

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

1. We have audited the accompanying Statement of Consolidated Financial Results of **IDFC LIMITED** ("the Company"), its subsidiaries (the Company, its subsidiaries constitute "the Group") and its share of the profit of its associates for the year ended March 31, 2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 7 below. This Statement has been prepared on the basis of the related annual consolidated financial statements, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual consolidated financial statements, which have been prepared in accordance the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note 17 of the Statement regarding figures for the quarter ended March 31, 2015 being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
4. We did not audit the financial statements of eight subsidiaries included in the Statement, whose financial statements reflect total assets of ₹ 45,765 lakhs as at March 31, 2015, total revenues of ₹ 8,927 lakhs and ₹ 31,937 lakhs for the quarter and year ended March 31, 2015, respectively and total profit after tax (net) of ₹ 1,241 lakhs and ₹ 8,067 lakhs for the quarter and year ended March 31, 2015, respectively. The Statement also includes the Group's share of profit after tax (net) of ₹ 64 lakhs and ₹ 220 lakhs for the quarter and year ended March 31, 2015, respectively, as considered in the Statement, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

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5. The Statement includes the Group's share of loss after tax of ₹ 640 lakhs and ₹ 2,433 lakhs for the quarter and year ended March 31, 2015, respectively, as considered in the Statement, in respect of one associate, based on its unaudited financial statements. Our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements.
6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors referred to in paragraph 4 above and except for the possible effects of the matter described in paragraph 5 above, the Statement:
- (i) includes the results of the following entities for the period for which they were subsidiaries and associates:
- Subsidiaries:** IDFC Alternatives Limited, IDFC Finance Limited, IDFC Primary Dealership Company Limited, IDFC Projects Limited, IDFC Securities Limited, IDFC Project Equity Company Limited, IDFC Investment Advisors Limited, IDFC Trustee Company Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Housing Finance Company Limited, IDFC Infra Debt Fund Limited, IDFC Bank Limited, IDFC Financial Holding Company Limited, IDFC Capital (Singapore) Pte. Limited - Singapore, IDFC Securities (Singapore) Pte. Limited - Singapore, IDFC Fund of Funds Limited - Guernsey, IDFC Capital (USA) Inc. - USA and IDFC Investment Managers (Mauritius) Limited - Mauritius.
- Associates:** Feedback Infra Private Limited, Millennium City Expressways Private Limited and Jetpur Somnath Tollways Private Limited.
- (ii) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
- (iii) gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Group for the year ended March 31, 2015.
7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges from the details furnished by the Management and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and year ended March 31, 2015 of the Statement, from the details furnished by the Registrars. We are informed that there is no promoter or promoter group of the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



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

MUMBAI, 30th April, 2015
PRR/PG/JK/2014-15

PART I - Statement of audited consolidated financial results for the quarter and year ended March 31, 2015					
Particulars	Quarter ended 31.03.2015	Quarter ended 31.12.2014	Quarter ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
	(see note 17)	(Reviewed)	(see note 17)	(Audited)	(Audited)
1 Income from operations					
(a) Income from operations	256894	245849	220220	962838	876139
(b) Other operating income	230	156	274	1144	1065
Total Income from operations	257124	246005	220494	963982	877204
2 Expenses					
(a) Employee benefits expense	11589	9754	6444	38815	28828
(b) Other expenses	13649	9116	6437	37835	22456
(c) Provisions and contingencies	37510	15317	48254	101338	62830
(d) Depreciation and amortisation expense (see note 5)	619	578	759	(6130)	3096
Total Expenses	63367	34765	61894	171858	117210
3 Profit from operations before other income, finance costs and exceptional items (1-2)	193757	211240	158600	792124	759994
4 Other income (see note 6)	1254	203	1463	8265	1795
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	195011	211443	160063	800389	761789
6 Finance costs	148522	148418	124931	565775	505524
7 Exceptional items	-	-	-	-	-
8 Profit from ordinary activities before tax (5-6+7)	46489	63025	35132	234614	256265
9 Tax expense (net) (see note 5 & 6)	6954	20183	8475	59627	73846
10 Net profit from ordinary activities after tax (8-9)	39535	42842	26657	174987	182419
11 Extraordinary items (net of tax)	-	-	-	-	-
12 Net profit after tax before share of minority interest and share of profit / loss from associates (10+11)	39535	42842	26657	174987	182419
13 Share of profit / (loss) from associates (equity method)	(576)	(305)	59	(2213)	201
14 Share of minority interest	738	377	922	2079	2352
15 Net profit after tax, share of minority interest and share of profit / loss from associates (12+13-14)	38221	42160	25794	170695	180268
16 Paid-up equity share capital (see note 7) (Face value ₹ 10 each)	159278	159100	151629	159278	151629
17 Reserves excluding revaluation reserves				1568173	1352402
18 Earnings per share (of ₹ 10 each)(not annualised)					
(a) Basic (₹) (see note 7)	2.39	2.64	1.70	10.96	11.89
(b) Diluted (₹) (see note 7)	2.37	2.62	1.70	10.91	11.88

PART II - Select information for the quarter and year ended March 31, 2015

Particulars	Quarter ended 31.03.2015	Quarter ended 31.12.2014	Quarter ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
	(see note 17)	(Reviewed)	(see note 17)	(Audited)	(Audited)
[A] Particulars of shareholding					
Public shareholding					
- Number of shares	1592780866	1591004169	1516286251	1592780866	1516286251
- Percentage of shareholding	100%	100%	100%	100%	100%
Promoters & promoter group shareholding					
(a) Pledged/encumbered					
- Number of shares	NA	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)					
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total share capital of the Company)					
(b) Non-encumbered					
- Number of shares	NA	NA	NA	NA	NA
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total shareholding of promoter and promoter group)					
- Percentage of shares	NA	NA	NA	NA	NA
(as a % of the total share capital of the Company)					

[B] Investor complaints for the quarter ended March 31, 2015**1 Shareholders' complaints :**

No. of complaints pending at the beginning of the quarter	Nil
No. of complaints received during the quarter	96
No. of complaints disposed off during the quarter	96
No. of complaints remaining unresolved at the end of the quarter	Nil

2 Infrastructure retail bondholders' complaints :

No. of complaints pending at the beginning of the quarter	Nil
No. of complaints received during the quarter	2322
No. of complaints disposed off during the quarter	2322
No. of complaints remaining unresolved at the end of the quarter	Nil

Notes:

1 Audited consolidated statement of assets and liabilities

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
	(Audited)	(Audited)
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	159278	151629
(b) Reserves & surplus	1568173	1352402
Sub-total - Shareholders' funds	1727451	1504031
2 Share application money pending allotment	222	12
3 Minority interest	4421	4016
4 Non-current liabilities		
(a) Long-term borrowings	4291869	3932009
(b) Other long-term liabilities	35627	53137
(c) Deferred tax liabilities (net)	601	366
(d) Long-term provisions	13682	15050
Sub-total - Non-current liabilities	4341779	4000562
5 Current liabilities		
(a) Short-term borrowings	1208577	782623
(b) Trade payables *	53006	87487
(c) Other current liabilities	1317176	1089500
(d) Short-term provisions	54191	48072
Sub-total - Current liabilities	2632950	2007682
TOTAL - EQUITY AND LIABILITIES	8706823	7516303
B ASSETS		
1 Non-current assets		
(a) Fixed assets	42654	32850
(b) Goodwill on consolidation	95709	95709
(c) Non-current investments	1461047	388824
(d) Deferred tax assets (net)	75129	49116
(e) Long-term loans and advances		
(i) Loans	4717247	5004994
(ii) Others	62974	60369
(f) Other non current assets	21204	17531
Sub-total - Non-current assets	6475964	5649393
2 Current assets		
(a) Current investments	1536492	742046
(b) Trade receivables **	4486	65799
(c) Cash and bank balances	30008	39038
(d) Short-term loans and advances		
(i) Loans	525416	849559
(ii) Others	32215	51197
(e) Other current assets	102242	119271
Sub-total - Current assets	2230859	1866910
TOTAL - ASSETS	8706823	7516303

* includes ₹ 8570 lakhs as on March 31, 2015 and ₹ 57426 lakhs as on March 31, 2014 on deals entered on trade date basis, subsequently paid.

** includes ₹ 2171 lakhs as on March 31, 2015 and ₹ 63264 lakhs as on March 31, 2014 on deals recognised on trade date basis, subsequently realised.

- 2 The Holding Company's main business is financing by way of loans and all its activities revolve around the main business. During the year, its activities also involved steps taken towards transitioning into the proposed bank. In view of the transitional nature of its activities, the disclosure in terms of Accounting Standard 17 on 'Segment Reporting' as specified under section 133 of Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 for the Group is as under:

(₹ in lakhs)

	Consolidated				
	Quarter ended 31.03.2015	Quarter ended 31.12.2014	Quarter ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
	(see note 17)	(Reviewed)	(see note 17)	(Audited)	(Audited)
Segment revenue					
Financing	241140	232729	204303	913425	830489
Others *	16313	13635	16211	57757	49605
	257453	246364	220514	971182	880094
Less: Inter segment revenue	(329)	(359)	(20)	(7200)	(2890)
Income from operations	257124	246005	220494	963982	877204
Segment results					
Financing	39975	58169	26804	205126	235594
Others *	5354	4665	7735	21475	20065
Unallocated	1160	191	593	8013	606
Profit before tax	46489	63025	35132	234614	256265
Capital employed (Segment assets - Segment liabilities)					
Financing	1450503	1489566	1276198	1450503	1276198
Others *	166609	154029	150552	166609	150552
Unallocated	114983	98120	81309	114983	81309
Total Capital employed	1732095	1741715	1508059	1732095	1508059

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

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

(₹ in lakhs)

Particulars	Standalone				
	Quarter ended 31.03.2015	Quarter ended 31.12.2014	Quarter ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
	(see note 17)	(Reviewed)	(see note 17)	(Audited)	(Audited)
(i) Capital adequacy ratio	24.28%	24.82%	22.06%	24.28%	22.06%
(ii) Earnings per share (of ₹ 10 each) (not annualised)					
(a) Basic (₹)	2.29	2.50	1.40	10.83	11.22
(b) Diluted (₹)	2.26	2.49	1.40	10.77	11.21
(iii) NPA Ratio (see note 4)					
(a) Amount of gross NPA	35757	36858	33298	35757	33298
(b) Amount of net NPA	11957	25201	22058	11957	22058
(c) % of gross NPA to gross advances	0.65%	0.68%	0.56%	0.65%	0.56%
(d) % of net NPA to net advances	0.22%	0.47%	0.37%	0.22%	0.37%

Particulars	Standalone				
	Quarter ended 31.03.2015	Quarter ended 31.12.2014	Quarter ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2014
	(see note 17)	(Reviewed)	(see note 17)	(Audited)	(Audited)
(iv) Return on assets (annualised)	1.66%	1.84%	1.17%	2.03%	2.33%
(v) Turnover (Total Income from operations) *	241583	231773	201830	913182	821421
(vi) Profit before tax *	42040	58230	27011	219277	235819
(vii) Profit after tax *	36547	40080	21304	168549	170112

* Includes dividend from subsidiary companies of ₹ 8723 lakhs for the year ended March 31, 2015 and ₹ 2807 lakhs for the year ended March 31, 2014.

- 4 The disclosures for NPA referred to in note 3 (iii) above correspond to non performing advances.
- 5 Having regard to the Part C of Schedule II of the Companies Act, 2013, during the year ended March 31, 2015 the Company has reviewed its policy of providing for depreciation on its tangible fixed assets and also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, straight line method was used for depreciating certain office equipment and leasehold improvements while other tangible fixed assets were depreciated using written down value method. As a result of the change, the charge on account of depreciation is lower for the year ended March 31, 2015 by ₹ 9110 lakhs (including writeback of depreciation of ₹ 8460 lakhs up to March 31, 2014) as compared to the method used and useful lives estimated in earlier periods. Consequently, deferred tax liability of ₹ 1859 lakhs for the year ended March 31, 2015 (including ₹ 1674 lakhs up to March 31, 2014) has been created on account of depreciation timing differences, resulting in a net increase of ₹ 7251 lakhs for the year ended March 31, 2015 (including ₹ 6786 lakhs up to March 31, 2014) in profit after tax.
- 6 Other income includes interest on income tax refund of ₹ 8012 lakhs for the year ended March 31, 2015 and ₹ 606 lakhs for the year ended March 31, 2014. Tax expense is net of tax adjustment of prior years amounting to ₹ 10659 lakhs for the year ended March 31, 2015 and ₹ 5616 lakhs for the year ended March 31, 2014.
- 7 The Company has allotted 73000000 equity shares of ₹ 10 each at a premium of ₹ 127 per share on September 16, 2014 pursuant to a Qualified Institutions Placement under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Share issue expenses amounting to ₹ 1269 lakhs have been adjusted against the Securities Premium Account in terms of Section 52 of the Companies Act, 2013. The proceeds from the Qualified Institutions Placement is pending utilisation for investment in IDFC Financial Holding Company Limited for further investment in IDFC Bank Limited in accordance with the objects as set out in the offer document. The Company during the quarter and year ended March 31, 2015 has also issued 1776697 and 3494615 equity shares respectively of face value of ₹ 10 each pursuant to exercise of stock options by employees under the employee stock option scheme.
- 8 During the year ended March 31, 2015, IDFC Bank Limited and IDFC Financial Holding Company Limited were incorporated as wholly owned subsidiaries of the Company. Subsequently, the entire holding of IDFC Bank Limited was sold to IDFC Financial Holding Company Limited at cost.
- 9 During the year ended March 31, 2015, the Board of Directors of the Company and IDFC Bank Limited have approved the Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 ("the Scheme") between IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors to demerge its financial undertaking into its subsidiary, IDFC Bank Limited. The Scheme is filed with Hon'ble Madras High Court for approval. The Scheme would be effective upon receipt of all requisite approvals and filing of the certified copies of the order with the Registrar of Companies (ROC).
- 10 During the year ended March 31, 2015, IDFC Alternatives Limited a wholly owned subsidiary, has received order from Hon'ble Bombay High Court dated January 30, 2015 for merger of IDFC Project Equity Company Limited, IDFC Primary Dealership Company Limited and IDFC Housing Finance Company Limited with IDFC Alternatives Limited. The Hon'ble Bombay High Court order was filed with ROC on March 12, 2015.

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- 11 IDFC Investment Advisors Limited, subsidiary of IDFC Asset Management Company Limited, has filed a petition with the Hon'ble Bombay High Court on December 26, 2014 to obtain its sanction to a Scheme of Amalgamation for merger of IDFC Investment Advisors Limited with IDFC Asset Management Company Limited.
- 12 During the year ended March 31, 2015 the Company has disposed its stake in two subsidiaries - Neopro Technologies Private Limited and Galaxy Mercantiles Limited which were held exclusively for disposal in near future. Consequently, these entities ceased to be Subsidiaries of the Company.
- 13 During the year ended March 31, 2015, IDFC Fund of Funds Limited, a company incorporated in Guernsey applied for voluntary winding up. On February 20, 2015, the name was struck off from the Registry.
- 14 The classification of assets and liabilities into current and non-current is carried out based on their residual maturity profile as per the requirement of Schedule III to the Companies Act, 2013. The estimates and assumptions regarding prepayments (which are taken into account for ALM purpose) are not considered while classifying the assets and liabilities into current and non-current.
- 15 The Board of Directors at their meeting proposed a dividend of ₹ 2.60 per share, subject to the approval of the members at the ensuing Annual General Meeting.
- 16 The above results were reviewed by the Audit Committee and approved by the Board of Directors. There are no qualifications in the auditor's report for the year ended March 31, 2015. The information presented above is extracted from the audited financial statements as stated.
- 17 The figures for the quarter ended March 31, 2015 and March 31, 2014 are the balancing figures between audited figures of the full financial year and the published year to date figures up-to the third quarter of the relevant financial year.
- 18 The standalone financial results are available on the Company's website (www.idfc.com) and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 19 The figures for the previous periods / year have been regrouped wherever necessary, in order to make them comparable.

For DELOITTE HASKINS & SELLS LLP



P.R.Ramesh

Partner

Mumbai, April 30, 2015

FOR AND ON BEHALF OF THE BOARD



Vikram Limaye

Managing Director & CEO