. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow.
- Since the Holding Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income-tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus a permanent difference. Accordingly, no deferred tax liability has been created in books of accounts of the Holding Company. However, IDFC Bank Limited as required by RBI creates DTL on special reserve under section 36(i)(viii) of the Income Tax Act, 1961.

(r) Derivative contracts

- Derivative transactions comprises of forward contracts, futures, swaps and options. The Group undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Statement of Profit and Loss Account.
- For hedge transactions, the Group identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with Foreign Exchange Dealers Association of India ('FEDAI') guidelines. The Hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re-assessment or termination of underlying, the Group shall de-designate the derivative as trade.
- Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on all derivative contracts with the same counter-parties are reversed in the Statement of Profit and Loss Account.
- Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'.
- Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

(s) Foreign currency transactions and translations

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gain or loss resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. Premium in respect of forward contracts is accounted over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

(t) Provisions and contingencies

Provision against loans and advances

NBFC in the group:

- Contingent provision against standard assets is made at 0.40% of the outstanding standard assets in accordance with the RBI guidelines.

Banking Company in the group

- The Bank makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. The provision on standard advances is not reckoned for arriving at net NPAs. The provisions towards standard advance is not netted from gross advance but shown separately as "Contingent Provisions against Standard Assets" under "Long-term provisions."
- Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI.
- In case of corporate loans, provision is made for substandard and doubtful assets at the rates prescribed by the RBI. Loss assets and the unsecured portion of doubtful assets are provided / written off as per the extant RBI guidelines or higher as approved by the management. Provision on retail loans and advances, subject to minimum provisioning requirement of the RBI are assessed at borrower level, on the basis of ageing of loans based on internal provisioning policy of the Bank.
- In addition to the minimum provisioning level prescribed by RBI, the group on a prudent basis made provisions on specific advances in infrastructure sector that are not NPAs ('identified advances') but had reason to believe risk of possible slippages on the basis of the extant environment or specific information or current pattern of servicing. These provisions being specific in nature are netted off from gross advances.

Other provisions

- A provision is recognised for a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed separately. Contingent assets are not recognised in the financial statements.

(u) Securities issue expenses

Issue expenses of certain securities are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the securities premium account.

(v) Brokerage expenses

Brokerage paid to the brokers on closed ended funds and commitments in portfolio management schemes are amortised over the tenure of the product or commitment period.

(w) Misdeal stock

Misdeal stock comprises of stock that devolves due to erroneous execution of trades in the normal course of business. These securities are valued at lower of cost or market value on an individual basis. Any profit / loss on such deals is recognised in the Statement of Profit and Loss.

(x) Service tax / Goods and service tax (GST) input credit

Service tax / GST input credit is accounted in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credit.

(y) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

06 SHARE CAPITAL

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
AUTHORISED				
Equity Shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
		5,000.00		5,000.00
ISSUED, SUBSCRIBED & FULLY PAID-UP				
Equity shares of ₹ 10 each	1,596,354,566	1,596.35	1,595,941,570	1,595.94
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		1,596.35		1,595.94

(a) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the year:

EQUITY SHARES	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	1,595,941,570	1,595.94	1,594,020,668	1,594.02
Stock options exercised under the ESOS [see note (c)]	412,996	0.41	1,920,902	1.92
Outstanding as at the end of the year	1,596,354,566	1,596.35	1,595,941,570	1,595.94

(b) Terms / rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors on the Board meeting dated April 27, 2018, is subject to approval of the shareholders at the ensuing Annual General Meeting. During the year, the Board of Directors of the Holding Company proposed dividend of ₹ 0.75 per share (7.5%) [Previous Year ₹ 0.25 per share (2.5%)].

In the event of liquidation of the Ultimate Holding Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Movement in stock options granted under the ESOS is as under:

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
	NUMBER	NUMBER
Outstanding as at the beginning of the year	36,477,254	39,579,341
Add: Granted during the year	244,200	4,187,925
Less: Exercised during the year [see note (a)]	412,996	1,920,902
Less: Lapsed / forfeited during the year	9,390,773	5,369,110
Outstanding as at the end of the year	26,917,685	36,477,254

(d) Details of shareholders holding more than 5% of the shares in the Company

EQUITY SHARES	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
President of India	261,400,000	16.37	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47
First State Investments ICVC	-	-	94,016,080	5.89

07 RESERVES AND SURPLUS

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(A) SECURITIES PREMIUM ACCOUNT		
Opening balance	2,521.64	2,517.57
Add: premium on exercise of stock options under the ESOS	1.37	3.89
Add : Transferred from stock option account	-	0.18
Closing balance	2,523.01	2,521.64
(B) STOCK OPTIONS OUTSTANDING		
Opening balance	2.18	7.04
Less: Transferred to General Reserve [see note 7(d)]	2.18	4.68
Less: Stock options exercised / cancelled	-	0.18
Closing balance	-	2.18
(C) SPECIAL RESERVE U/S. 36(1)(VIII) OF THE INCOME-TAX ACT, 1961 [SEE NOTE 40 (IV)]		
Opening balance	3,523.25	3,198.25
Add: Transfer from surplus in the Statement of Profit and Loss [see note 7(j)]	75.00	325.00
Closing balance	3,598.25	3,523.25
(D) GENERAL RESERVE [SEE NOTE 40 (V)]		
Opening balance	675.53	670.85
Add: Transfer from stock options outstanding [see note 7(b) & 7(j)]	2.18	4.68
Closing balance	677.71	675.53
(E) CAPITAL RESERVE ON CONSOLIDATION		
Opening balance	32.33	31.66
Add: Changes due to change in shareholding in group companies	-	0.67
Closing balance	32.33	32.33
(F) FOREIGN CURRENCY TRANSLATION RESERVE		
Opening balance	34.71	40.11
Add: Foreign exchange translation in relation to non-integral foreign operations	0.80	(5.39)
Less: Share of minority interest	-	0.01
Closing balance	35.51	34.71
(G) STATUTORY RESERVES		
Opening balance	1,323.00	1,042.60
Additions during the year [see note 7(j)]	314.30	280.40
Closing balance	1,637.30	1,323.00

(₹ IN CRORE)

				AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(H)	**CAPITAL RESERVE [SEE NOTE 40 (III)]**				
	Opening balance			88.00	82.50
	Additions during the year [see note 7(j)]			202.00	5.50
	Closing balance			290.00	88.00
(I)	**INVESTMENT RESERVE [SEE NOTE 40 (II)]**				
	Opening balance			0.55	-
	Additions during the year [see note 7(j)]			-	0.55
	Deduction during the year			(0.55)	-
	Closing balance			-	0.55
(J)	**SURPLUS IN THE STATEMENT OF PROFIT AND LOSS**				
	Opening balance		1,022.73		918.39
	Profit for the year		589.65		699.08
	Less: Opening adjustment (see note 4)		-		(26.60)
	Less: Appropriations				
	Transfer to reserves:				
	Statutory Reserves [see note 7(g)]	314.30		280.40	
	Capital Reserves [see note 7(h)]	202.00		5.50	
	General Reserve [see note 7(d)]	ß		-	
	Investment Reserve [see note 7(i)]	(0.55)		0.55	
	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [see note 7(c)]	75.00		325.00	
	Changes due to change in shareholding in group companies	9.35		9.89	
	Dividend & dividend distribution tax:				
	Dividend on equity shares	39.90		-	
	Tax on proposed equity dividend by Subsidiary companies	39.85		-	
	Total appropriations		679.85		621.34
	Closing balance		932.53		1,022.73
TOTAL RESERVES AND SURPLUS			9,726.64		9,223.92

08 MINORITY INTEREST

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
	%	%
INDIRECT (THROUGH IDFC FINANCIAL HOLDING COMPANY LIMITED)		
IDFC Bank Limited	47.20	47.12
IDFC Infrastructure Finance Limited	18.52	18.52
INDIRECT (THROUGH IDFC BANK LIMITED)		
IDFC Bharat Limited	47.20	47.12

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Opening minority interest	7,096.31	6,635.17
Add / (less) change in minority interest during the year	32.25	(19.28)
Add: Share of profit of minority interest	382.11	540.75
Less: Share of dividend / dividend distribution tax by subsidiaries	(143.85)	(60.34)
Add: Fluctuation in foreign currency translation reserve	-	0.01
Closing Balance	7,366.82	7,096.31

09 LONG - TERM BORROWINGS

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
DEBENTURES & BONDS (NON CONVERTIBLE) (UNSECURED)				
Face value [see note (a) & (c)]	31,966.25	3,325.72	34,560.90	4,693.27
Less: Unexpired discount on zero percent debentures & bonds [see note (b)]	110.03	21.37	192.55	6.24
	31,856.22	3,304.35	34,368.35	4,687.03
TERM LOANS (UNSECURED)				
From banks	-	-	-	-
From others [see note (d)]	257.64	7.59	219.83	38.22
	257.64	7.59	219.83	38.22
EXTERNAL COMMERCIAL BORROWINGS (UNSECURED)				
From banks [see note (e)]	74.07	10.58	-	671.66
From others [see note (f)]	462.85	121.96	622.07	37.23
	536.92	132.54	622.07	708.89
TERM DEPOSITS (UNSECURED)	2,262.34	-	1,221.71	-
Amount disclosed under 'other current liabilities' (see note 14)	-	(3,444.48)	-	(5,434.14)
Total long-term borrowings	34,913.12	-	36,431.96	-
THE ABOVE AMOUNT INCLUDES:				
Secured borrowings [see note (a)]	3,371.00	-	1,915.00	-
Unsecured borrowings	31,542.12	3,444.48	34,516.96	5,434.14
	34,913.12	3,444.48	36,431.96	5,434.14

(a) Borrowings of ₹ 3,371.00 crore (Previous year ₹ 1,915.00 crore) are secured by way of a first floating pari passu charge over investments, other assets, trade receivables, cash and bank balances and loans & advances excluding investments in and other receivables from subsidiaries and affiliates and lien marked assets.

(b) Unexpired discount is net of ₹ 144.09 crore (Previous year ₹ 103.54 crore) towards interest accrued but not due.

(c) Interest and repayment terms of long-term borrowings - debentures and bonds (non convertible) (unsecured):

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
Above 5 years	16,350.70	7.99 to 9.65	10,297.36	7.75 to 9.68
3-5 years	7,948.00	7.38 to 9.68	6,099.84	7.35 to 9.00
1-3 years	7,667.55	7.50 to 9.50	18,163.70	7.75 to 9.50
TOTAL	31,966.25		34,560.90	

(d) Interest and repayment terms of long-term loans from others (unsecured):

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
Above 5 years	257.64	2.00	219.83	2.00
TOTAL	257.64		219.83	

(e) Interest and repayment terms of external commercial borrowings from banks (unsecured):

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FLOATING RATE				
Above 5 years	31.75	USD 6M LIBOR + 150 bps	-	NA
3-5 years	21.16	USD 6M LIBOR + 150 bps	-	NA
1-3 years	21.16	USD 6M LIBOR + 150 bps	-	NA
TOTAL	74.07		-	

(f) Interest and repayment terms of external commercial borrowings from others (unsecured):

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FLOATING RATE				
Above 5 years	31.75	USD 6M LIBOR + 150 bps	168.46	USD 6M LIBOR + 150 bps
3-5 years	154.14	INBMK+183.50 bps	106.81	USD 6M LIBOR + 235 bps
3-5 years	26.84	USD 6M LIBOR + 235 bps	346.80	INBMK+183.50 bps
3-5 years	21.16	USD 6M LIBOR + 150 bps	-	-
1-3 years	154.13	INBMK+183.50 bps	-	NA
1-3 years	21.16	USD 6M LIBOR + 150 bps	-	NA
1-3 years	53.67	USD 6M LIBOR + 235 bps	-	NA
TOTAL	462.85		622.07	

10 OTHER LONG-TERM LIABILITIES

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Lease equalisation (see note 35)	16.53	12.73
Interest accrued but not due on borrowings	939.02	1,253.65
Payables against derivative contracts	2.53	6.63
Retention money	-	0.02
Other payables	ß	ß
TOTAL	958.09	1,273.03

11 LONG-TERM PROVISIONS

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Contingent provision against standard assets [see note (a)]	288.57	292.56
TOTAL	288.57	292.56

(a) A contingent provision against standard assets has been created based on rate under each category of the outstanding standard assets as prescribed by RBI.

12 SHORT-TERM BORROWINGS

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
COMMERCIAL PAPERS (UNSECURED)			
Face value		225.00	390.00
Less: Unexpired discount [see note (a) below]		2.22	1.61
		222.78	388.39
COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO) (SECURED) [SEE NOTE (B) & (C)]		249.88	-
TERM LOANS		3,979.74	3,756.34
DEPOSITS			
Term Deposits	43,660.17		37,418.70
Demand Deposits	1,932.56		946.98
		45,592.73	38,365.68
REPURCHASE AGREEMENT (REPO) (SECURED) [SEE NOTE (B) & (D)]		20,283.69	7,776.46
TOTAL SHORT-TERM BORROWINGS		70,328.82	50,286.87
THE ABOVE AMOUNT INCLUDES:			
Secured borrowings		20,533.57	7,776.46
Unsecured borrowings		49,795.25	42,510.41
TOTAL SHORT-TERM BORROWINGS		70,328.82	50,286.87

(a) Unexpired discount on commercial papers is net of ₹ 2.29 crore (Previous Year ₹ 1.42 crore) which is charged to Statement of profit and loss account during the year.

(b) Borrowings of ₹ 20,533.57 crore (Previous Year ₹ 7,776.46 crore) are secured by way of a first floating pari passu charge over investments, other assets, trade receivables, cash and bank balances and loans and advances excluding investments in and other receivables from subsidiaries and affiliates of the Holding Company and lien marked assets.

(c) Borrowings under CBLO is secured against investments in government securities and treasury bills of ₹ 256.34 crore (Previous Year ₹ Nil).

(d) Borrowings under REPO are secured against investment in government securities of ₹ 19,770.69 crore (Previous Year ₹ 7,310.30 crore).

13 TRADE PAYABLE

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Total outstanding dues of micro enterprises and small enterprises (see note 38)	-	0.02
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Payables against derivative contracts	1,264.25	2,873.77
Others	390.23	365.35
	1,654.48	3,239.12
TOTAL	1,654.48	3,239.14

14 OTHER CURRENT LIABILITIES

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Current maturities of long-term borrowings (see note 9)	3,444.48	5,434.14
Interest accrued but not due on borrowings	2,329.68	1,806.75
Income and other amounts received in advance	89.01	90.38
Funds received for investor education	1.75	0.36
Unclaimed dividend [see note (a)]	2.68	2.45
Unclaimed interest [see note (a)]	34.96	49.43
Security deposit	5.01	2.31
Lease equalisation (see note 35)	0.91	0.22
Other payables		
Payable to gratuity fund (net) (see note 32)	0.44	2.26
Statutory dues	54.86	34.85
Others	633.88	433.50
TOTAL	6,597.66	7,856.65

(a) No amount of unclaimed dividend and unclaimed interest was due for transfer to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the Balance Sheet date.

15 SHORT-TERM PROVISIONS

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Provision for income tax (net of advance payment of tax)	385.85	323.01
Provision for fringe benefit tax (net of advance payment of tax)	3.59	3.59
Provision for operational losses	23.06	-
TOTAL	412.50	326.60

16 (a) TANGIBLE ASSETS

(₹ IN CRORE)

	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	BALANCE AS AT APRIL 1, 2017	TRANSLATION EXCHANGE DIFFERENCE	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT APRIL 1, 2017	TRANSLATION EXCHANGE DIFFERENCE	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT MARCH 31, 2017
Freehold Land	0.04	-	-	-	0.04	-	-	-	-	-	0.04	0.04
(Previous year)	(0.04)	-	-	-	(0.04)	-	-	-	-	-	(0.04)	
Leasehold land	-	-	3.25	-	3.25	-	-	0.17	-	0.17	3.08	-
(Previous year)	-	-	-	-	-	-	-	-	-	-	-	
Buildings												
Own Use	349.99	-	0.11	-	350.10	50.62	-	6.06	0.82	55.86	294.24	299.37
(Previous year)	(341.58)	-	(14.25)	(5.84)	(349.99)	(45.07)	-	(5.99)	(1.44)	(50.62)	(299.37)	
Leasehold improvements	87.50	ß	26.12	3.91	109.71	26.17	ß	13.60	2.48	37.29	72.42	60.34
(Previous year)	(65.25)	(0.02)	(24.43)	(2.16)	(87.50)	(16.16)	(0.02)	(11.47)	(1.44)	(26.17)	(60.34)	
Furniture and fixtures												
Own Use	40.51	ß	15.33	1.09	54.75	10.39	ß	7.01	0.86	16.54	38.21	30.12
(Previous year)	(24.93)	(0.01)	(17.64)	(2.05)	(40.51)	(6.16)	(0.01)	(4.64)	(1.40)	(10.39)	(30.12)	
Vehicles	53.11	-	10.38	7.85	55.64	19.33	-	13.62	4.55	28.40	27.24	32.78
(Previous year)	(34.27)	-	(23.72)	(4.87)	(53.11)	(9.80)	-	(12.02)	(2.49)	(19.33)	(32.78)	
Office equipment												
Own Use	45.54	ß	11.14	0.33	56.35	21.13	ß	8.99	0.33	29.79	26.56	25.41
(Previous year)	(30.33)	(0.01)	(15.98)	(0.76)	(45.54)	(15.60)	(0.01)	(7.26)	(0.72)	(21.13)	(25.41)	
Computers	143.42	ß	49.53	1.06	191.89	49.17	ß	36.30	1.02	84.45	107.44	95.26
(Previous year)	(91.09)	(0.02)	(53.07)	(0.73)	(143.42)	(24.75)	(0.01)	(25.13)	(0.70)	(49.17)	(95.26)	
Wind mills	101.25	-	-	-	101.25	41.28	-	4.60	-	45.88	55.37	59.97
(Previous year)	(101.25)	-	-	-	(101.25)	(35.68)	-	(4.60)	-	(41.28)	(59.97)	
TOTAL	821.37	ß	115.86	14.24	922.98	218.08	0.01	90.35	10.06	298.38	624.60	604.28
(Previous year)	(688.74)	(0.06)	(149.09)	(15.40)	(821.37)	(153.21)	(0.05)	(71.11)	(7.19)	(218.08)	(604.28)	

16 (b) INTANGIBLE ASSETS (Other than internally generated)

(₹ IN CRORE)

	GROSS BLOCK					ACCUMULATED AMORTISATION					NET BLOCK	
	BALANCE AS AT APRIL 1, 2017	TRANSLATION EXCHANGE DIFFERENCE	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT APRIL 1, 2017	TRANSLATION EXCHANGE DIFFERENCE	AMORTISATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT MARCH 31, 2018	BALANCE AS AT MARCH 31, 2017
Computer software	433.78	ß	76.00	-	509.78	121.84	ß	92.35	-	214.20	295.58	311.94
(Previous year)	(278.05)	-	(155.73)	-	(433.78)	(44.34)	(0.01)	(77.50)	-	(121.84)	(311.94)	
Tenancy rights	0.11	-	-	-	0.11	0.09	-	0.01	-	0.10	0.01	0.02
(Previous year)	(0.11)	-	-	-	(0.11)	(0.08)	-	(0.01)	-	(0.09)	(0.02)	
Goodwill	12.24	-	-	12.24	-	12.24	-	-	12.24	-	-	-
(Previous year)	(12.24)	-	-	-	(12.24)	(12.24)	-	-	-	(12.24)	-	
TOTAL	446.13	ß	76.00	12.24	509.89	134.17	ß	92.36	12.24	214.30	295.59	311.96
(Previous year)	(278.16)	-	(155.73)	-	(446.13)	(56.66)	(0.01)	(77.51)	-	(134.17)	(311.96)	
TOTAL TANGIBLE AND INTANGIBLE ASSETS	1,267.50	ß	191.86	26.48	1,432.87	352.25	0.04	182.71	22.30	512.68	920.19	916.24
(Previous year)	(966.90)	(0.06)	(304.82)	(15.40)	(1,267.50)	(197.62)	(0.06)	(148.62)	(7.19)	(352.25)	(916.24)	

17 GOODWILL ON CONSOLIDATION

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Goodwill on subsidiaries	1,286.06	1,286.06

18 NON-CURRENT INVESTMENTS (AT COST)

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
INVESTMENT IN ASSOCIATES		
Equity shares [see note(b)]	226.39	271.21
Add: Goodwill on acquisition	-	9.80
Add: Adjustment for post acquisition share of loss and reserve of associates [see note (e)]	(198.39)	(152.54)
	28.00	128.47
Preference shares [see note(b)]	61.59	54.93
INVESTMENT IN A SUBSIDIARY		
Equity shares [see note 3 (b) & (d)]	13.00	13.00
OTHER INVESTMENTS		
Equity shares [see note (a) & (b)]	51.52	51.52
Preference shares [see note (b)]	0.05	0.05
Debentures and bonds [see note (b)]	1,318.33	639.33
Venture capital units [see note (b) & (c)]	705.51	715.65
Government securities [see note (b), 12 (c) & 12 (d)]	14,661.10	13,863.45
Mutual funds [see note (a) & (b)]	33.69	14.39
TOTAL NON-CURRENT INVESTMENTS	16,872.79	15,480.79
Less: Provision for diminution in value of investments [see note (d) & (f)]	76.02	141.80
NET NON-CURRENT INVESTMENTS	16,796.77	15,338.98
(a) Aggregate amount of quoted investments		
Cost	0.71	0.71
Market value	0.89	0.82
(b) Aggregate amount of unquoted investments - cost	16,872.08	15,480.08
(c) Investments in venture capital units are subject to restrictive covenants.		
(d) Includes provision against subsidiary of ₹ 13.00 crore (Previous year ₹ 13.00 crore).		
(e) Includes Opening adjustment of ₹ Nil (Previous year ₹ 26.60 crore) due to change in previous year balances [see note 7(j)].		
(f) Aggregate provision on diminution in value of investments	76.02	141.80

19 DEFERRED TAX (NET)

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
(a) Provisions	1,047.97	-	1,391.65	-
(b) Others	105.36	-	(6.33)	-
(c) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	(84.56)	9.40	(43.07)	17.93
DEFERRED TAX (NET)	1,068.77	9.40	1,342.25	17.93

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as specified under Section 133 of the Companies Act, 2013, the Company has taken charge of ₹ 266.00 crore (Previous Year ₹ 402.67 crore) in the Statement of Profit and Loss.

20 LOANS (NET OF PROVISIONS)

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Term loans [see note (a) & (c)]	41,681.36	6,013.82	38,401.89	11,462.77
Cash Credit, overdrafts and loans repayable on Demand	-	5,803.04	-	2,262.51
Bills purchased	-	3,153.07	-	1,420.08
	41,681.36	14,969.93	38,401.89	15,145.36
Less: Specific Provision against identified advances	1,584.47	-	2,120.16	-
TOTAL	40,096.89	14,969.93	36,281.73	15,145.36

(a) Loans to the extent of ₹ 30,504.88 crore (Previous Year ₹ 31,249.34 crore) are secured by:

(i) Hypothecation of assets and / or

(ii) Mortgage of property and / or

(iii) Trust and retention account and / or

(iv) Assignment of receivables or rights and / or

(v) Pledge of shares and / or

(vi) Negative lien and / or

(vii) Undertaking to create a security.

(b) Loans includes non-performing loans of ₹ 1,779.05 crore (Previous Year ₹ 1,542.10 crore) against which provisions of ₹ 887.89 crore (Previous Year ₹ 965.63 crore) has been made in accordance with the RBI circular [see note (c)].

(c) The classification of loans under the RBI guidelines is as under:

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(i) Standard assets	54,872.24	52,005.15
(ii) Sub-standard assets	477.25	216.16
(iii) Doubtful assets	1,301.80	1,325.94
(iv) Loss assets	-	-
	56,651.29	53,547.25

21 LOANS AND ADVANCES - OTHERS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
UNSECURED				
Loans and advances to related parties (see note 33)	-	18.60	-	18.72
Receivables against derivative contracts	14.01	9.66	18.15	5.43
Loans and advances to employees	-	1.79	0.86	3.42
Security deposits	29.10	78.01	90.25	159.59
Other deposits	-	106.06	-	186.83
Advance payment of income tax (net of provision)	1,482.98	-	1,027.61	-
Advance payment of fringe benefit tax (net of provision)	4.07	-	4.07	-
Advance wealth tax	0.20	-	0.20	-

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other loans and advances				
Supplier advances	-	11.91	-	12.82
Capital advances	0.57	-	0.06	-
Other advances	-	52.31	-	2.08
Prepaid expenses	15.56	34.83	10.82	29.76
Balances with government authorities - cenvat credit available	-	229.54	-	16.56
[includes ₹ 0.79 crore (Previous Year ₹ 0.94 crore),considered doubtful]				
	1,546.49	542.71	1,152.02	435.21
Less: Provision against doubtful advances	-	0.79	-	0.94
TOTAL	1,546.49	541.92	1,152.02	434.27

22 OTHER ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other receivables	-	2,222.81	-	32.55
[includes ₹ 17.95 crore (Previous Year ₹ 0.70 crore), considered doubtful]				
Less: Provision against doubtful receivables	-	17.95	-	0.70
	-	2,204.86	-	31.85
Bank deposits [see note (a)]	1.33	-	8.98	-
Interest accrued on deposits	0.13	0.02	0.12	0.56
Interest accrued on investments	-	1,242.30	-	1,016.19
Interest accrued on loans	24.64	127.70	58.98	109.90
Mark to Market receivable on Derivatives	-	1,288.89	-	2,794.06
Others	1.75	41.91	2.25	30.60
TOTAL	27.85	4,905.68	70.33	3,983.16

(a) Balances with Bank include deposits under lien of ₹ 1.33 crore (Previous year ₹ 3.98 crore) against bank guarantee.

23 CURRENT INVESTMENTS

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
INVESTMENT IN ASSOCIATES			
Equity shares [see note (b)]	42.64		-
Add: Goodwill on acquisition	-		-
Add: Adjustment for post acquisition share of loss and reserve of associates	(42.64)		-
		-	-
OTHER INVESTMENTS			
Equity shares [see note (b)]	1,199.77		1,396.13
Preference shares [see note (b)]	-		17.60
Debentures & bonds [see note (b)]	12,208.08		13,085.48
Venture capital units [see note (b)]	173.77		328.28
Pass through certificates [see note (b)]	6,490.80		6,781.66
Commercial papers [see note (b)]	754.80		323.02
Government securities [see note (b) &12 (c) & 12 (d)]	24,162.10		10,992.45
Security receipts [see note (b)]	1,981.61		2,141.28
Mutual funds [see note (a) & (b)]	880.56		2,617.38
TOTAL CURRENT INVESTMENTS		47,851.49	37,683.29
Less: Provision for diminution in value of investments		1,236.57	1,335.50
NET CURRENT INVESTMENTS		46,614.92	36,347.78
(a) Aggregate amount of quoted investments			
Cost		49.34	293.87
Market value		49.34	272.56
(b) Aggregate amount of other unquoted investments - cost		47,802.15	37,389.42
(c) Aggregate provision on diminution in value of investments		1,236.57	1,335.50

24 TRADE RECEIVABLES (UNSECURED)

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
CONSIDERED GOOD			
Outstanding for a period less than six months from the date they are due for payment		35.50	54.39
Outstanding for a period exceeding six months from the date they are due for payment		-	-
CONSIDERED DOUBTFUL			
Outstanding for a period less than six months from the date they are due for payment	-		-
Outstanding for a period exceeding six months from the date they are due for payment	3.30		7.89
		3.30	7.89
Less: Provision against doubtful receivables		3.30	7.89
TOTAL		35.50	54.39

25 CASH AND BANK BALANCES

(₹ IN CRORE)

	AS AT MARCH 31, 2018		AS AT MARCH 31, 2017
CASH AND CASH EQUIVALENTS [SEE NOTE (C)]			
Cash on hand (see note 41)	72.93		36.56
Cheques on hand	ß		2.26
Balances with Reserve Bank of India :			
In current accounts	2,948.18		2,958.58
In deposit accounts	-		-
Balances with banks:			
In current accounts	732.59		2,110.51
In deposit accounts	1,190.51		75.26
		4,944.21	5,183.17
OTHERS			
Balances with banks:			
In earmarked accounts:			
- unclaimed dividend	2.21		2.34
- unclaimed interest	34.95		49.43
In deposit accounts [see note (a) & (b)]	56.31		47.49
		93.47	99.26
TOTAL		5,037.68	5,282.43

(a) Balances with banks include deposits under lien of ₹ 56.31 crore (Previous Year ₹ 47.49 crore) against bank guarantees and overdraft facility.

(b) Balances with banks include deposits of ₹ 25.08 crore (Previous Year 25.06 crore) having original maturity of more than 12 months.

(c) Cash and cash equivalents as referred in the Cash Flow Statement.

26 REVENUE FROM OPERATIONS

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest [see note (a)]	9,353.93	8,726.37
Fees income	908.98	795.00
Dividend income [see note (b)]	9.53	21.75
Net profit on sale of investments [see note (c)]	461.16	653.66
Profit from trading in derivatives and foreign currency contracts	292.41	148.46
Brokerage	56.96	40.39
Sale of power	15.01	6.89
TOTAL	11,097.98	10,392.52

(a) DETAILS OF INTEREST INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest on loans [see note (i)]	5,192.25	5,298.25
Interest on deposits and loan to a financial institution	12.28	15.13
Interest on balances with Reserve Bank of India and other inter-bank funds	14.96	58.66
Interest on investments		
Current investments	3,171.78	2,467.41
Long-term investments	962.66	886.92
TOTAL	9,353.93	8,726.37

(i) Interest on loans includes interest on debentures & bonds of ₹ 87.52 crore (Previous Year ₹ 42.94 crore).

(b) DETAILS OF DIVIDEND INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Current investments	0.03	4.22
Long-term investments	9.50	17.53
TOTAL	9.53	21.75

(c) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Current investments	39.33	639.18
Long-term investments	421.83	14.48
TOTAL	461.16	653.66

27 OTHER INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest on income tax refund	47.75	7.66
Other interest	1.38	0.04
Miscellaneous income	14.10	1.84
TOTAL	63.23	9.54

28 EMPLOYEE BENEFITS EXPENSE

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Salaries	919.88	728.03
Contribution to provident and other funds [see note 32]	42.48	35.53
Gratuity expense [see note 32]	6.22	14.24
Staff welfare expenses	18.20	16.40
TOTAL	986.78	794.20

29 FINANCE COSTS

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Interest expense	7,265.91	6,450.39
Other borrowing cost	100.26	199.94
TOTAL	7,366.17	6,650.33

30 PROVISIONS AND CONTINGENCIES

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Contingent provision against standard assets	13.49	(29.23)
Bad debts written off / Technical write off	1,020.99	-
Specific provision / (writeback) against identified advances	(382.42)	(495.45)
Provision / (writeback) against non-performing loans and advances	(290.11)	653.63
Provision / (writeback) for diminution in value of investments (net)	(164.73)	143.52
Provision for unhedged foreign currency exposure	5.26	1.21
TOTAL	202.48	273.68

31 OTHER EXPENSES

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Rent [see note 35(i)]	109.02	111.29
Rates and taxes	61.76	43.42
Electricity	16.76	13.69
Repairs and maintenance		
Buildings	1.91	2.81
Equipments	5.13	4.12
Others	121.14	30.50
Insurance charges	37.93	16.22
Travelling and conveyance	45.71	36.92
Printing and stationery	20.93	12.95
Communication costs	38.64	23.90
Advertising and publicity	33.76	19.23
Professional fees	212.11	188.62
Directors' sitting fees	2.64	2.18
Commission to directors	0.57	1.41
Loss on retirement of fixed assets (net)	1.10	5.17
Brokerage	45.41	26.53
Other operating expenses	165.30	89.09
Contribution for corporate social responsibility (CSR)	21.42	12.44
Auditors' remuneration [see note (a)]	3.79	3.56
Shared service costs recovered	0.92	0.29
Miscellaneous expenses	100.97	99.42
TOTAL	1,046.92	743.76

(a) Break up of auditors' remuneration:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Audit fees	2.63	2.46
Tax audit fees	0.26	0.26
Taxation matters	0.38	0.21
Other services	0.45	0.51
Out-of-pocket expenses	0.07	0.12
TOTAL	3.79	3.56

32 In accordance with Accounting Standard 15 on 'Employee Benefits' as specified under Section 133 of the Companies Act, 2013 the following disclosures have been made:

i. The Group has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Provident fund	36.32	29.77
Pension fund	2.37	2.06
Superannuation fund	3.79	3.70

ii. The details of the Group's post - retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and relied upon by the Auditors:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018		FOR THE YEAR ENDED MARCH 31, 2017	
	FUNDED	**NON FUNDED**	**FUNDED**	**NON FUNDED**
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:				
Liability at the beginning of the year	65.24	-	50.65	-
Liabilities assumed on acquisition	(0.88)	-	-	-
Current service cost	11.00	-	10.18	-
Interest cost	5.15	-	5.02	-
Liabilities settled on divestiture	0.88	-	0.01	-
Distributed on divestiture	(0.88)	-	0.06	-
Benefits paid	(6.96)	-	(6.85)	-
Actuarial loss	(5.58)	-	8.54	-
Liability at the end of the year	67.97	-	67.60	-
FAIR VALUE OF PLAN ASSETS:				
Fair value of plan assets at the beginning of the year	60.25	-	46.61	-
Expected return on plan assets	4.68	-	4.52	-
Contributions	10.76	-	19.15	-
Benefits paid	(8.09)	-	(7.23)	-
Distributed on Divestiture	0.31	-	-	-
Actuarial gain / (loss) on plan assets	(0.33)	-	1.43	-
Fair value of plan assets at the end of the year	67.58	-	64.47	-
Total actuarial loss / (gain) to be recognised	(5.25)	-	7.11	-
ACTUAL RETURN ON PLAN ASSETS:				
Expected return on plan assets	4.68	-	4.52	-
Actuarial gain / (loss) on plan assets	(0.33)	-	1.43	-
Actual return on plan assets	4.35	-	5.95	-
AMOUNT RECOGNISED IN THE BALANCE SHEET:				
Liability at the end of the year	68.83	-	67.60	-
Fair value of plan assets at the end of the year	67.59	-	64.47	-
Unrecognised past service cost	0.79	-	-	-
Amount recognised in the Balance Sheet under 'Other current liabilities'				
Current	(0.44)	-	(0.84)	-

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018		FOR THE YEAR ENDED MARCH 31, 2017	
	FUNDED	**NON FUNDED**	**FUNDED**	**NON FUNDED**
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:				
Current service cost	11.00	-	10.18	-
Interest cost	5.15	-	5.02	-
Expected return on plan assets	(4.68)	-	(4.52)	-
Net actuarial loss / (gain) to be recognised	(5.55)	-	7.11	-
Losses / (gains) on Acquisition / Divestiture	0.32	-	(3.56)	-
Reversed during the year	(0.19)	-	-	-
Recovery of past service cost	0.56	-	-	-
Liabilities assumed on acquisition	(0.70)	-	-	-
Liabilities settled on divestiture	0.31	-	0.01	-
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	6.22	-	14.24	-
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:				
Opening net liability / (asset)	39.86	-	3.72	-
Expense recognised	6.22	-	5.23	-
Contribution by the Group	10.76	-	(2.53)	-
Expected employer's contribution next year	8.85	-	4.15	-

(₹ IN CRORE)

	FOR THE YEAR ENDED				
	MARCH 31, 2018	MARCH 31, 2017	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	68.83	74.34	50.65	41.91	31.83
Plan assets	67.59	69.34	44.97	42.48	29.41
Deficit	(1.24)	(5.00)	(5.68)	0.56	(2.42)
Experience adjustments on plan liabilities	(1.38)	1.93	(0.30)	1.09	3.67
Experience adjustments on plan assets	(0.25)	1.30	(3.54)	3.03	0.03

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
	(%)	**(%)**
INVESTMENT PATTERN:		
Insurer managed funds	100.00	100.00
Government securities	27.82	28.02
Deposit and money market securities	15.25	30.50
Debentures / bonds	56.75	30.09
Equity shares	0.18	7.39
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	6.90 to 8.15	6.90 to 7.35
Expected rate of return on assets (p.a.)	7.45 to 7.50	7.50
Salary escalation rate (p.a.)	8.00	8.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

33 As per Accounting Standard 18 on 'Related Party Disclosures' as specified under Section 133 of the Companies Act, 2013, the related parties of the Group are as follows:

SUBSIDIARIES:

(a) Direct

IDFC Foundation

JOINTLY CONTROLLED ENTITIES

(a) Through subsidiaries

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

Uttarakhand Infrastructure Development Company Limited (under liquidation)

Rail Infrastructure Development Company (Karnataka) Limited

ASSOCIATES:

(a) Direct

Novopay Solutions Private Limited

(b) Through subsidiary

Jetpur Somnath Tollways Limited

Feedback Infra Private Limited (upto 19th March, 2018)

Millennium City Expressways Private Limited

ENTITIES OVER WHICH CONTROL IS EXERCISED:

(a) Through subsidiaries

India PPP Capacity Building Trust

KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:

(a) Mr. Vikram Limaye - Managing Director & CEO (up to July 15, 2017)

(b) Mr. Sunil Kakar- Managing Director & CEO (w.e.f July 16, 2017)

RELATIVES OF KEY MANAGEMENT PERSONNEL:

(a) Mr. Bharat Mukund Limaye (up to July 15, 2017)

I) The nature and volume of transactions of the Holding Company with the above mentioned related parties are summarised below:

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME								
Dividend	-	-	0.70	0.60	-	-	-	-
Fees	-	-	0.20	1.12	-	-	-	-
Interest	-	-	37.98	50.92	-	-	-	-
EXPENDITURE								
Remuneration paid	-	-	-	-	-	-	8.78	5.41
Fees	-	-	11.70	9.75	2.19	-	-	-
Interest expense	2.01	2.62	0.20	0.15	1.11	0.82	-	-
Shared service cost	0.13	0.24	-	-	-	-	-	-
Corporate social responsibility	19.28	10.37	-	-	-	-	-	-
ASSETS / TRANSACTIONS								
Purchase of investments	-	-	14.76	32.35	-	-	-	-
Sale of Investments	-	-	5.04	-	-	-	-	-
Advances recovered	0.12	0.76	-	-	-	-	-	-
Advances recoverable - balance outstanding	18.61	18.73	417.53	512.25	-	-	-	-
Purchase of fixed assets	-	-	-	-	5.25	-	-	-
Interest unrealised	-	-	-	0.31	-	-	-	-
Outstanding equity investment	13.00	13.00	381.29	371.57	-	-	-	-

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
LIABILITIES / TRANSACTIONS								
Trade payable- balance outstanding	-	-	-	0.59	4.03	5.43	-	-
Current account balance	0.22	0.04	0.48	1.16	0.29	0.01	-	-
Fixed deposits placed	23.72	31.64	1.14	4.36	11.12	11.47	-	-
Interest on term deposit	0.28	0.02	0.01	0.01	0.08	0.08	-	-

II) The nature and volume of transactions of the Holding Company with the above mentioned related parties are detailed below:

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME								
Dividend								
Feedback Infra Private Limited	-	-	0.70	0.60	-	-	-	-
Fees								
Feedback Infra Private Limited	-	-	0.20	1.12	-	-	-	-
Interest income								
Feedback Infra Private Limited	-	-	13.34	11.98	-	-	-	-
Millennium City Expressways Private Limited	-	-	24.64	38.94	-	-	-	-
EXPENDITURE								
Remuneration paid								
Mr. Vikram Limaye	-	-	-	-	-	-	7.06	5.41
Mr. Sunil Kakar	-	-	-	-	-	-	1.72	-
Fees								
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	2.19	-	-	-
Novopay Solutions Private Limited	-	-	11.70	9.75	-	-	-	-
Interest expense								
IDFC Foundation	2.01	2.62	-	-	-	-	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.16	0.11	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.95	0.71	-	-
Novopay Solutions Private Limited	-	-	0.06	0.09	-	-	-	-
Feedback Infra Private Limited	-	-	0.14	0.06	-	-	-	-
Shared Service Cost								
IDFC Foundation	0.13	0.24	-	-	-	-	-	-
Corporate Social Responsibility								
IDFC Foundation	19.28	10.37	-	-	-	-	-	-
ASSETS / TRANSACTIONS								
Purchase / subscription of Investments								
Jetpur Somnath Tollways Limited	-	-	6.67	8.06	-	-	-	-
Millennium City Expressways Private Limited	-	-	8.10	24.29	-	-	-	-
Sale of Investments								
Feedback Infra Private Limited	-	-	5.04	-	-	-	-	-

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Advances recovered								
IDFC Foundation	0.12	0.76	-	-	-	-	-	-
Advances recoverable - balance outstanding								
IDFC Foundation	18.61	18.73	-	-	-	-	-	-
Feedback Infra Private Limited	-	-	60.00	125.96	-	-	-	-
Millennium City Expressways Private Limited	-	-	357.53	386.29	-	-	-	-
Purchase of fixed assets								
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	5.25	-	-	-
Interest unrealised								
Feedback Infra Private Limited	-	-	-	0.31	-	-	-	-
Outstanding Equity Investment								
Feedback Infra Private Limited	-	-	15.05	20.09	-	-	-	-
IDFC Foundation	13.00	13.00	-	-	-	-	-	-
Jetpur Somnath Tollways Limited	-	-	104.23	97.57	-	-	-	-
Novopay Solutions Private Limited	-	-	35.62	35.62	-	-	-	-
Millennium City Expressways Private Limited	-	-	226.38	218.29	-	-	-	-
LIABILITIES / TRANSACTIONS								
Trade Payable- Balance outstanding								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	3.92	5.19	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.11	0.24	-	-
Novopay Solutions Private Limited	-	-	-	0.59	-	-	-	-
Current account balance								
IDFC Foundation Limited	0.22	0.04	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.20	0.01	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.09	0.01	-	-
Novopay Solutions Private Limited	-	-	0.48	1.16	-	-	-	-
Fixed deposits placed								
IDFC Foundation Limited	23.72	31.64	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	9.21	9.35	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	1.91	2.12	-	-
Novopay Solutions Private Limited	-	-	-	2.40	-	-	-	-
Feedback Infra Private Limited	-	-	1.14	1.96	-	-	-	-
Interest accrued on term deposit								
IDFC Foundation Limited	0.28	0.02	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.08	0.07	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	ß	0.01	-	-
Feedback Infra Private Limited	-	-	0.01	0.01	-	-	-	-

34 The Group is engaged in financing by way of loans, asset management and investment banking and Institutional Broking. The Group does not have any reportable geographic segment. Since the revenues, profit or assets of the asset management segment, institutional broking and investment banking segment individually do not exceed 10% of the Group's revenues, profit or assets, the Group has one reportable segment i.e. Financing in terms of Accounting Standard 17 on 'Segment Reporting' as specified u/s 133 of the Companies Act, 2013. Segment information for asset management, investment banking and institutional broking is grouped under business segment 'Others'. Financing Segment includes Banking Business.

(₹ IN CRORE)

		FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
I	**SEGMENT OPERATING REVENUE**		
	(a) Financing	10,626.30	9,934.10
	(b) Others	541.94	525.25
TOTAL		11,168.24	10,459.35
	Less: Inter segment revenue	70.26	66.83
TOTAL OPERATING INCOME		11,097.98	10,392.52
II	**SEGMENT RESULTS**		
	(a) Financing	1,238.61	1610.87
	(b) Others	89.79	172.94
	(c) Unallocated	47.75	7.66
	Profit before tax	1,376.15	1791.47
	Less: Provision for tax	328.82	482.87
Profit after tax		1047.33	1308.60

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
III	**SEGMENT ASSETS**		
	(a) Financing	129,415.54	113,608.68
	(b) Others	1,881.09	1,658.33
	(c) Unallocated	2,555.82	2,373.90
TOTAL		133,852.45	117,640.91
IV	**SEGMENT LIABILITIES**		
	(a) Financing	114,573.65	99,249.69
	(b) Others	190.35	130.74
	(c) Unallocated	398.64	344.31
TOTAL		115,162.64	99,724.74
V	**CAPITAL EMPLOYED**		
	(a) Financing	14,841.89	14,358.99
	(b) Others	1,690.74	1,527.59
	(c) Unallocated	2,157.18	2,029.59
TOTAL		18,689.81	17,916.17

(₹ IN CRORE)

		FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
VI	**CAPITAL EXPENDITURE (INCLUDING CAPITAL WORK-IN-PROGRESS)**		
	(a) Financing	179.45	316.88
	(b) Others	14.51	10.24
TOTAL		193.96	327.12
VII	**DEPRECIATION AND AMORTISATION**		
	(a) Financing	173.77	141.40
	(b) Others	8.94	7.22
TOTAL		182.71	148.62
VIII	**SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION**		
	(a) Financing	189.05	269.15
	(b) Others	13.43	4.57
TOTAL		202.48	273.72

35 In accordance with Accounting Standard 19 on 'Leases' as specified under section 133 of the Companies Act, 2013, the following disclosures in respect of operating leases are made:

i. The Group companies have taken office premises / branches / ATMs under operating leases, which expire between August 2017 to December 2025 (Previous Year September 2016 to May 2020). Rent includes gross rental expenses of ₹ 102.95 crore (Previous Year ₹ 98.46 crore). The committed lease rentals in the future are:

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
Not later than one year	96.91	92.54
Later than one year and not later than five years	234.34	271.82
Later than five years	71.90	80.86

36 In accordance with Accounting Standard 20 on 'Earnings Per Share' as specified under Section 133 of the Companies Act, 2013:

i. The basic earnings per share has been calculated based on the following:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Net profit after tax available for equity shareholders	589.65	699.09
Weighted average number of equity shares	1,596,067,350	1,595,860,566

ii. The reconciliation between the basic and the diluted earnings per share is as follows:

(₹)

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Basic earnings per share	3.69	4.38
Effect of outstanding stock options	ß	ß
Diluted earnings per share	3.69	4.38

iii. The basic earnings per share has been computed by dividing the net profit after tax for the year available for equity shareholders by the weighted average number of equity shares for the respective years, whereas the diluted earnings per share has been computed by dividing the net profit after tax for the year available for equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective years.

	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Weighted average number of shares for computation of basic earnings per share	1,596,067,350	1,595,860,566
Dilutive effect of outstanding stock options	376,035	321,671
Weighted average number of shares for computation of diluted earnings per share	1,596,443,385	1,596,182,237

37 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):

(₹ IN CRORE)

	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(A) CONTINGENT LIABILITIES		
(i) Claims not acknowledged as debts in respect of :		
Income-tax demands under appeal (net of amounts provided)	89.70	6.53
[including ₹ 0.04 crore (Previous Year ₹ 0.06 crore) on account of proportionate share in an associate company]		
Other claims	7.45	94.56
[including ₹ Nil (Previous Year ₹ 17.86 crore) on account of proportionate share in an associate company]		
(ii) Guarantees issued:		
As a part of project assistance, the following guarantees have been issued:		
Financial guarantees	11,937.12	7,231.23
(iii) Other financial guarantees	-	31.43
[including ₹ Nil (Previous Year ₹ 31.43 crore) on account of proportionate share in an associate company]		
(iv) Liability on account of outstanding forward exchange and derivative contracts :		
Forward Contracts	33,912.50	51,784.72
Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	54,671.57	40,036.59
Foreign currency options	10,378.00	5,752.71
(v) Acceptances, endorsements and other obligations	2,796.86	2,606.96
(B) CAPITAL COMMITMENTS		
(i) Uncalled liability on shares and other investments partly paid	237.06	475.35
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	40.44	55.95
[including ₹ Nil (Previous Year ₹ 1.58 crore) on account of proportionate share in an associate company]		
(iii) Other commitments	93.59	90.00

38 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

(₹ IN CRORE)

		AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
(a)	Principal amount remaining unpaid to any supplier at the end of the accounting year.		0.02
(b)	Interest due thereon remaining unpaid to any supplier at the end of the accounting year.	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above information takes into account only those suppliers whose response to inquiries made by the Company for this purpose has been received.

39 STATEMENT OF NET ASSETS AS PER SCHEDULE III TO THE COMPANIES ACT, 2013 FOR THE YEAR ENDED MARCH 31, 2018

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET PROFIT	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
IDFC Limited- Consolidated	100.00	11,322.99	100.00	589.65
IDFC Limited- Standalone	3.72	421.02	2.63	15.52
Domestic Subsidiaries				
IDFC Alternatives Limited	0.74	84.07	(0.50)	(2.93)
IDFC AMC Trustee Company Limited	0.00	0.20	0.01	0.05
IDFC Asset Management Company Limited	8.66	980.20	9.75	57.47
IDFC Projects Limited	0.03	3.87	(1.14)	(6.74)
IDFC Securities Limited	4.23	479.26	1.11	6.55
IDFC Trustee Company Limited	0.05	5.55	0.15	0.86
IDFC Infrastructure Finance Limited	5.70	645.41	15.13	89.20
IDFC Financial Holding Company Limited	1.20	135.53	(0.35)	(2.08)
IDFC Bank Limited	139.82	15,830.39	148.97	878.48
IDFC Bharat Limited	0.94	106.97	2.60	15.31
Foreign Subsidiaries				
IDFC Capital (Singapore) Pte Ltd	1.64	185.72	0.22	1.32
IDFC Capital (USA) Inc	0.05	6.02	(0.56)	(3.32)
IDFC Investment Managers (Mauritius) Limited	0.01	1.30	(0.04)	(0.22)
IDFC Securities Singapore Pte Ltd	0.02	2.82	(0.36)	(2.14)
Minority Interest	(65.06)	(7,366.82)	(64.80)	(382.11)
Associate Companies				
Feedback Infra Private Limited	-	-	-	-
Jetpur Somnath Tollways Private Limited	-	-	-	-
Novopay Solutions Private Limited	-	-	-	-
Millennium City Expressways Private Limited	(1.75)	(198.52)	(12.82)	(75.57)

Note: Amount of net assets and net profit or loss are after considering inter-company elimination.

Statement of Net Assets as per Schedule III to the Companies Act, 2013 for the year ended March 31, 2017

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET LOSS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
IDFC Limited- Consolidated	100.00	10,819.86	100.00	699.09
IDFC Limited- Standalone	5.11	553.14	2.99	20.91
Domestic Subsidiaries				
IDFC Alternatives Limited	0.77	83.37	2.25	15.70
IDFC AMC Trustee Company Limited	0.00	0.15	0.01	0.04
IDFC Asset Management Company Limited	7.49	809.92	14.26	99.69
IDFC Projects Limited	0.04	3.94	(4.68)	(32.75)
IDFC Securities Limited	4.32	466.90	0.83	5.80
IDFC Trustee Company Limited	0.02	2.29	0.14	0.99
IDFC Infrastructure Finance Limited	6.16	666.52	10.40	72.67
IDFC Financial Holding Company Limited	0.06	6.77	(0.27)	(1.88)
IDFC Bank Limited	139.12	15,054.04	171.10	1196.25
IDFC Bharat Limited	2.11	228.03	(8.91)	(62.28)
Foreign Subsidiaries				
IDFC Capital (Singapore) Pte Ltd	1.70	183.91	(0.12)	(0.87)
IDFC Capital (USA) Inc	0.05	5.13	(0.47)	(3.32)
IDFC Investment Managers (Mauritius) Limited	0.01	1.51	(0.03)	(0.22)
IDFC Securities Singapore Pte Ltd	0.03	3.10	(0.31)	(2.14)
Minority Interest	(65.59)	(7096.31)	(77.35)	(540.75)
Associate Companies				
Feedback Infra Private Limited	0.12	12.83	0.37	2.60
Jetpur Somnath Tollways Private Limited	(0.39)	(42.64)	(3.53)	(24.70)
Novopay Solutions Private Limited	-	-	-	-
Millennium City Expressways Private Limited	(1.13)	(122.73)	(6.68)	(46.66)

Note: Amount of net assets and net profit or loss are after considering inter-company elimination.

40 DRAW DOWN FROM RESERVES

During the year ended March 31, 2018, IDFC Bank Limited has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines. During the year ended March 31, 2017, the Bank has not undertaken any draw down from reserves.

Appropriation to Reserves

i Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Bank has transferred ₹ 215.00 crore (Previous Year ₹ 255.00 crore) to Statutory Reserve for the year.

ii Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. Further, the bank may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year ended March 31, 2018, as per RBI guidelines, the Bank has transferred ₹ 0.55 crore from Investment Reserve Account to Profit and Loss Appropriation Account. During the year ended March 31, 2017, the Bank has appropriated ₹ 0.55 crore to Investment Reserve Account.

iii Capital Reserve

As per RBI Guidelines, profit / loss on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Accordingly, the Bank has appropriated ₹ 202.00 crore (Previous Year ₹ 5.50 crore) being profit on sale of investments in the HTM category net of applicable taxes and transfer to statutory reserve.

iv Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of ₹ 75.00 crore (Previous Year ₹ 325.00 crore) to Special Reserve.

v General Reserve

During the year, there were certain vested stock options that expired unexercised and hence the balance in stock options outstanding is transferred to the general reserve.

41 DISCLOSURES RELATING TO SPECIFIED BANK NOTES (''SBN'')

(a) The disclosures relating to Specified Bank Notes (''SBN'') is not applicable to the Group during the year.

(b) Details of Specified Bank Notes (SBNs) held and transacted during the period November 8, 2016 to December 30, 2016 for the Group is provided in table below:

PARTICULARS			(₹ IN CRORE)
	SBNS	OTHER DENOMINATION NOTES	TOTAL
Closing cash on hand as on November 8, 2016	0.63	0.19	0.82
Add: permitted receipts	81.88	328.07	409.95
Less: permitted payments	-	130.60	130.60
Less: Amount deposited in banks	82.51	197.09	279.60
Closing cash on hand as on December 30, 2016	ß	0.57	0.57

42 CORPORATE SOCIAL RESPONSIBILITY (CSR)

i Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the year ₹ 21.42 crore (Previous year ₹ 12.44 crore).

ii Amount spent towards Group on Corporate Social Responsibility (CSR) during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 21.42 crore (Previous year ₹ 12.44 crore), which comprise of following:

							(₹ IN CRORE)
S. NO	PARTICULARS	YEAR ENDED MARCH 31, 2018			YEAR ENDED MARCH 31, 2017		
		IN CASH	YET TO BE PAID IN CASH (i.e. PROVISION)	TOTAL	IN CASH	YET TO BE PAID IN CASH (i.e PROVISION)	TOTAL
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	21.42	-	21.42	12.44	-	12.44

43 Figures of ₹ 50,000 or less have been denoted by ß.

44 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors of
IDFC Limited

Vinod Rai
Non-Executive Chairman

Sunil Kakar
Managing Director & CEO

S S Kohli
Director

Amol Ranade
Company Secretary

Mumbai | April 27, 2018

IDFC LIMITED

IDFC LIMITED

Corporate Identity Number: L65191TN1997PLC037415 info@idfc.com; www.idfc.com

Regd. Office: KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. **Tel:** + 91 44 4564 4000 **Fax:** +91 44 4564 4022

Corp. Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. **Tel:** + 91 22 4222 2000 **Fax:** +91 22 2654 0354

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting (**"AGM"**) of the Members of IDFC Limited ("**IDFC"** or **"the Company"**) will be held on **Tuesday, July 31, 2018 at 2:00 p.m.** at Sir Mutha Venkatasubba Rao Concert Hall (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 031, Tamil Nadu, India, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:

a. the audited financial statements of the Company for the financial year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon; and

b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the Report of the Auditors thereon.

2. To declare dividend on equity shares of the Company.

3. To appoint a Director in place of Mr. Soumyajit Ghosh (DIN: 07698741), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

4. Payment of Commission to Non-Executive Directors

To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of remuneration, in addition to the sitting fees being paid / payable for attending the meetings of the Board and its committees thereof, by way of commission or otherwise, not exceeding in aggregate of 1% of the Net Profits of the Company, to be paid to and distributed amongst the Non-Executive Directors of the Company or some or any of them (other than Managing Director and Whole-time Director of the Company) as may be decided by the Board of Directors [hereinafter referred to as the **"Board"**, which term shall include the Nomination & Remuneration Committee (**"NRC"**) and / or any other Committee constituted by the Board for this purpose from time to time] for a period of three years commencing from April 1, 2018 to March 31, 2021, computed in the manner provided in Section 198 of the Companies Act, 2013 for each corresponding financial year.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all approvals as may be required to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any Officer(s) of the Company."

5. Reappointment of Mr. Vinod Rai as an Independent Director of the Company

To consider, and if thought fit, to pass the following as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and other applicable Rules, including any statutory modification(s) or re-enactment(s) thereof for time being in force and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Vinod Rai (DIN: 01119922), in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose Mr. Vinod Rai for the office of Independent Director of the Company, be and is hereby reappointed as an Independent Director of the Company for a period of 3 (three) consecutive years, from July 31, 2018 to July 30, 2021 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197, 198 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr. Vinod Rai be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits prescribed by the Companies Act, 2013 and as approved by the Members at the 21st AGM of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company and Mr. Amol Ranade - Company Secretary, be and are hereby severally authorised to sign and file the requisite

forms and returns and other documents with the statutory/ regulatory authority/ies and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

6. Offer and Issue of Non-Convertible Securities through Private Placement

To consider, and if thought fit, to pass the following as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and subject to all the applicable laws and regulations, including but not limited to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; SEBI (Issue and Listing of Debt Securities) Regulations, 2008; Foreign Exchange Management Act, 1999; the Reserve Bank of India Act, 1934, including any amendment, modification, variation or re-enactment thereof and the Memorandum and Articles of Association and subject to receipt of such approval(s), consent(s), permission(s) and sanction(s), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **"the Board",** which term shall include any Committee thereof) to borrow from time to time, by issuance of Non-Convertible Securities, including but not limited to Non-Convertible Debentures (**"NCDs"**) and Commercial Papers (**"CPs"**), on Private Placement basis, with a view to augment the business of the Company, up to an amount not exceeding ₹ 2,000 crore (Rupees Two Thousand crore only), under one or more shelf disclosure documents, for the period of one year from the conclusion of 21st (Twenty First) Annual General Meeting (**"AGM"**) on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be.

RESOLVED FURTHER THAT the said limit of ₹2,000 crore (Rupees Two Thousand crore only) shall be within the overall borrowing limit of ₹10,000 crore (Rupees Ten Thousand crore only) as approved by the Members at its 19th (Nineteenth) AGM under Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors and Mr. Amol Ranade, Company Secretary be and are hereby severally authorised to sign all such forms and returns and other documents with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

7. Alteration of Articles of Association

To consider, and if thought fit, to pass the following as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and applicable requirements of the Reserve Bank of India and subject to all applicable laws and regulations, including but not limited to Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the Members be and is hereby accorded to replace existing Article 60A of the Articles of Association of the Company with the below new Article 60A:-

"60A. The Board may refuse to transfer the shares of the Company under the Companies Act, 2013 and the Rules made thereunder and decline to register such transfer, in the following circumstances:

*(a) Until such time, the Company remains direct / indirect promoter of IDFC Bank Limited and where the Transferee does not meet the 'Fit and Proper' criteria specified by the Reserve Bank of India (**"RBI"**), for the Promoters / Promoter Groups in order to be eligible to promote banks, as contained in the RBI Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 or such other guidelines or notification or directions, issued by the RBI, from time to time.*

(b) Until such time, the Company remains direct / indirect promoter of IDFC Bank Limited, no person shall, except with the prior approval of the RBI, on an application being made, acquire or agree to acquire, directly or indirectly, by himself or through any other person(s) acting in concert, shares of IDFC Limited or voting rights therein, which acquisition taken together with the shares / voting rights / compulsorily convertible debentures / bonds, if any, already held by him or his relative or associate enterprise or person(s) acting in concert with him, makes the person (s) to hold in aggregate 5% or more of the paid-up share capital of IDFC Limited or entitles him to exercise 5% or more of the voting rights in IDFC Limited and / or which may result in aggregate direct / indirect shareholding of 5% or more in IDFC Bank Limited."

Notwithstanding anything contained in these Articles of Association, the decision of the Board will be final and binding on any transfer of shares.

RESOLVED FURTHER THAT the Board of Directors of the Company and Mr. Amol Ranade, Company Secretary, be and are hereby severally authorized to file the requisite forms with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

By order of the Board of Directors

Amol Ranade
Company Secretary

Mumbai | June 26, 2018

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed hereto.

2. **PROXIES:**

   a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. ONLY DULY FILLED, SIGNED AND STAMPED PROXY FORM WILL BE CONSIDERED VALID.**

   b. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total share capital of the Company. A Member who is holding more than ten percent (10%) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or Shareholder. The instrument appointing a proxy shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, it shall be under its seal and be signed by an officer or an attorney duly authorised by it.

   c. During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged, during the business hours from 9:30 a.m. to 6:00 p.m. at the Registered Office, provided that not less than three days of notice in writing is given to the Company.

   d. Members / Proxies / Representatives are requested to bring their copies of the Annual Report and the Attendance Slip sent herewith to attend the AGM.

3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution, pursuant to Section 113 of the Act, authorising their representatives to attend and vote on their behalf at the AGM. The documents are required to be sent to the Company Secretary at the Registered Office of the Company or by sending an email on amol.ranade@idfc.com.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. Brief resume and other details of Directors proposed to be appointed / reappointed as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**) are given in the Exhibit to the Notice.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Company and at the AGM.

7. The Register of Contracts or Arrangements, in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Registered Office of the Company and at the AGM.

8. Members desirous of getting any information about the accounts and / or operations of the Company are requested to write to the Company Secretary at least seven days before the date of the AGM to enable the Company to keep information ready at the AGM.

9. All the documents referred to in the accompanying Notice and Statement pursuant to Section 102 of the Companies Act, 2013, are open for inspection in both physical and electronic form during business hours from 9:30 a.m. to 6:00 p.m. on all working days up to the date of the AGM at the Corporate Office of the Company i.e. Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 and at the Registered Office i.e. KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and will also be available at the venue of the AGM.

10. The Certificate from the Statutory Auditors of the Company certifying that the Company's Employee Stock Option Scheme is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and in accordance with the resolutions passed by the Members at the General Meetings, will be available for inspection by the Members at the AGM.

11. **Dividend:**

    a. The Register of Members and Share Transfer Books will remain closed from **Wednesday, July 25, 2018 to Tuesday, July 31, 2018** (both days inclusive) for determining the names of Members eligible to receive dividend on equity shares.

    b. Dividend as recommended by the Board of Directors for the financial year ended March 31, 2018, at the rate of 7.5% i.e. ₹ 0.75 per equity share of ₹ 10 each, if approved by the Members at the AGM, will be payable after **Tuesday, July 31, 2018** to those Members who hold shares -

       - In dematerialised mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on **Tuesday, July 24, 2018**.

- In physical mode, if their names appear in the Register of Members at the close of business hours on **Tuesday, July 24, 2018**. The instruments of transfer in respect of shares held in physical form of the Company should be lodged with Karvy Computershare Private Limited [Unit: IDFC Limited], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, India, (**"Karvy"**) so as to reach them on or before **Tuesday, July 24, 2018**.

12. Members are requested to address all correspondence, including change in address, bank account details and dividend matters, to Karvy at the address given in point no. 11 above. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository Participants (**"DP"**).

13. SEBI *vide* its circular dated April 20, 2018 has made it mandatory for the Company to collect copy of Income Tax Permanent Account Number (PAN) and bank account details of all security holders holding securities in physical form. Accordingly, all Shareholders holding shares in physical form are requested to submit duly attested documents to Karvy.

14. Pursuant to the applicable provisions of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (Seven) years from the date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (**"IEPF"**) established by the Central Government. Accordingly, the request for unclaimed dividend in respect of FY11 must reach to the Company or Karvy on or before August 29, 2018 failing which it would be transferred to IEPF after that date.

15. The shares in respect of the Members who have not claimed the Dividend for consecutive period of 7 (seven) years, i.e. since FY11 would be transferred to IEPF. Members who have not claimed the Dividend since FY11 are requested to claim the same to avoid their shares being transferred to IEPF.

16. **GREEN INITIATIVE:**

    a. In support of the Green Initiative, the Annual Report for FY18, Notice and instructions for E-Voting alongwith the Attendance Slip and Proxy Form are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company / DP for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report for FY18 are being sent by the permitted mode. Members may also note that Notice and the Annual Report are also available for download from the website of the Company: www.idfc.com.

    b. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / Company's Registrar and Transfer Agents, i.e. Karvy.

17. **E-VOTING:**

    a. In terms of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of SEBI LODR Regulations, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date i.e. **Tuesday, July 24, 2018** to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice ("**Remote e-voting**"). The Remote e-voting will start on **Thursday, July 26, 2018** at **9:00 a.m.** and end on **Monday, July 30, 2018** at **5:00 p.m.** e-voting module shall be disabled by Karvy for voting thereafter. A person who is not a Member as on the cut-off date should treat this notice for information purpose only.

    b. In terms of the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Company is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the AGM shall note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through physical ballot for all the businesses specified in this Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not be eligible to vote at the AGM and their vote, if cast at the Meeting, shall be treated as invalid. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. **Tuesday, July 24, 2018.**

    c. The Company has engaged the services of Karvy as the Agency to provide e-voting facility.

    d. The Board of Directors has appointed M/s BN & Associates, Company Secretaries, as the Scrutinizer to scrutinize Remote e-voting and voting process at the AGM in a fair and transparent manner.

    e. An Attendance slip containing the e-voting USER ID & PASSWORD along with detailed instructions for Remote e-voting are sent along with this Notice.

18. The Results declared along with the Scrutinizer's Report will be available on the website of the Company (www.idfc.com)

and on the Service Provider's website (evoting.karvy.com) and communication of the same will be sent to BSE Limited and National Stock Exchange of India Limited and shall also be displayed on the Notice Board of the Registered and Corporate office of the Company within 48 hours from the conclusion of the AGM.

19. The route map of the venue of the Meeting forms part of this Notice.

20. **ATTENDANCE REGISTRATION:**

    a. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM along with a valid identity proof and seek registration before entering the meeting hall.

    b. Alternatively, to facilitate smooth registration / entry, the Company has also provided web check-in facility, which would help the Shareholders to enter the AGM hall directly without going through the registration formalities at the registration counters.

    c. The online registration facility will be available from **Thursday, July 26, 2018** at **9:00 a.m.** to **Monday, July 30, 2018** at **5:00 p.m.**

    The procedure of web check-in is as follows:

    i. Log in to **https://karisma.karvy.com** and click on tab **"Web check-in for General Meeting"**

    ii. Select the Company name

    iii. Pass through the security credentials viz, DP ID, Client ID / Folio No., and 'CAPTCHA' as directed by the system and click on the submit button.

    iv. The system will validate the credentials. Click on the 'Generate my attendance slip' button that appears on the screen.

    v. The attendance slip in PDF format will appear on the screen. Select the 'PRINT' option for direct printing or download and save for printing.

    The Shareholder needs to furnish the printed Attendance slip along with a valid identity proof.

ANNEXURE TO NOTICE

Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out all material facts:

Item No. 4

Payment of Commission to Non-Executive Directors

Currently, the composition of the Board comprises of 5 Independent Directors, 2 Nominee Directors and 1 Managing Director & CEO. The Directors of the Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, macro economics, governance, legal, finance and risk management and it is necessary that adequate compensation should be given to the Non-Executive Directors (**"NEDs"**) for the valuable contribution made by them towards the business of the Company.

The Shareholders of the Company at its 16th AGM held on July 29, 2013, had accorded their approval for the payment of remuneration by way of commission or otherwise, not exceeding in aggregate of 1% of the Net Profits of the Company, to be paid to and distributed amongst any or all NEDs of the Company as may be decided by the Board of Directors or a Committee thereof from time to time, for a period of five years commencing from April 1, 2013 to March 31, 2018.

Nomination and Remuneration Committee (**"NRC"**) recommended to continue compensating NEDs for their time and efforts and also to retain and attract the pool of talent for the business. Based on recommendation of the NRC, the Board of Directors of the Company approved continuation of payment of commission to NEDs subject to the approval of the Shareholders. Further, the Board would determine the specific amount to be paid as commission to the NEDs which shall not exceed in aggregate of 1% of the Net Profits of the Company as computed in the manner provided in Section 198 of the Companies Act, 2013.

Hence, it is proposed to seek the approval of the Shareholders at the ensuing AGM to pay commission to NEDs, for a period of three years starting from April 1, 2018 and ending on March 31, 2021.

All the NEDs of the Company, other than Mr. Soumyajit Ghosh, are concerned or interested in the proposed resolution.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 4 of this Notice.

Item no. 5

Reappointment of Mr. Vinod Rai as an Independent Director of the Company

Mr. Vinod Rai was appointed as an Independent Director (**"ID"**) for a period of 3 (three) years from the conclusion of the 18th AGM of the Company held for FY15 till the conclusion of the ensuing AGM of the Company. As per the provisions of Section 149(10) & (11) of the Companies Act, 2013, an ID shall be eligible for another term, if the same is approved by the Shareholders by way of Special Resolution. First term of Mr. Vinod Rai ends at the ensuing AGM to be held for FY18. He brings to the Board his rich experience and insights. The Company continues to benefit from his guidance. Considering his valuable contributions and on the basis of the report of the performance evaluation, the Nomination and Remuneration Committee of the Company, at its meeting held on April 27, 2018, recommended the reappointment of Mr. Vinod Rai as ID for a period of 3 (three) years, from July 31, 2018 to July 30, 2021

Based on the recommendation of the Nomination and Remuneration Committee and performance evaluation, the Board of Directors of the Company at its meeting held on April 27, 2018 approved and proposed to Members, the reappointment of Mr. Vinod Rai as ID for a period of 3 (three) years, from July 31, 2018 to July 30, 2021.

Mr. Vinod Rai fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**) and is independent of the Management. In the opinion of the Board, Mr. Vinod Rai possesses necessary knowledge, experience and expertise for being reappointed as ID. He shall not be liable to retire by rotation. He will be paid such fees and remuneration and profit related commission as the Board may approve from time to time and subject to such limits prescribed by the Companies Act, 2013 and as approved by the Members at 21st AGM of the Company.

In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his intention to propose Mr. Vinod Rai for the office of Independent Director of the Company. Mr. Vinod Rai has given a declaration of independence pursuant to Section 149(6) and 149(7) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 along with their affirmance to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013.

The profile of Mr. Vinod Rai in terms of Regulation 36(3) of the SEBI LODR Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

Except Mr. Vinod Rai, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of a Special Resolution as set out in Item No. 5 of this Notice.

Item no. 6

Offer and Issue of Non-Convertible Securities through Private Placement

IDFC has been borrowing through issue of Secured Redeemable Non-Convertible Debentures (**"NCDs"**) and Commercial Papers (**"CPs"**) on Private Placement (**"PP"**) basis, from time to time. Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, lays down the provisions subject to which a company is allowed to issue securities on PP basis. Every proposed offer of securities or invitation to subscribe to securities on PP basis requires prior approval of the Shareholders of the Company by way of Special Resolution. However, in case of offer / issuance of NCDs, passing of a Special Resolution by the Shareholders for all such offers / invitation for such debentures, once in a year is sufficient.

In view of the aforesaid provisions and in order to augment the business of the Company, it is proposed to seek approval of the Shareholders for borrowing, from time to time, by issuance of Non-Convertible Securities, on PP basis, including but not limited to NCDs and CPs up to an amount not exceeding ₹ 2,000 crore (Rupees Two Thousand crore only) under one or more shelf disclosure documents, for the period of one year from the conclusion of 21st (Twenty First) AGM on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be. The said limit of ₹ 2,000 crore shall be within the overall borrowing limit of ₹ 10,000 crore (Rupees Ten Thousand crore only) as approved by the Shareholders at its 19th (Nineteenth) AGM under Section 180(1)(c) of the Companies Act, 2013.

The pricing of the NCDs and CPs will depend primarily upon the then prevailing market conditions and the regulatory scenario. The pricing for each of the issuance would be approved by the Board of Directors or any of its Committee duly authorized in this regard.

None of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of a Special Resolution as set out in Item No. 6 of this Notice.

Item no. 7

Alteration of Articles of Association

The Reserve Bank of India (**"RBI"**), while issuing Banking licence to IDFC Limited (**"IDFC"**) being promoter of IDFC Bank Limited, had stipulated certain terms and conditions, one of which being restrictions on the transfer of shares of IDFC that no person, without obtaining prior approval of RBI, directly or indirectly, by himself or acting in concert with any other person, can acquire 5% or more paid up equity share capital or voting rights therein of IDFC, which acquisition taken together with the shares / voting rights / compulsorily convertible debentures/ bonds, if any, already held by him or his relative or associate enterprise or person acting in concert with him and / or which may result in aggregating shareholding or voting rights therein of 5% or more (directly or indirectly) in IDFC Bank Limited (**"IDFC Bank"**), in a transaction or in a series of transactions.

Further, Section 58 of the Companies Act, 2013 provides that the shares of a public company are freely transferable. However, Section 58(4) recognises that in certain cases, the Board of Directors of a Company can refuse to register a transfer. Such a refusal can only be made for a "sufficient cause". The power to refuse a transfer can only be used in very limited circumstances such as a requirement of RBI in this case.

Before obtaining Banking license, the existing Article 60A was inserted in the Articles of Association (**"AoA"**) after taking approval of the Shareholders on March 30, 2015 by way of postal ballot. The said article restricted aggregate indirect shareholding of any individual or entity or group in IDFC Bank being equivalent to 5% or more of the paid-up voting equity capital of IDFC Bank, in order to avoid hostile takeover of IDFC / IDFC Bank.

However, banking license conditions prescribed by RBI on IDFC being promoter of IDFC Bank requires putting the same restriction on aggregate shareholding of any person / person(s) acting in concert in IDFC holding equivalent to 5% or more of the paid-up voting equity capital of IDFC.

In order to comply with the restrictions relating to transfer of shares in certain circumstances as required above, it is proposed to replace the existing Article 60A of AoA. The Board of Directors recommended the same to the Shareholders of the Company.

None of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution except to the extent of their shareholding in the Company.

The Draft AoA of the Company will be open for inspection between 10:00 a.m. to 1:00 p.m. on all working days till the ensuing AGM at the Corporate Office of the Company i.e. Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 and at the Registered Office i.e. KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031.

The Board of Directors recommend passing of a Special Resolution as set out in Item No. 7 for approval of the Shareholders.

By order of the Board of Directors

Amol Ranade
Company Secretary

Mumbai | June 26, 2018

EXHIBIT TO NOTICE

Pursuant to the Companies Act, 2013, Regulation 36(3) of SEBI LODR Regulations and SS - 2 following information is furnished in respect of Directors proposed to be appointed/reappointed.

Name of the Director	**Mr. Soumyajit Ghosh**	**Mr. Vinod Rai**
Date of Birth (Age)	October 11, 1974 (43 years)	May 23, 1948 (70 years)
Date of Appointment	January 11, 2017	June 30, 2015
Detailed Profile including Nature of Expertise	He is B.Sc. Statistics (Hons) and acts as a Nominee Director of Government of India. Mr. Soumyajit Ghosh is Under Secretary with Department of Financial Services (DFS), Ministry of Finance, Government of India. He has experience in Administration of Financial Rules and has handled administrative matters pertaining to Promotions of All India Services, legal issues and procurement matters, including defense procurement. Presently, he is handling administrative and other matters relating to Financial Institutions namely, EXIM Bank, IIFCL, IFCI Limited etc. He is also handling the issues relating to the revival of stressed assets in infrastructure sector.	Mr. Vinod Rai was the former Comptroller and Auditor General of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. He was the Chairman of Banks Board Bureau constituted by the Government of India under Ministry of Finance. His previous position was as Secretary in the Ministry of Finance - GoI, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank and Life Insurance Corporation of India. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, GoI. Mr. Vinod Rai has a Masters Degree in Economics from Delhi School of Economics, University of Delhi. He has a Masters Degree in Public Administration from Harvard University, USA.
No. of Board Meetings attended / held during 2017-18	5/8	8/8
Directorships held in all other companies	NIL	1. IDFC Financial Holding Company Limited 2. Grassroot Trading Network for Women 3. Shubham Housing Development Finance Company Private Limited 4. Apollo Tyres Limited 5. LAVA International Limited
Memberships (**"M"**)/ Chairmanships (**"C"**) of Committees of the Board of all companies	NIL	**1. IDFC Limited** • Audit Committee - M • Stakeholders' Relationship Committee - C • Nomination & Remuneration Committee - M • Risk Management Committee - M • Investment Committee - C **2. IDFC Financial Holding Company Limited** • Nomination & Remuneration Committee - M
Number of Equity Shares held in the Company	NIL	NIL
Inter-se relationship with other Directors/Manager/ KMP	No relationship	No relationship
Details of Remuneration sought to be paid	NIL	1. Sitting Fees and 2. Commission* *Refer Table 3 of the Corporate Governance Report which forms part of this Annual Report
Remuneration last drawn by the Director	NIL	Refer Table 4 of the Corporate Governance Report which forms part of this Annual Report

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IDFC LIMITED

IDFC LIMITED

Corporate Identity Number: L65191TN1997PLC037415 info@idfc.com; www.idfc.com

Regd. Office: KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. **Tel:** + 91 44 4564 4000 **Fax:** +91 44 4564 4022

Corp. Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. **Tel:** + 91 22 4222 2000 **Fax:** +91 22 2654 0354

PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

21ST ANNUAL GENERAL MEETING – TUESDAY, JULY 31, 2018

Name of the Member(s) :	
Registered address :	
E-mail Id:	
Folio No. / DP ID No. Client ID No.:	

I/We, being the holder(s) of _____ equity shares of IDFC Limited, hereby appoint :

1. Name :_____ E-mail Id :_____

   Address:_____

   _____ Signature: _____ or failing him/her

2. Name :_____ E-mail Id :_____

   Address:_____

   _____ Signature: _____

as my / our proxy to attend and / or vote (by way of ballot paper) for me / us and on my / our behalf at the 21st Annual General Meeting of the Company, to be held on **Tuesday, July 31, 2018 at 2.00 p.m**. at **Sir Mutha Venkatasubba Rao Concert Hall** (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 031, Tamil Nadu, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Particulars	Vote (Optional[2]) (Please put a (✓) mark or please mention no. of shares)		
ORDINARY BUSINESS		For	Against	Abstain
1.	To consider and adopt: a. the audited financial statements of the Company for the financial year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon; and b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the Report of the Auditors thereon.			
2.	Declaration of Dividend			
3.	To appoint a Director in place of Mr. Soumyajit Ghosh (DIN: 07698741), who retires by rotation and being eligible, offers himself for reappointment.			
SPECIAL BUSINESS				
4.	Payment of Commission to Non-Executive Directors			
5.	Reappointment of Mr. Vinod Rai (DIN: 01119922) as an Independent Director of the Company			
6.	Offer and Issue of Non-Convertible Securities through Private Placement			
7.	Alteration of Articles of Association			

Signed this _____ day of _____ 2018

AFFIX Revenue Stamp of ₹ 1

Signature of Shareholder _____ Signature of Proxy holder(s) _____

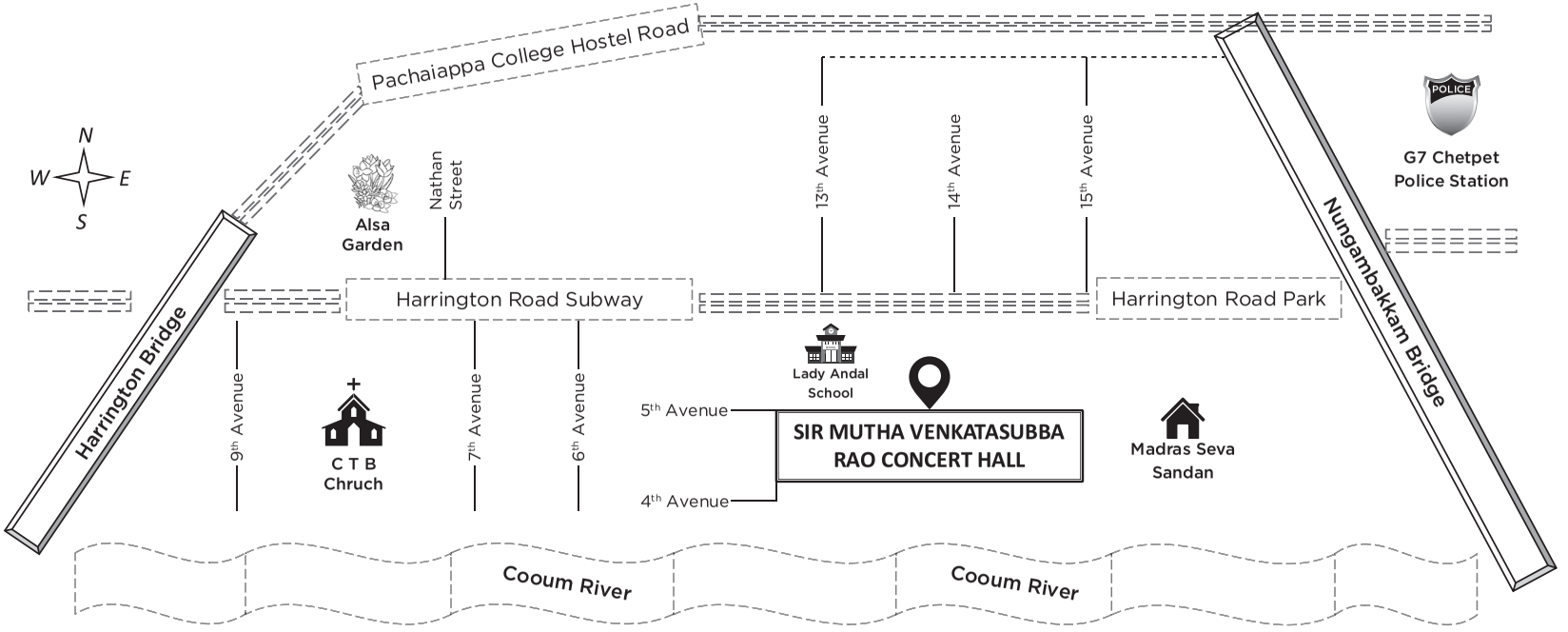
Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to indicate your preference. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

21ST AGM OF IDFC LIMITED

SIR MUTHA VENKATASUBBA RAO CONCERT HALL

(Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 031, Tamil Nadu, India.



ROUTE MAP FOR IDFC LIMITED AGM VENUE

Printed at | www.sapprints.com

This annual report is printed on **Eco-Friendly** Paper

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