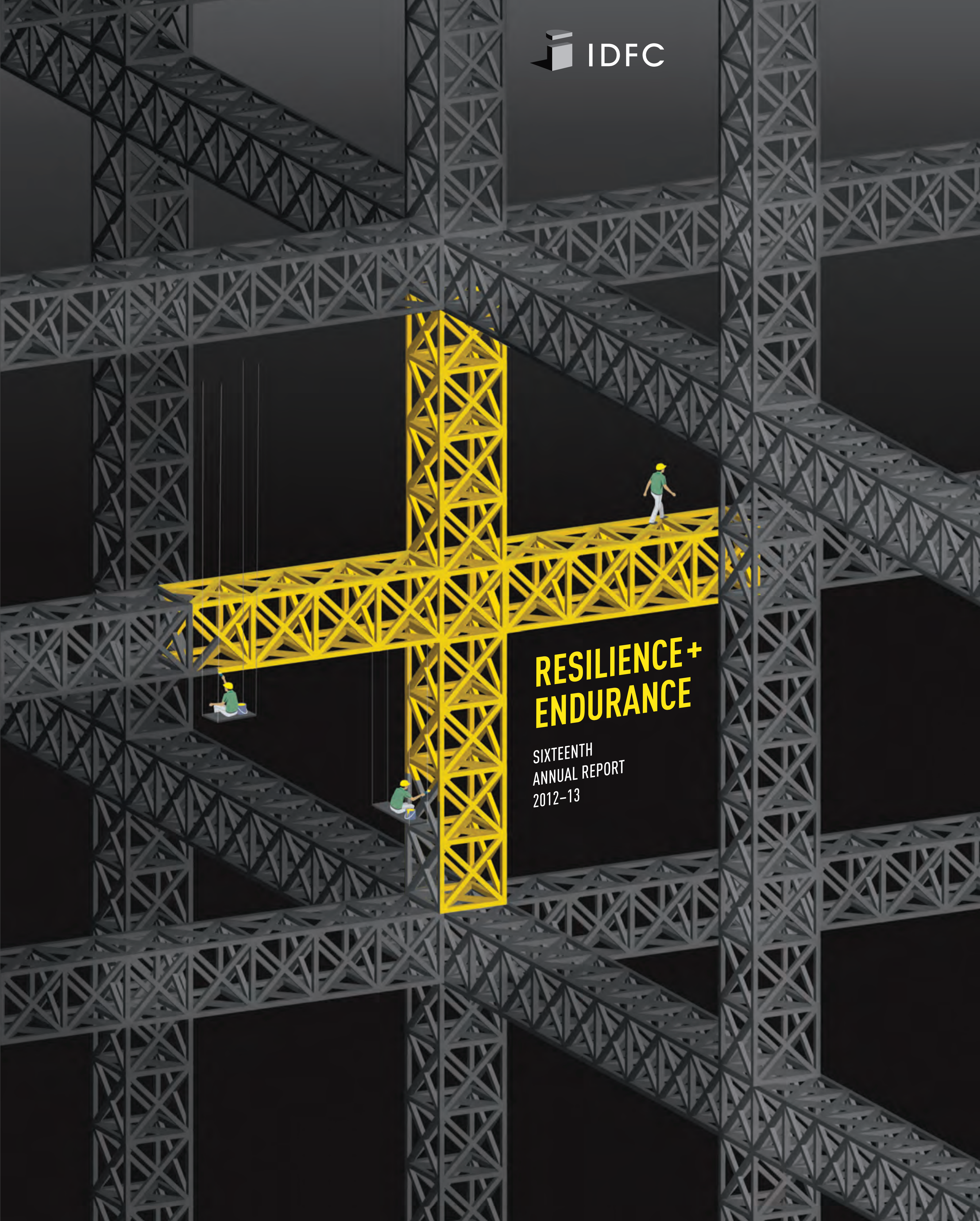


IDFC

RESILIENCE + ENDURANCE

SIXTEENTH
ANNUAL REPORT
2012–13

CONTENTS

IDFC

A REQUEST TO THE MEMBERS

The Ministry of Corporate Affairs, pursuant to its Green Initiative in the Corporate Governance, has allowed paperless compliances by companies. It has issued circulars allowing the companies to serve notice/documents including Annual Report by email to its Members. Many of the Shareholders have registered their email address pursuant to the said initiative. We thank those Shareholders for the same.

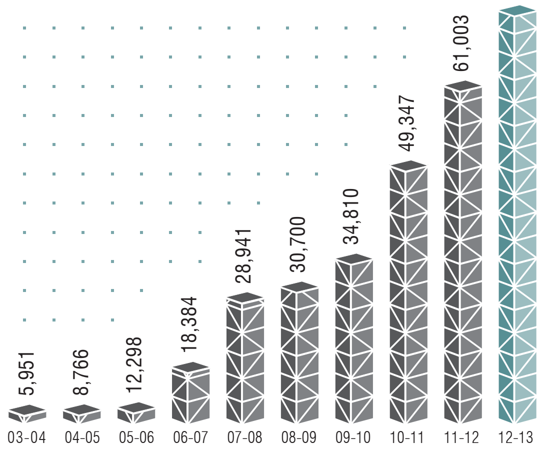
Those Shareholders, who have not registered their email address so far, may, as a support to this initiative, register their email address by sending an email to 'idfc.cs@karvy.com' quoting their Name, Folio No., DP ID/ Client ID and email address to be registered with us for sending documents in electronic form.

01

TEN YEARS' HIGHLIGHTS

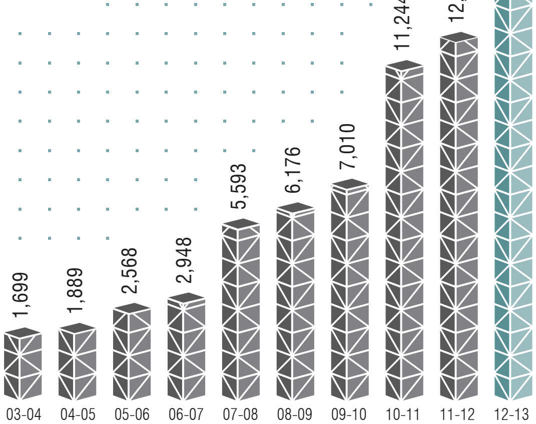
BALANCE SHEET

₹ crore



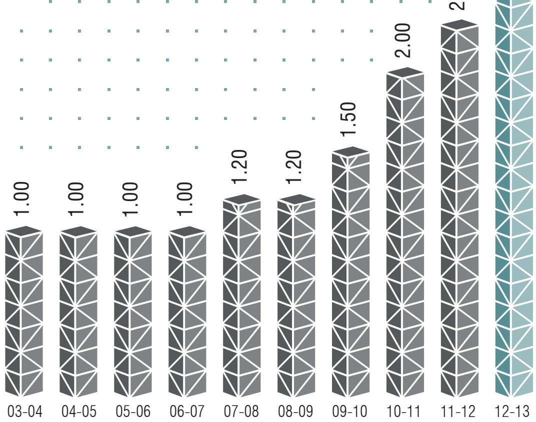
SHAREHOLDERS' FUNDS

₹ crore



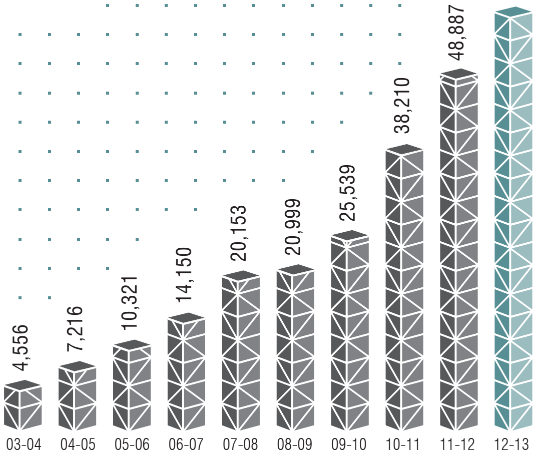
DIVIDEND PER SHARE

₹



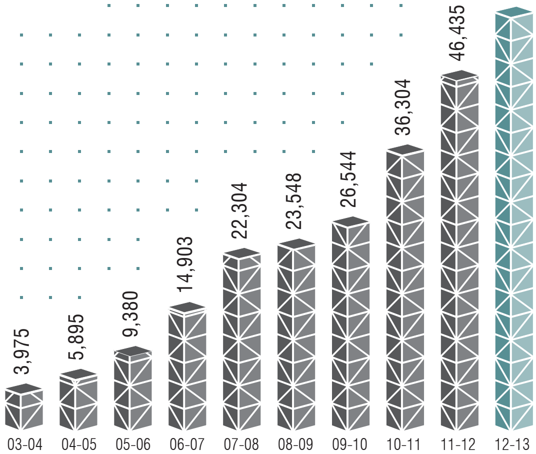
LOANS

₹ crore

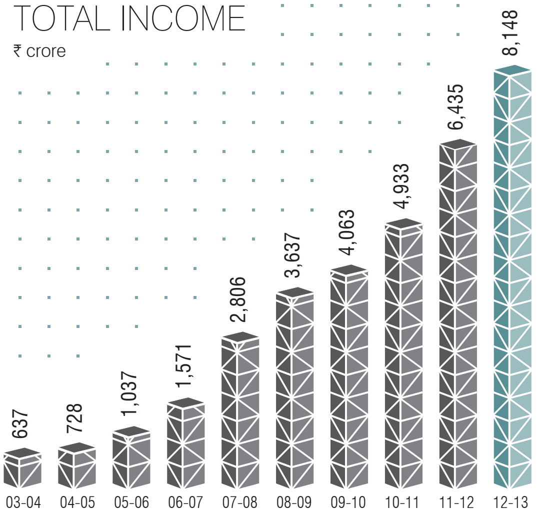


BORROWINGS

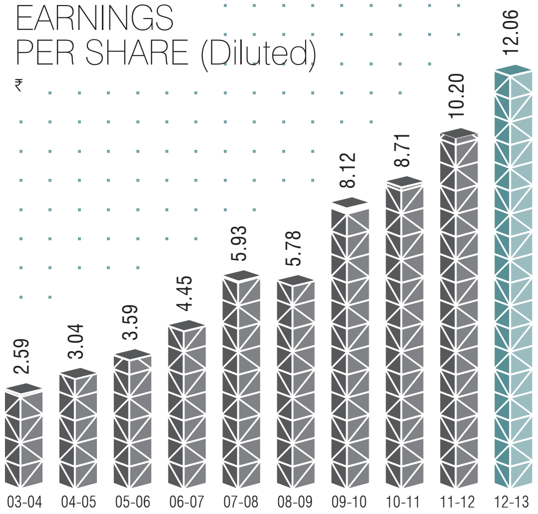
₹ crore



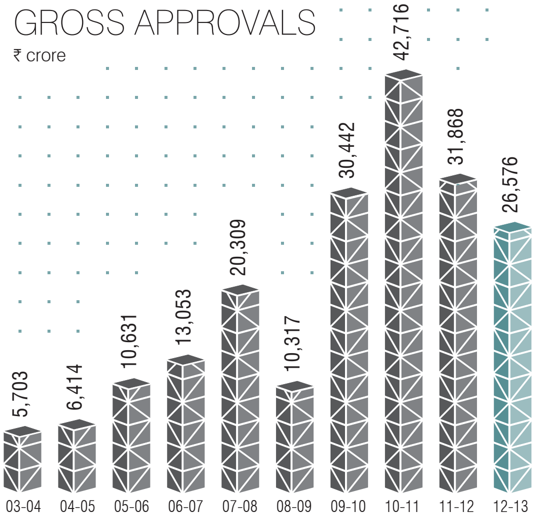
TOTAL INCOME
₹ crore



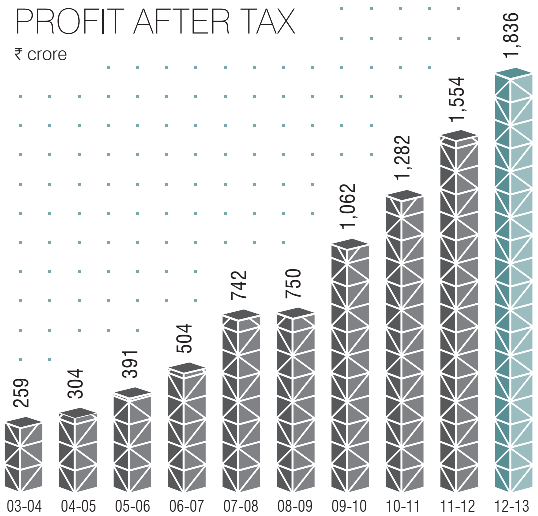
EARNINGS PER SHARE (Diluted)
₹



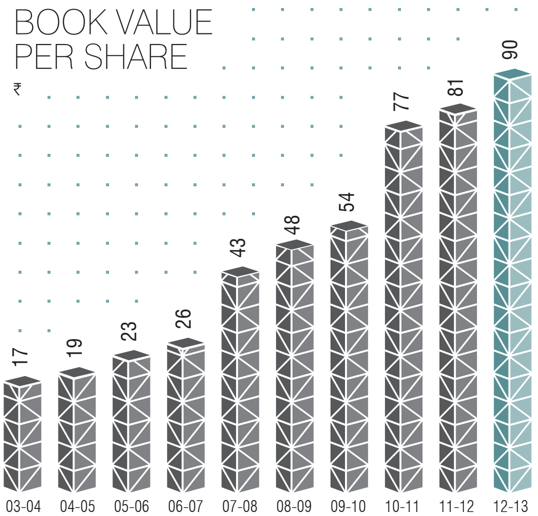
GROSS APPROVALS
₹ crore



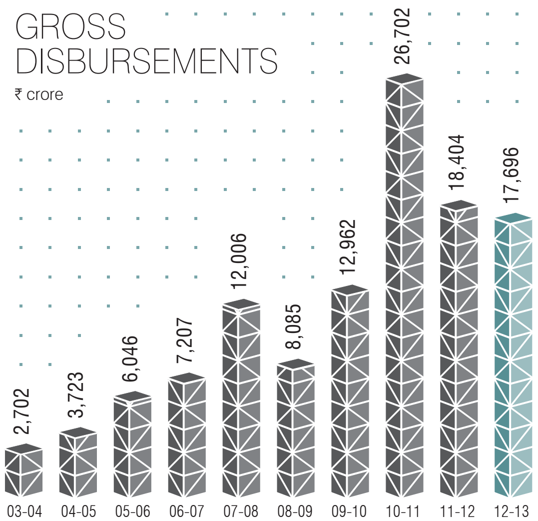
PROFIT AFTER TAX
₹ crore



BOOK VALUE PER SHARE
₹



GROSS DISBURSEMENTS
₹ crore



02

CHAIRMAN'S STATEMENT

After nurturing the Firm for fifteen years since its inception, Mr. Deepak Parekh has stepped down as Founding Chairman of IDFC Board. Mr. Parekh has been an extraordinary great influence on IDFC's growth trajectory, making it a premier infrastructure financing company in the country and setting the path for private participation in infrastructure. An exemplary Chairman and individual, Mr. Parekh has accepted the Board's invitation to remain associated with IDFC in a new capacity as Chair of the firm's newly proposed Advisory Council. He will continue to provide advice and counsel. On behalf of the firm, I have assured him that we stand committed to his vision, and continue to be inspired by his hard work, dedication and foresight in building tomorrow's India.

The past year has been challenging for the economy – and for your Company – as domestic savings and investments have plummeted, and private investment in infrastructure came to a virtual standstill. We are at a crossroads with respect to private participation in infrastructure, which marks a natural time for reflection. Why are we in this situation?

Over the past nine or ten years, we have seen a phenomenal build-up of infrastructure driven by the private sector. Of course, the Indian mobile telecommunication revolution is well known, but the magnitude of the private footprint in other infrastructure sectors is no less significant. Today, over 85 percent of all container traffic is handled through private ports or concessions, compared with less than 25 percent in 2003, and these ports are as efficient as ports in Singapore and Antwerp. More than 60 percent of the dry bulk traffic is currently handled by private port operators. Around 60 percent of the passenger air traffic and 70 percent of the cargo air traffic

The transparency and speed of Government decision-making assumes great importance and the predictability and stability of decisions is critical. The crux of the matter is that the Government has had difficulty ramping up capacity rapidly enough to handle all these aspects, as the private sector took off with unprecedented enthusiasm, even aggression. We are now in a period of assimilating the implications of this mismatch.

is handled by private airport concessionaires. By far, the toughest for private sector entry has been the power sector and here too there has been extraordinary activity. Private power plants have added around 65,000 MW of generating capacity – that is almost one-third of total generating capacity in the country. Another 52,000 MW of private thermal capacity is under construction. It is no small feat to have such a massive build-up of infrastructure in so short a time.

In fact, the torrid pace of private sector activity has outstripped the requisite planning, administrative and regulatory capacity. We must not forget that private participation in infrastructure entails more sophistication in Government management and oversight than direct Government implementation of infrastructure projects. It requires skills in Government agencies for structuring contracts, ensuring a level playing field, and monitoring performance of the private operator. It also requires clear delineation and delivery of responsibilities of both the private and public sectors, and the latter which, in turn, needs seamless co-ordination amongst the many Government bodies concerned, as well as between the public and private sectors. The transparency and speed of Government decision-making assumes great importance and the predictability and stability of decisions is critical. The crux of the matter is that the Government has had difficulty ramping up capacity rapidly enough to handle all these aspects, as the private sector took off with unprecedented enthusiasm, even aggression. We are now in a period of assimilating the implications of this mismatch.

In the power sector, for instance, the inability of the public sector to supply fuel at the pace at which private power generation capacity has been growing has led to significant unutilised capacity. The option of importing fuel raises the costs of power generation substantially and is beginning to affect the financial viability of the generators, in the absence of a mechanism to pass through the higher cost to end consumers. The mechanism of pooling domestic and imported coal prices is stuck for want of consensus on burden-sharing across stakeholders. Further, delays in resolving the impasse will have a domino effect throughout the chain, with financiers being hit and investors staying away, leaving consumers to face mounting power shortages. Inaction or delayed action will additionally dent the risk appetite of private investors.

Another case is the road sector. Several road projects are caught in construction delays, in part caused by land acquisition issues and delays in environmental clearances, and there are a large number of contractual disputes with various agencies, including the NHAI. At the same time there has been a build-up of receivables. All this has led to a

Notwithstanding the regulatory uncertainties, policy issues, execution challenges and eroding confidence amongst the business community, your company remained focused on risk management and responded well to the emerging challenges and opportunities with the right combination of caution and agility.

logjam in the sector. While the Government may not have met all its obligations, the private sector too has not always behaved responsibly, as for instance, we have witnessed irrational bidding in some PPPs. The need of the hour is to learn from past mistakes to improve the interface between the public and private sectors.

Increased scrutiny from the judiciary, CAG and media led to further Government indecision and inaction. Their role and the Supreme Court's cancellation of 2G telecom licences, crackdown on iron ore mining, probe into coal block allocations and independence of investigation, though disruptive in the short-term, should hopefully lead to a culture of operating under greater transparency and a robust, sustainable framework that allows the public sector to work with the private sector.

This is a period to re-group and fortify the administrative system and processes. There are already signs of pragmatic problem-solving. For instance, although not yet accepted by the Government, the NHAI is attempting to re-schedule premium payments while maintaining their same net present value, in an effort to relieve the cash crunch of developers. The Government has initiated some steps to reduce bottlenecks in the execution of infrastructure projects. The Cabinet Committee on Investment (CCI), headed by the Prime Minister, has made some headway in fast-tracking key projects. De-linking environment and forest clearances in linear projects, viz. roads, railways and transmission lines, has cleared the way for work to start on non-forest areas once the environment clearance has been granted. The CCI has also facilitated inter-ministerial dialogue, which has helped clear an NTPC project in Jharkhand that was in a state of limbo for more than ten years because of disputes between the Ministries of Coal and Power. This will inject some liquidity to contractors, equipment suppliers and so on. The CCI has facilitated security clearances in gas and oil blocks and for ports as well. It has also introduced a distinction between expansion and new greenfield projects, making the approval requirements less onerous for projects which have gone through the clearance process earlier, such as for coal mining and widening of national highways. We can hope that such measures will create the necessary traction for more sustained reforms and revitalize investor confidence in the sector and the economy.

In fact, there may be some green shoots emerging. Although uncertainty remains in the aftermath of the cancellation of 122 telecom licenses, this could mark the beginning of a move towards consolidation and revival of the sector once the ambiguity with respect to re-farming of spectrum is resolved. Moreover, with effective tariffs increasing as promotional offers are reduced, the financial health of telecom operators is gradually improving. Another positive development is that corrective measures are being taken by several of the crisis-ridden power distribution companies (discoms), with an upward revision of tariffs. A number of states have taken up the Financial Restructuring Package offered by the Central Government, which entails undertaking reforms by states and discoms. It is notable that, amongst the late starters, Bihar has now made significant strides in power sector reforms. The Bihar State Electricity Board has not only unbundled into functional entities, but the State Government has also initiated private sector participation in the power distribution network, having already awarded the contracts in two of the 12 identified cities.

Notwithstanding the regulatory uncertainties, policy issues, execution challenges and eroding confidence amongst the business community, your company remained focused on risk management and responded well to the emerging challenges and opportunities with the right combination of caution and agility. You will be happy to note that even in this milieu of a slowing investment cycle, IDFC emerged as the second highest private issuer of domestic debt. IDFC has been ranked 3rd globally in PPP deals and 4th in Asia in overall project finance loans. For the previous Annual Report, IDFC received the silver shield for excellence in financial reporting from ICAI. In addition, IDFC has become the first Indian Financial Institution to adopt the Equator Principles, a framework for managing environmental and social risk in project finance. Our contribution to nation building continues with advisory and advocacy, working towards improving the investment environment. This year, we have also engaged with the Ministry of Rural Development to prepare a comprehensive report, assessing rural development and infrastructure. The flagship India Infrastructure Report for the first time focused on social infrastructure in the 11th edition by covering education, while the forthcoming edition will focus on the health sector.

Yet, all this uncertainty and volatility has raised strategy-related issues for your Company. It will take some time for the complex issues facing the infrastructure sector to be addressed and for the confidence of private developers and investors to be restored. Until then, growth could be a challenge for your Company. In order to mitigate risk and secure a more stable growth path, diversification of our asset base and liability profile has become a strategic priority. We will pursue new avenues for lending and financing and actively explore entry into banking. The goal is to help us service our existing clients better through a wider array of products, as well as to expand the footprint of our activities beyond the infrastructure sector. The Board had given in-principle approval for your Company to apply for a banking licence and accordingly, we have submitted our application to RBI.

In light of macroeconomic constraints and unfinished reforms, we need to look to the future with cautious optimism in realising India's huge potential. I can assure you of IDFC's continued strong and unwavering commitment to enhancing shareholder value while staying firmly focused on sustainable and inclusive development.

RAJIV B. LALL
Executive Chairman

July 1, 2013

03

BOARD OF DIRECTORS

MR. DEEPAK PAREKH NON-EXECUTIVE CHAIRMAN (UP TO MAY 1, 2013)

DR. RAJIV B. LALL EXECUTIVE CHAIRMAN (W.E.F. MAY 2, 2013)
VICE CHAIRMAN & MANAGING DIRECTOR (UP TO MAY 1, 2013)

MS. SNEHLATA SHRIVASTAVA (APPOINTED W.E.F. FEBRUARY 1, 2013)

MR. SUNIL SONI (UP TO FEBRUARY 1, 2013)

MR. JOSEPH DOMINIC SILVA (APPOINTED W.E.F. OCTOBER 26, 2012)

MR. ABDUL RAHIM ABU BAKAR (UP TO OCTOBER 26, 2012)

MR. S. H. KHAN

MR. S. S. KOHLI

MR. GAUTAM KAJI

MR. DONALD PECK

MR. SHARDUL SHROFF

DR. OMKAR GOSWAMI

MS. MARIANNE ØKLAND

MR. VIKRAM LIMAYE MANAGING DIRECTOR & CEO (W.E.F. MAY 2, 2013)
DEPUTY MANAGING DIRECTOR (UP TO MAY 1, 2013)

MR. MICHAEL FERNANDES (UP TO OCTOBER 26, 2012)
ALTERNATE DIRECTOR TO MR. ABDUL RAHIM ABU BAKAR

OFFICES

REGISTERED OFFICE

CHENNAI

KRM Tower, 8th Floor,
No. 1, Harrington Road, Chetpet,
Chennai - 600 031
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
TEL +91 22 4222 2000
FAX +91 22 2654 0354

COMPANY SECRETARY

Mahendra N. Shah

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited

OTHER OFFICES

NEW DELHI

The Capital Court, 2nd Floor,
Olof Palme Marg,
Munirka, New Delhi - 110 067
TEL +91 11 4331 1000
FAX +91 11 2671 3359

BENGALURU

No. 39, Infra House, 5th Cross,
8th Main, RMV Extension,
Sadashiv Nagar, Bengaluru - 560 080
TEL +91 80 4344 8000
FAX +91 80 2361 3016

SOLICITORS & ADVOCATES

Amarchand & Mangaldas &
Suresh A. Shroff & Co.

AZB & Partners

Wadia Gandhy & Co.

PRINCIPAL BANKERS

HDFC Bank Limited
State Bank of India
Bank of Baroda
State Bank of Patiala
Allahabad Bank
State Bank of Mysore
Vijaya Bank Limited
Bank of Maharashtra
Indian Bank
Indian Overseas Bank
Federal Bank Limited
Andhra Bank Limited
Canara Bank
State Bank of Hyderabad
Bank of India
Corporation Bank
The United Bank of India Limited
Syndicate Bank

04

INFRASTRUCTURE REVIEW

India's economic slowdown continued this year, accentuated by falling investment, especially in the infrastructure sector. Private participation, which has been the cornerstone of the growth in infrastructure, fell dramatically in this sector, particularly in the roads and energy sectors. Some measures have been initiated to stimulate the infrastructure sector, but until investor confidence is regained, little progress will be made.

TELECOM

The Indian telecom sector had been growing rapidly over the past few years. However, in FY13 the tide turned and the reported subscriber base of wireless subscribers fell between June 2012 and March 2013, from 934 million to 868 million subscribers. Hence, urban wireless teledensity dropped from 163% in March 2012 to 141% in March 2013. Rural wireless teledensity, on the other hand, grew from 38% to 40% during the same period. Meanwhile, the active subscriber ratio for the industry consistently increased and reached 83% in March 2013. It seems that sanity has returned to the sector and operators are weeding out inactive subscribers. The key reasons behind this turnaround are a) a shift in focus of industry analysts from reported subscriber base to active subscribers, thereby compelling operators to improve their active subscriber ratio by derecognizing inactive subscribers; b) saturation of the telecom number series with increasing subscriber base, thereby constraining further expansion by telecom operators; and c) reduction in the competitive intensity in the telecom sector over the last year, accompanied by the rollback of promotional plans by the operators, thereby further reducing the multiple SIM phenomenon and hence, rationalizing the subscriber base.

During the year, telecom operators consistently raised tariffs, reduced promotional offers and free minutes, and focused on the non-voice revenue, especially data revenue. While India continues to have the lowest Average Revenue Per User (ARPU) in the world even today, the trend of declining ARPU

During the year, telecom operators consistently raised tariffs, reduced promotional offers and free minutes, and focused on the non-voice revenue, especially data revenue. While India continues to have the lowest Average Revenue Per User (ARPU) in the world even today, the trend of declining ARPU finally took a U-turn in FY13, for the first time in the last few years.

finally took a turn in FY13, for the first time in the last few years. Industry wireless ARPU went up from ₹ 135 in the July – September 2012 quarter to ₹ 142 in the October - December 2012 quarter, while the industry wireless ARPU in October - December 2011 quarter was ₹ 133 (source: IDFC analysis).

The rollout of 3G and BWA/WiMax services is gradually changing the experience of data services in India. These services have the potential of bringing in higher ARPU for service providers and will be helping to stabilize the falling ARPUs from voice traffic. Content creation and exclusivity will determine how market progresses forward. Most of the telecom operators have launched 3G services in the circles where they had won the spectrum in 2010. The off-take of these services was slow initially, but has recently picked up pace. Bharti and Idea reported 3G subscriber bases of over 5 million and 4 million respectively, as of December 2012. Bharti also launched its 4G services in Kolkata, Bengaluru, Chandigarh and Pune during FY13. No other operator has launched services using its BWA spectrum won in June 2010.

The telecom sector has been tied up in litigation in FY13, following the issuance of fresh licenses and the allocation of 2G spectrum to new players in 2008 at 2001 prices. Over the course of FY13, Government of India (GoI) has taken various steps in attempts to overcome these issues, though they have found little success. The Supreme Court cancelled 122 telecom licenses allocated in January 2008, vide its order in February 2012, and directed the Government to conduct new auctions of GSM and CDMA spectrum before January 2013. Out of the players whose licenses got cancelled by the Supreme Court order, Etisalat, Loop Telecom (which got licences in 21 circles, except Mumbai circle which remains with Loop Mobile) and S-Tel decided to close their Indian operations. Uninor, Sistema and Videocon have curtailed their operations to fewer circles. Idea has regained the right to operate in all 7 cancelled license circles, while Tata Teleservices Limited discontinued the operations in the 3 circles where it had lost its licenses.

The Department of Telecommunications (DoT), after taking recommendations from TRAI, fixed the reserve price for the proposed GSM auction at ₹ 18,000 crore for a 5 MHz slot on a pan-India basis. This was subsequently reduced by the Empowered Group of Ministers (EGoM), following a huge uproar by the industry, to ₹ 14,000 crore. The Government allowed the telecom operators to make the payment for spectrum won in the auctions over a period of 12 years, with one third to be paid upfront and the remainder to be paid in annual instalments over a period of 10 years, after a 2-year moratorium. The license fee was also reduced to 5% of adjusted gross revenue (AGR) from the earlier 6% - 8% of AGR. In the November 2012 auctions, the GSM auction did not attract many bids, with demand less than supply in all circles (except Bihar). In four circles i.e. Mumbai, Delhi, Karnataka and Rajasthan, no bids were made at all. The GSM auctions' results are summarized in **Table 1.** In the CDMA auctions proposed in November 2012, no telecom operator participated and the auctions had to be cancelled.

Meanwhile, the Supreme Court (SC) asked all telecom operators whose licenses were cancelled in February 2012, and who had not bid for fresh spectrum in November 2012 auctions, to shut down their operations in February 2013. As a result, Uninor had to stop operations in Mumbai. GoI held follow-up spectrum auctions in March 2013, with reserve prices reduced by 30% for the GSM spectrum in the four circles which did not get any bid in November 2012 auction, and the reserve prices for CDMA spectrum in all circles reduced by 50% compared to the November 2012 auction. The March 2013 auctions served the twin purposes of providing the operators who had lost their license vide the SC order, to regain their right to operate, and also to auction the spectrum in 900 MHz band for the license in the metro circles of Mumbai, Delhi and Kolkata, which are coming up for renewal in November 2014. However, in March

01 Results of GSM Auctions in November 2012

TELECOM OPERATOR	NO. OF CIRCLES WHERE SPECTRUM AWARDED	TOTAL BID AMOUNT (₹ CRORE)
Telewings (Uninor)	6	4,018.28
Videocon	6	2,221.44
Idea Cellular	8	2,031.31
Vodafone	14	1,127.94
Bharti	1	8.67

The Indian telecom tower sector saw tenancies rising steadily during the year after the sudden drop witnessed due to exit of telecom operators like Etisalat, Loop Telecom, S-Tel in end FY12 and early FY13 and curtailing of operations by Uninor and Sistema Shyam.

2013 auctions, none of the GSM operators participated; hence the auctions for the 900 MHz and 1,800 MHz spectrum band were scrapped. In the CDMA auctions, Sistema was the only participant and it won spectrum in 8 circles viz., Delhi, Kolkata, Gujarat, Karnataka, Tamil Nadu, Kerala, Uttar Pradesh (West) and West Bengal for a total bid amount of ₹ 3,639 crore.

The Government had also sent demand notices to all GSM telecom operators in January 2013 asking them to pay one time excess spectrum charges in a staggered manner, for spectrum held in excess of 6.2 MHz from July 2008 to end-December 2012, and from January 2013 to the respective license expiry period for spectrum held in excess of 4.4 MHz based on current reserve prices of spectrum. The total one-time spectrum fee demanded by the DoT from all operators comes to about ₹ 26,000 crore. These fees have been contested by telecom companies in various High Courts and have received a stay order on the DoT's demand; the matter is currently sub-judice.

In a major policy move in FY13, the National Telecom Policy (NTP) was approved by the EGoM in May 2012. The key areas addressed in NTP can be seen in **Table 2.** However, NTP continues to be a visionary document and the detailed policies will be issued by the regulators from time to time.

Additionally, re-farming has also been made mandatory and existing telecom operators will only be allowed to retain up to 2.5 MHz of spectrum in 900 MHz spectrum band (at auction determined prices). Remaining spectrum will be re-farmed to 1,800 MHz band unless the operator wins the re-farmed spectrum in the auction. However, given the lukewarm response to the spectrum auctions conducted by DoT and the difficulty in reconfiguring infrastructure, re-farming seems rather improbable.

The Indian telecom tower sector saw tenancies rising steadily during the year after the sudden drop witnessed due to exit of telecom operators like Etisalat, Loop Telecom, S-Tel in end FY12 and early FY13 and curtailing of operations by Uninor and Sistema Shyam. The demand for new tenancies is coming due to following reasons: a) increasing number of active subscribers and average minutes of usage; b) increasing

02 **National Telecom Policy** Key points

ITEM	ANNOUNCEMENT	COMMENT
Unified Licensing	Unified licensing scheme has been approved	All telecom services can now be provided through a single, unified license. This is a positive for the industry, as it will simplify the licensing framework
Spectrum Delinking	Spectrum will be delinked from license and will be provided at market determined prices	This is a positive for the industry, as it will help in efficient usage of the spectrum
Spectrum Liberalization	Liberalization of spectrum was approved. Any spectrum can be used for providing any service/network.	Theoretically possible, however, its implementation is unclear as globally certain spectrum have been used for providing specific technologies, leading to economies of scale. Economic viability of any variation from such standard would be key challenge
Spectrum Sharing and Trading	Spectrum sharing and trading across spectrum bands has been permitted	It is a futuristic move since models for spectrum sharing and trading are still evolving.
Roaming Charges	Roaming charges within India have been abolished	Slightly negative for the telecom operators as it will dent their roaming revenues. However, higher usage during roaming may make up for some of the losses.
Number Portability	Number portability across the country is permitted.	Positive move as customers can keep the same number while moving across operators and across telecom circles.

03 Capacity addition in power sector MW

FUEL WISE/ SECTOR WISE	11TH FIVE YEAR PLAN TARGET	11TH FIVE YEAR PLAN ACHIEVEMENT	FY13 TARGET	FY13 ACHIEVEMENT
THERMAL				
Central	24,840	12,790	4,023	5,023
State	23.301	14,030	3,951	3,911
Private	11,552	21,720	7,180	11,188
TOTAL	**59,693**	**48,540**	**15,154**	**20,122**
HYDRO				
Central	8.654	1,550	645	374
State	3,482	2,702	87	57
Private	3,491	1,292	70	70
TOTAL	**15,627**	**5,544**	**802**	**501**
NUCLEAR				
Central	3,380	880	2,000	0
TOTAL	**3,380**	**880**	**2,000**	**0**
ALL INDIA				
Central	36,874	15,220	6,668	5,397
State	26,783	16,732	4,038	3,968
Private	15,043	23,012	7,250	11,258
TOTAL	**78,700**	**54,964**	**17,956**	**20,623**

Source: CEA, Planning Commission

data traffic; and c) 3G rollouts, albeit at a slower pace compared to FY12. The sector had a rather quiet year with no major mergers or acquisitions. Bharti Infratel came out with its IPO during FY13, thereby becoming the second listed telecom tower operator after GTL Infrastructure.

ENERGY

The energy sector has been marred by several events during FY13 including the shortage of fuel (coal and gas) which would result in huge stranded capacity, and the rising financial losses of distribution companies (discoms). To address this situation, the Government has taken measures to reduce the fuel shortage by improving the coordination between the Ministries of Coal, Railways and Power. It has also tightened fuel supply agreements, and is providing assistance in restructuring the finances of discoms. However, limited efforts have been made to improve the efficiency in the sector, and confidence over the future of the sector remains low, marked by the slowdown in the investment of power plants.

Over the course of the year, and during the 11th Plan period, the private sector dominated generation capacity enhancement in the thermal sector, making up for almost half of total capacity addition **(see Table 3).** Moreover, during the 11th Plan period and in FY13, the private sector achieved almost double its targets in thermal capacity addition. However, the Plant Load Factor (PLF) of thermal power plants fell to 70% from 73% in the previous year, largely because of a shortage in coal and gas supply at power generating stations and poor quality of coal supplied. In fact, 21 power plants had less than a week of coal reserves by the end of FY13. The stranded capacity in power generation, for both gas and coal plants, is a burgeoning concern, with 58 BU of generation shortfall due to a shortage of gas and 12 BU generation shortfall due to shortage of coal.

In a continued trend from the previous year, no additional capacity was added to nuclear power plants in FY13 largely because of public protests against nuclear power following Japan's Fukushima nuclear power, plant disaster, land acquisition hurdles and uncertain fuel supply. Meanwhile, hydro power targets and achievements have dropped by half in the last two years because of the high gestation period of projects.

In thermal coal plants, the low fuel supply has sparked much attention over the course of the year. India's coal consumption for power companies is estimated to have been about 390 MT during April 2012 - December 2012, with coal imports during the year having reached 50.1 MT until January 2013 compared to 38 MT during FY12. To meet the rise in expected coal demand to 600 MT in FY15, coal imports are likely to increase to about 88 MT, given Coal India Limited's (CIL) inability to significantly raise production and supply of coal, due to slower environment and forest clearances to allow mining in coal rich belts, and inadequacies in logistics infrastructure. However, even the future of coal imports may be uncertain; Indonesia, one of the main exporters of coal to India, has imposed a restriction on its coal exports so as to secure domestic power generation. This comes two years after the Indonesian government's order of selling exported coal at benchmark international prices, raising the cost of coal.

Since imported coal prices are significantly higher, mechanisms of price pooling has been proposed, under which the domestic and imported coal prices are averaged. The specifics of such pooling mechanism are not yet clear and are to be finalized jointly by Ministry of Coal (MoC) and Ministry of Power (MoP). While domestic prices are about 50% lower than international coal prices, the pooled prices are expected to rise by about 15% because of the higher quality and efficiency of imported coal. Since prices would still increase significantly, the MoC may decide to apply the pooled prices only on power projects commissioned after 2009. However, several states have opposed this model arguing that these new prices would only benefit the new private sector plants, while the older state-owned plants which already have coal linkages, would suffer. It is argued that limited pooling would have a greater impact on the pooled prices and hence on electricity tariffs.

Moreover, to ensure that fuel supply agreements are met, the CIL's Board accepted the modified FSAs in September 2012, agreeing to the 80% supply commitment, through which CIL would supply 65% of domestic coal and 15% imported coal on a cost plus basis. The original FSAs were modified in terms of the penalty, moratorium, on penalty and force majeure clauses. From FY17 onwards, CIL has agreed to pay a penalty of 1.5% to 40% of the value of the coal, if they do not meet at least 60% of the coal supply commitment. Meanwhile, the Competition Commission of India has accused CIL of monopolizing its position as the sole domestic coal supplier to force consumers in entering into FSAs, and supplying poorer quality of coal at prices equivalent to higher grade coal.

To facilitate the pass through of power prices, the model for power procurement is moving towards a semi-regulated model from the existing competitive model, which has been criticised for not factoring in mechanisms to handle persistent fuel shortages. This is being done by revisiting the Standard Bidding Documents (SBDs) for case I, where the developer bids upon any fuel, location and technology, and case II, where the developer bids upon a specific location and fuel. These revised documents primarily aim to reduce fuel price and availability risks for developers and incorporate the pass-through of prices to the consumers. While the EGoM is examining the case II bidding documents first, some experts believe that the case I bidding document should have been taken up first because it involves higher risk to the developer. Revised draft SBDs have also been designed for Ultra Mega Power Projects (UMPPs), which seek a pass-through on fuel costs given their heavy dependence on imported coal.

After unearthing the controversy surrounding the allocation of 57 coal blocks in September 2012, the inter-ministerial group on coal recommended de-allocating 10 coal blocks and forfeiting the bank guarantees of several accused companies. The CAG reported losses of about ₹ 10.52 billion to the Government because of the low bids received for the coal blocks.

The MoC has turned down proposals to grant temporary coal linkages to plants which have not developed their allotted coal blocks. However, this has become a contentious topic, since many power developers argue that they have been unable to carry out the development of their block because of the inability to obtain necessary clearances. Hence, the Cabinet Committee on Investment, constituted to expedite infrastructure projects, will focus on proposals related to coal linkages to power plants, and resolve problems such as the non-signing of FSAs and non-receipt of environmental clearances.

Towards enhancing domestic coal production, CIL has finalized the draft of its policy on the development and operation of mines through PPPs. This draft policy stipulates that complete ownership would remain with CIL, while private partners would be paid a fee. Another contentious aspect is that these firms would be expected to help attain land and relocate project-affected households, although financial responsibility would lie with CIL. So, private firms, which have the expertise and technology to participate in these PPPs, are largely unenthused about the proposal.

Limited gas supply is also a major concern in the efficient utilisation of gas-based power generation and increasing installed capacity. While the country demands 61 billion cubic meters (bm^3) of natural gas, only 46 bm^3 is being supplied, resulting in a drop in the PLF for gas plants from 67% in FY12 to about 43% in FY13. The KG-D6 basin, housing the largest gas reserves in India, which peaked natural gas production at 62 million standard cubic metres per day (mscmd) in March 2010, has since been declining, having produced only 17 mscmd in March 2013. The shortage of gas supply is responsible for stranded capacity in 11,000 MW of new gas-based power plants. Even the current capacity is having trouble; gas power plants with capacity of 2,000 MW in Andhra Pradesh have stopped operation, and the 2,000 MW Ratnagiri Gas & Power Private Ltd (RGPPL) plant in Dabol, Maharashtra, has suspended generation due to lack of fuel supply and will be unable to meet its debt and equity obligations. The Government of India has decided not to allow setting up of any new capacity of gas based power plant till 2016, thereby curtailing any further demand for gas and accordingly, existing power plants will receive their entitled gas supply.

The Natural Gas Pricing Policy is being reviewed with proposals being made to move away from the current profit sharing model to a revenue sharing model for future oil and gas exploration projects. Hopefully, this will encourage investors to engage in exploration and development. The Union Budget 2013-14 also supported the Rangarajan Committee's suggestion of pricing domestically produced gas at an average of international hub prices and subsidizing imported Liquefied Natural Gas (LNG). However, it is uncertain if the latter will help, given the still high price of imported regassified LNG or R-LNG and its implications for electricity prices in a financially uncertain environment for distribution companies. The proposed Shale gas policy has been given a renewed thrust, which has been under discussion for a few years. The rights for exploration of Shale gas blocks may be combined with exploration rights for oil and gas, in areas where they overlap, which is looked upon favourably by existing operators.

In response to the staggering financial losses of discoms amounting to over ₹ 190,000 crore by FY12, the MoP has developed a Financial Restructuring Plan (FRP) **(see Box 1).** Various state discoms were forced to revise tariffs due to pressure from lenders, who were less willing to provide short term loans to fund the growing cash losses. Tariff reforms in the form of revisions were formalised after the APTEL order was issued, directing all the State Electricity Regulatory Commissions (SERCs) to ensure timely revision of tariffs, monthly adjustment of power and fuel costs, and that regulatory assets were not carried forward for over three years. Sixteen discoms have hiked tariffs in the last 12-18 months. However, these tariff hikes may not be sufficient in isolation to alleviate finances.

A further illustration of the mismanagement of the discoms, the northern grid collapsed twice in July 2012 affecting 20 states and 600 million consumers, as a result of incessant overdrawing of power. The MoP has proposed various mechanisms to prevent the recurrence of this event, including islanding schemes which would contain power cuts in particular areas, without affecting the rest of the grid. Plans for islanding Delhi are in the works. However, the underlying issue is the financial irresponsibility of the discoms, and ways to prevent such grid collapses in the future continue to be discussed by the MoP, CERC, SERCs and discoms.

So far, there is very limited private sector presence in the transmission segment and most of the awarded projects are facing construction related delays. Inter-state transmission capacity was expected to reach about 37,000 MW by March 2012, but this target has been pushed to March 2014. This extension is attributable to delays in obtaining the Right of Way (RoW) during construction and receiving forest clearances across states.

While the 11th Plan period saw renewable energy-based plants adding 16.74 GW, renewable energy capacity addition in FY13 was only 1.35 GW. The disappointing performance was primarily due to wind. Only 750 MW in wind capacity was added in comparison to 3,500 MW added during the same period last year. This drop in wind-based capacity addition is a result of the lapse of the generation-based incentives for wind power after the end of the 11th Plan, which was only recently revived. Some states have even asked wind power plants to close operations because of cheaper traditional power options. Further, state utility companies have asked for a portion of the Renewable Energy Certificates[1] (REC) revenue from developers and increased transmission charges on wind power plants, thereby further discouraging wind power generation.

While the CERC launched the Terms and Conditions for Tariff Determination from Renewable Energy Sources Regulation, effective from February 2012, the Regulation has already hit a major snag. The Renewable Power Obligations (RPOs) have not been enforced by the SERCs, making RECs redundant and the penalties irrelevant. A few SERCs are even allowing the carryover of RPOs from the previous financial year, further aggravating the problem.

Meanwhile, the installed generation capacity of solar power has crossed 1 GW, with a majority of these power plants being grid-connected. Phase I of the Jawaharlal Nehru National Solar Mission (JNNSM), by which solar projects are set up by developers on the 'build, own and operate' basis, have added 980 MW of capacity, with about 67%

NOTE

[1]Tools for trading renewable energy on the Indian Energy Exchange, with each certificate representing 1MWh of grid power over 5 million RECs were traded in FY13, compared to about 1 million in FY12. Of the total REC accredited capacity, wind has the highest share at 55%, followed by bio fuel, and biomass.

located in Gujarat under the now completed Phase I of the program. The draft policy for Phase II of JNNSM has been put together, with targets of adding 8,900 MW of grid-based solar power, 800 MW of off-grid solar power and employing solar collectors across 8 million square meters.

To incentivise renewable energy generation, the FY14 Budget has stated that the Government will provide low-interest loans from the National Clean Energy Fund (NCEF) to Indian Renewable Energy Development Agency (IREDA), which will subsequently lend to renewable energy projects. This is a positive move towards promoting renewable energy, as so far, NCEF funds have continued to accumulate and remain unused. In another proposal, waste-to-energy PPP projects will be eligible for concessional loans through IREDA.

State-wise initiatives are being taken to promote efficiency in energy consumption, though they are limited. For instance, the Kerala State Electricity Board has announced an energy conservation drive aiming to target all consumers, through incentives such as cash-based rewards and gifting energy efficient tools. In Andhra Pradesh, energy efficient building standards are to be adopted in 2013 during the construction or renovation of buildings.

TRANSPORTATION

CIVIL AVIATION

The civil aviation sector has seen much turmoil throughout the year. The financial health of almost all domestic carriers remained quite poor, with some airlines even facing insolvency, worsened by falling air traffic. Kingfisher Airlines' operator's permit was suspended during the year, after the airline failed to demonstrate viable financial plans for its recovery. Kingfisher's international bilateral traffic rights, which allowed it to fly to eight countries, were also suspended when its international flights were discontinued and the allocated rights have been unused since. In addition to this, Kingfisher's domestic flying slots have been withdrawn by the Ministry of Civil Aviation (MoCA), and have been offered to other carriers. On the other hand, the previously defunct Paramount Airways has received permission from the Directorate General of Civil Aviation (DGCA) to restart operations in southern states by May 2013, after raising significant capital through compensation received from an international arbitration.

Most of the challenges in the industry are being attributed to the over-extension of working capital loans, and increasing Aviation Turbine Fuel (ATF) costs which make up to 40% - 50% of operating expenses. To alleviate the latter, a number of steps are being taken. The direct import of ATF has been allowed, in hopes of making the fuel more affordable domestically, since they would avoid paying sales tax which is currently levied by the state, and deter carriers from refuelling abroad. Furthermore, the Airports Authority of India will partner with domestic airlines and oil companies in a joint venture to set up fuelling centres and airport infrastructure to enable the direct import of ATF to carriers. In order to rationalize fuel prices, states are being encouraged to reduce the Value Added Tax (VAT) on the ATF, which currently ranges from 4% to 30%.

The privatisation of airports has been a growing trend over the last few years. Five major airports are already being operated through PPPs, viz. New Delhi, Mumbai, Bengaluru, Hyderabad and Kochi. The Government in in the process of developing few airports under PPP mode such as Goa, Navi Mumbai, Sindhudurg, Kannur, Durgapur, Gulbarga, Hassan, Sikkim, etc. However, the competitive bidding process for the privatisation of airports, intended to bring transparency to the process and reduce costs, has been unable to prevent the rise in project costs, largely due to the increasing cost of inputs and unanticipated project delays. This is partly reflected in the increases in the Airport Development Fee (ADF) and User Development Fee (UDF). To reduce the burden on consumers, the MoCA has decided to abolish the ADF currently in place at the Delhi and Mumbai airports, while the Chennai and Kolkata airports have been directed to not levy the fee at all. While in the short term, this will benefit passengers, by reducing ticket prices, and carriers, by increasing air travel, experts believe that over the long term, the UDF and other tariffs will be raised to bridge the revenue loss faced by airports because of removing the ADF.

BOX 1

FINANCIAL RESTRUCTURING PLAN (FRP)

According to the FRP, State Governments will take over 50% of the short-term liabilities and convert them to bonds, and the remainder will be restructured by banks, by extending the moratorium on the principal and giving better terms for repayment. This assistance will be granted on the condition that the discoms carry out operational and financial reforms including rationalising tariffs, balancing high tension and low tension loads, extending metering to all consumers, and curtailing unauthorised electricity consumption. Some state discoms, such as Punjab and Madhya Pradesh, have declined to participate in the FRP, wanting to manage their finances on their own. The FRP was adopted and started by the end of FY13, in eight states including Tamil Nadu, Andhra Pradesh, Uttar Pradesh, Haryana and Rajasthan, with combined losses of ₹ 160,000 crore. The scheme has come under criticism for following the same pattern as older schemes, which may have improved efficiency of discoms, but were unable to mitigate political interference.

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In one of the most significant developments of the year, the Government has eased foreign investment norms in the aviation sector, by increasing FDI and Foreign Institutional Investment (FII) limits to 49%, in an effort to bring comfort to the debt-laden domestic airlines. Recently, the Malaysia-based AirAsia entered into a joint venture with Tata Sons and Telestra Tradeplace, which has been approved by MoCA and Foreign Investment Promotion Board to start operations in Tier II and Tier III cities in India by the end of the year. Several other foreign carriers are working towards entering the Indian domestic airline market as well. However, some industry actors fear the possibility of foreign oligopoly and mass takeovers.

On the regulatory front, the Civil Aviation Authority (CAA) will be introduced through a bill in FY14, to replace the DGCA as an autonomous, regulatory body to manage air traffic and air safety, issue airline licenses, and set aviation standards. CAA will have the authority to conduct investigations and issue penalties. This new body is a much needed replacement because of its enhanced administrative powers, and financial independence to counter the problems the DGCA currently faces in human resource management and inefficient administration.

ROADS

This year has largely been challenging for the roads sector. The construction rate of national highways was about 10-12km per day, against a target of 20km per day, and compared to 16km per day in FY12. This drop is mainly being attributed to lengthy land acquisition and environment clearance procedures, weakening contractor financial health, rising construction costs, and high financing costs. Under the National Highway Development Program (NHDP), being implemented by the National Highways Authority of India (NHAI), about 1,460km were constructed in FY13.

Private participation has also drastically slowed in the roads sector. Only 1,115 km of projects had been awarded through PPP by the NHAI during April 2012 – March 2013, against the original target of 8,800 km for FY13, compared to almost 8,000 km being awarded in FY12. Developers have been reluctant to bid for new projects because of their inability to raise equity.

This year was noteworthy for the large number of projects awarded in FY12 and early FY13 which didn't achieve financial closure within the stipulated 6-month timeframe, due to which, in a few cases, NHAI cancelled such projects. Several construction companies are facing financial difficulties resulting from high leverage on the parent balance sheets, because of aggressive bids and high interest rates. Some large construction companies are in the process of restructuring their debt through the CDR mechanism, while many others actively tried to sell their operational BOT assets, although very few deals actually closed. Lenders have also become extremely cautious about disbursing funds to projects which are yet to receive clearances and RoW. In some cases, lenders are also holding back on the final sanction to new projects where the Government has been unable to acquire land by the Appointed Date. Another sign of the heightened risk perceptions of lenders to the road sector has been their raising the upfront equity requirement (i.e. the percentage of equity that developers need to infuse into the project before lenders commence loan disbursement) to 50% in most cases, and sometimes to 100%. In the past, this percentage was usually in the range of 25% to 35%.

The Government is proposing some policy initiatives to revive interest in the PPP model. These include allowing an early exit for the Shareholders and constituting an independent regulatory authority, to set tariffs, oversee concession agreements, resolve disputes, and regulate service quality. However, they are still at the planning stage. During FY13, the Cabinet Committee on Infrastructure (CCI) approved the Engineering, Procurement and Construction (EPC) model for two-lane highways. This model specifies design and performance standards while allowing construction companies to innovate and quicken road construction. Additionally, a concession model was approved in 2012 for the Operation, Maintenance and Transfer (OMT) of projects, making the contractor responsible for the OMT of projects for four to nine years. The Ministry of Road Transport and Highways (MoRTH) has awarded 4 national highway projects on this basis in FY13. Notably, the policy and institutional steps taken in earlier years to address the huge backlog of disputes between developers and Government agencies and to improve the speed of land acquisition, appear to be losing their initial momentum.

In a boost to highway modernisation, MoRTH is accelerating its plans to implement an Electronic Toll Collection system (ETC) based on radio frequency identification to improve the efficiency of toll collection. Orders have been issued to incorporate a clause on mandatory ETC centres in future highway concession agreements. In order to meet the

Given the unfavourable global conditions for trade, private ports have taken the opportunity to enhance capacity in anticipation of the future growth in cargo traffic. The FY14 Budget also proposes adding two new major ports to be created by the Ministry of Shipping (MoS) in West Bengal and Andhra Pradesh, to add 100 MT of capacity.

target of expanding the ETC system across India by 2014, a new company is being formed, the Indian Highways Management Company (IHMC), with equity contribution from NHAI (25%), concessionaries (50%) and financial institutions (25%).

RAILWAYS

The Indian Railways (IR) has entered the 'one billion tonne select club' in freight movement, joining China, Russia and USA, with freight loading expected to reach 1,007 MT in FY13. The operating ratio of IR (the proportion of working expenses to earnings) has also improved significantly, declining to 88.8% in FY13. This is the first time in five years that the ratio has gone below the 90% barrier, demonstrating higher operational efficiency. Despite this, expected revenue for the fiscal year has been revised downward by the Ministry of Railways (MoR) because of slower than expected growth in freight loading, and the partial rollback of passenger fares despite the marginal increase in early 2013. A scarcity of resources has restricted the follow through on projects which could help decongest the already oversaturated railway network.

The expected number of new lines added during the year has been much lower than in the last couple of years, because of an emphasis placed on capacity enhancement works such as doubling of tracks and traffic facilities. The routes picked for enhancing capacity have been carefully chosen to ensure that they are most financially lucrative; the 19,000 km route picked for upgradation generates about 80% of freight revenue for the IR. The IR has accorded special focus to the implementation of Dedicated Freight Corridors (DFCs), which is expected to relieve capacity constraints along the existing trunk routes. The land acquisition for the eastern and western DFCs is almost complete, albeit with delay, and the construction contract for a portion of the eastern corridor has already been awarded. In fact, proposals for four more DFCs are being studied for future implementation. The MoR has also committed funding to priority projects, to assist in expanding the rail network in areas with the most bottlenecks.

The MoR made a number of key decisions to enhance revenue generation in FY13. In January 2013, a hike in passenger fares was implemented, which is expected to deliver ₹ 6,600 crore during the next financial year and counter the increasing losses in the area due to artificially low tariffs; losses have increased from ₹ 4,955 crore in FY02, to ₹ 22,500 crore in FY12 and are expected to be ₹ 24,600 in FY13. To mitigate the impact of rising fuel costs, the freight tariff will be dynamically linked to fuel prices starting from April 2013. Furthermore, the Budget for FY14 has planned to raise freight tariffs on food grains, petroleum products, construction material and fertilizer by 5%. A proposal to create an independent Rail Tariff Authority (RTA) responsible for rationalizing tariffs is under consideration at the inter-ministerial level. The creation of such an entity is especially important given the fact that freight tariffs of IR are among the highest in the world due to cross-subsidisation. To further generate revenue, the Rail Land Development Authority (RLDA) invited bids for the commercial use of IR's vacant land holdings after the Cabinet approved the leasing of railway land. Sixty new multi-functional complexes and eight standalone sites have been made available, and parties can bid either on a one-time lease premium or annual lease rent basis.

Attracting private investment in the sector has been challenging, given the lack of policy framework to guide such investment and low investor confidence in the sector. To address these issues, the 12th Plan puts a thrust on PPP investment in DFCs, the elevated rail corridor in Mumbai, redevelopment of stations, freight terminals and corridors, port connectivity projects, and energy projects. To facilitate this, a few policies have been put in place in FY13. In November 2012, the Policy for Participative Models for Rail Connectivity and Capacity Augmentation Projects was approved, with the objective of encouraging industry initiative in creating railways' infrastructure and improving rail connectivity to coal and iron ore mines. This PPP policy contains six models for private participation based on the type of project and allows state governments, local bodies and corporate entities to invest in rail infrastructure projects. Furthermore, the policy allows 100% FDI in first- and last-mile projects which provide connectivity to ports, mines and logistic parks.

In April 2012, the Private Freight Terminal (PFT) policy, which facilitates the development of freight terminals through private investment, was revised to boost such investment. Revenue sharing was reduced at the rate of 50% of the per-tonne terminal charge for railway goods, or ₹ 20 per tonne, whichever is higher, compared to the current charge of ₹ 40 per tonne. Revenue-sharing will also occur uniformly over the project life, compared to the tenure of six years, and will no longer be indexed to inflation.

The draft Policy on Rail Terminals at Private Ports was formulated in January 2013, to provide rail connectivity to assist ports with cargo handling and other freight services. In an effort to attract investors, no security or license charges will be levied by the railways on the terminal, and the terminal has the freedom to decide the tariffs they will levy on customers.

PORTS

In FY13, cargo traffic fell by 2.6% to 546 MT, compared to the same period in FY12. This decline is a continued trend in the last few years, with global growth and hence, trade, remaining tepid. In terms of commodities traffic, the largest drop was in iron ore, which was attributable to the ban on iron ore mining in Karnataka and Goa. In fact, Mormugao Port will require a ₹ 400 crore bailout from the Central Government in FY14, because of the loss in revenue due to poor iron ore exports. Meanwhile, a considerable drop was also seen in fertilizer imports, which was a result of low demand following poor monsoons, and high international prices coupled with a weakening currency. Given the lacklustre handling of volumes seen in coal and iron ore cargo, agriculture commodities are gaining shares of the bulk cargo market. Container cargo handling had experienced positive growth during the last few years; although, more recently container volumes have fallen, affected by the lag effect of of the global slowdown and issues related to tariff setting.

Indian ports had raised total capacity to 1,227 MT by the end FY13, increasing by about 5% from the previous year. Major ports added 7% of capacity, at Paradip, New Mangalore, Kochi and Vishakhapatnam. While the optimal capacity utilisation of ports should be 70%, major ports face 90% capacity utilisation implying traffic congestion and high berth occupancy. Efficiency is also taking a hit; the turnaround time, the time taken to process cargo between points of arrival and departure, reached 4.15 days during April 2012 – September 2012, compared to the turnaround time in Singapore, which is less than one day. Given the unfavourable global conditions for trade, private ports have taken the opportunity to enhance capacity in anticipation of the future growth in cargo traffic. The FY14 Budget also proposes adding two new major ports to be created by the Ministry of Shipping (MoS) in West Bengal and Andhra Pradesh, to add 100 MT of capacity.

PPPs within the ports sector are facing large concerns including delays in obtaining security clearances, heavy litigation during the tendering process, the lack of supporting infrastructure at terminals such as container freight stations, and difficulties with land acquisition. While 14 PPP projects have been awarded in FY13, they will only bring in a total of 80 MT and most have spilled over from the previous year. These projects too have seen numerous problems. JNPT awarded a project to the Port of Singapore Authority-ABG Infralogistics' alliance to build a fourth container terminal in early 2012, when both groups came together to make a very attractive and aggressive bid. But a few months later, the ABG group withdrew from the alliance and the awarded contract was cancelled. Following this, the bidding process for the project will occur for a third time. Multiple projects in Maharashtra, Tamil Nadu and Kerala have been terminated after unrealistically high bids were made by private firms leading to the cancellation of their Memorandums of Understanding (MoUs).

Minor ports do not fall under any regulatory authority, as opposed to major ports which are monitored by the Tariff Authority for Major Ports (TAMP). This allows minor ports to set more competitive tariffs than major ports, and take over their market share. Additionally, margins at major port terminals such as JNPT have fallen because of increased royalties instated by TAMP. The Mumbai High Court continues to evaluate the discrepancies between the 2005 and 2008 guidelines for tariff setting in major ports. Private terminal operators at major ports have criticised TAMP for setting high tariffs, forcing them to scale down operations. The MoS released the draft guidelines for Tariff Setting in Major Ports in early FY13, outlining that major port trusts will be able to link tariffs to the market, taking effect from the beginning of FY14. This will help major ports compete with minor ports on a level playing field. Meanwhile, the Ports Regulatory Authority Bill of 2011, to establish regulatory bodies for setting tariff for both central and state ports, is still pending approval. If passed, TAMP would be replaced by a new entity which would regulate both major and non-major ports.

To facilitate the PPP process by hastening approvals and preventing cost-overruns, in September 2012, the Cabinet Committee on Infrastructure raised the MoS' threshold limit for approving projects from ₹ 300 crore to ₹ 500 crore, without Cabinet consent. However, many port projects cost much more than ₹ 500 crore, prompting experts to believe that not much capacity will be added through this policy change. Additionally, in August 2012, land transfer norms were relaxed for Government land, whereby land could be freely transferred for state-run entities without Cabinet approval.

URBAN

The rapid increase in population has placed an overwhelming pressure on urban India to

While the targets for FY13 were fixed for the electrification of 6,000 un-/de-electrified villages and 3.5 million poor households, by March 2013 only 2,200 villages had been electrified and 1.16 million households had been provided free electricity connections. The GoI attributes the poor performance of RGGVY this year to law and order problems, litigation issues, and difficult topographical and climatic conditions.

enhance infrastructure and facilities. However, the low technical and managerial capacity of Urban Local Bodies (ULBs), limited financial resources and multiple clearance channels, have led to a mismatch in the demand for and supply of urban services.

The first phase of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in December 2005 as a seven year programme, intending to promote urban sector reforms and enhance urban infrastructure and facilities. The tenure of JNNURM Phase I has been extended up to the end of March 2014, to ensure the completion of urban sector reforms and ongoing projects. Until 2012, about 2,840 projects have been sanctioned with an overall investment of ₹ 1.15 lakh crore, of which about half has been financed through central assistance. In FY14, ₹ 14,873 crore is budgeted to be spent on JNNURM, of which a significant portion will be used to help purchase up to 10,000 buses, especially for the hilly states.

The Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), implemented across towns in India (excluding those covered in JNNURM), has relaxed its stipulations of mandatory reforms, given the inability of states to meet the necessary terms for fund release. Compared to its earlier pre-conditions of executing all urban reforms prior to the release of funds, the second instalment of funds is contingent on the completion of four of the six mandatory reforms, of which two should include reforms related to property taxes, and a reform related to the recovery of O&M costs through user charges. If even these relaxed norms are not met, states may provide funds to on-going projects which can be reimbursed if reforms are completed by March 2014. The reforms implementation has been delinked from the release of funds completely in the north eastern states and in Jammu & Kashmir.

A technical committee report submitted to the Ministry of Housing and Urban Poverty Alleviation, estimated the urban housing shortage to be 18.78 million at the start of the 12th Plan. About 80% of the shortage occurs in households living in congested houses. In terms of distribution across economic classes, 56% of the shortage is among the Economically Weaker Section (EWS) while 40% is in the Low Income Group (LIG). To help meet the housing shortage, it is proposed that the National Housing Bank will set up an urban housing fund In FY14, and ₹ 2,000 crore will be provided to the fund by the central government. The eligibility criteria for EWS and LIG households have also been revised under housing schemes, with income ceilings being raised for both, in order to expand the coverage of urban welfare.

Various ministries have come up with important legislation to deal with other urban issues. To expand public transport in a less polluting manner, the Ministry of Urban Development released the Metro Railway Policy in 2013 to create high-capacity and high speed metro rail systems in cities with populations of more than 2 million. These rail projects would be taken up by Special Purpose Vehicles (SPVs), in a 50:50 joint ownership model with the State and Central Government. Central assistance would cover up to 20% of capital costs, while the remaining funds would be raised through State Governments or external agency borrowing. Metro projects under this model have been approved for Delhi, Bengaluru, Kolkata, Chennai, Mumbai, Jaipur and Kochi, with a total expected central contribution of about ₹ 5,900 crore.

The National Water Policy was adopted by the National Water Resource Council (NWRC) in December 2012 and has been recommended for adoption by states. This policy outlines the need for a strong institutional framework on water usage, by concentrating on levying effective water tariffs, promoting private participation in water service provision, launching periodic water supply audits and promoting sustainable water usage. The policy emphasises community management, climate change adaptation and efficient water use. States, however, are opposed to a national legal framework, fearing that the policy would interfere with their rights in water issues, since the area is a state subject.

The E-wastes (Management and Handling) Rules were released by the Ministry of Environment and Forests in May 2012, which aim to formalise the role of electronic waste recyclers and diminish the use of hazardous material in electronic equipment. However, experts believe that the absence of specific targets and accountability measures makes the policy unclear and ineffective.

RURAL INFRASTRUCTURE

Rural development continues to be a major impetus of the Government with the budget allocation to the Ministry of Rural Development for FY14 increasing by about 45% from the previous year. However, rural infrastructure has made slow progress, affected by inflationary concerns and corruption. In an attempt to bring more transparency and reduce leakages and intermediaries in rural schemes and supporting financial infrastructure, the GoI will directly transfer benefits to the bank and post office accounts of beneficiaries of 29 rural welfare schemes, including scholarships and pensions.

The Pradhan Mantri Gram Sadak Yojana (PMGSY), a GoI programme focused on building and upgrading all-weather roads to enhance rural connectivity, has helped construct over 350,000 km of all-weather rural roads, since the start of the programme in 2000. While quality has been a major achievement in the construction of these roads, PMGSY has been found to be an expensive endeavour. Planned expenditure increased five-fold between FY06 and FY11, and unit costs went up from ₹ 8–10 lakh per km in 2000 to ₹ 40 lakh per km currently, which is only partly explained by inflationary pressure on input prices and working in more accessible areas. The proposed Phase II of PMGSY will focus on consolidating the rural road network by upgrading roads connected to rural growth centres and other rural hubs.

In rural electrification, the Rajiv Gandhi Gram Vidyutikaran Yojana (RGGVY), which was launched in 2005 to provide electricity to rural households, has had a considerable impact in granting electricity connections. Between 2001 and 2011, the number of households with electricity increased by nearly 55%, of which two-thirds were connected by the RGGVY. However, the supply of electricity to these connected households continues to be limited and erratic. While the targets for FY13 were fixed for the electrification of 6,000 un-/de-electrified villages and 3.5 million poor households, by March 2013 only 2,200 villages had been electrified and 1.16 million households had been provided free electricity connections. The GoI attributes the poor performance of RGGVY this year to law and order problems, litigation issues, and difficult topographical and climatic conditions.

05

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixteenth Annual Report on our business and operations together with the audited accounts for the year ended March 31, 2013.

FINANCIAL RESULTS (STANDALONE) ₹ IN CRORE

	FY12	FY13	Change
REVENUE FROM OPERATIONS	6,099.98	7,765.30	▲ 27.30%
TOTAL INCOME	6,196.01	7,776.49	▲ 25.51%
LESS: PROVISIONS AND CONTINGENCIES	283.85	394.11	▲ 38.84%
LESS: FINANCE COSTS	3,455.23	4,665.19	▲ 35.02%
**LESS: TAX EXPENSES	598.40	703.00	▲ 17.48%
OTHER INCOME	96.03	11.19	▼ 88.35%
PROFIT BEFORE TAX	2,201.36	2,467.98	▲ 12.11%
*LESS: ADMINISTRATIVE EXPENSES	255.57	249.21	▼ 2.49%
PROFIT AFTER TAX	1,602.96	1,764.98	▲ 10.11%

*Administrative expenses include employee benefits expense, other expenses, depreciation and amortisation expense.
**Tax expense is net of deferred tax.

Balance Sheet grew by 15% Year on Year (YoY) to reach ₹ 69,994 crore and Net Loans at ₹ 55,736 crore witnessed an increase of 16% YoY. As on March 31, 2013, IDFC's total exposure was ₹ 72,597 crore, of which Energy was highest at 41%, followed by Transportation 25%, Telecommunication 23% and Others 11%.

OPERATIONS REVIEW

The Company is engaged in financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospitals, education, tourism and hotels. Balance Sheet grew by 15% Year on Year (YoY) to reach ₹ 69,994 crore and Net Loans at ₹ 55,736 crore witnessed an increase of 16% YoY. As on March 31, 2013, IDFC's total exposure was ₹ 72,597 crore, of which Energy was highest at 41%, followed by Transportation 25%, Telecommunication 23% and Others 11%.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 2.60 per equity share of ₹ 10 each (i.e. 26%) for the year ended March 31, 2013. Above dividend would be paid subject to approval by the Members in the ensuing Annual General Meeting (AGM).

SUBSIDIARY COMPANIES

IDFC has ten direct subsidiary companies as follows:

1. IDFC Alternatives Limited
2. IDFC Trustee Company Limited
3. IDFC Projects Limited
4. IDFC Finance Limited
5. IDFC Securities Limited
6. IDFC Primary Dealership Company Limited
7. IDFC AMC Trustee Company Limited
8. IDFC Asset Management Company Limited
9. IDFC Foundation (Section 25 Company)
10. Neopro Technologies Private Limited

In addition,

A. IDFC Alternatives Limited has one wholly owned subsidiary company namely IDFC Project Equity Company Limited.

B. IDFC Securities Limited has three wholly owned subsidiary companies namely, IDFC Capital Limited, IDFC Distribution Company Limited and IDFC Capital (USA) Inc. Further, IDFC Capital Limited has three wholly owned foreign subsidiaries namely IDFC Fund of Funds Limited, IDFC Capital (Singapore) Pte. Limited and IDFC Securities Singapore Pte. Limited.

C. IDFC Asset Management Company Limited also has three subsidiaries, namely IDFC Pension Fund Management Company Limited, IDFC Investment Advisors Limited and IDFC Investment Managers (Mauritius) Limited.

During the year, IDFC General Partners Limited, a wholly owned subsidiary of IDFC Capital Limited was dissolved under voluntary liquidation process with effect from September 21, 2012.

IDFC PPP Trusteeship Company Limited which is a subsidiary company of IDFC Foundation had made an application to the Registrar of Companies, Maharashtra, Mumbai (ROC) under Fast Track Exit Mode 2011 on April 25, 2013 to get its name struck off from the Register of Companies maintained by ROC.

During the year, the Company divested its stake in Dheeru Powergen Limited, a subsidiary of IDFC Projects Limited.

During the year under review, the Company acquired 71% stake in Neopro Technologies Private Limited, making it a direct subsidiary of the Company.

Statement of particulars of IDFC's subsidiaries under Section 212 is provided in Note 47 of the Notes forming part of the Consolidated Financial Statements.

Detailed analysis of the performance of IDFC and its businesses - financing and advisory, including initiatives in the areas of Resource Raising, Human Resources, Information Technology and Risk Management has been presented in the section on Management Discussion & Analysis of this Annual Report.

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 2/2011 dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, to companies from attaching accounts of its subsidiaries in its Annual Report subject to fulfilment of certain conditions prescribed therein. The Board of Directors of the Company at its meeting held on March 14, 2013, noted the provisions of the above mentioned circular of MCA and passed the necessary resolution granting the requisite approvals for not attaching copies of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors of each of the subsidiary companies to the accounts of the Company for FY13 subject to complying with the provisions of the said circular. The Company also undertakes that annual accounts of the subsidiary companies and the related detailed information will be made available to the Shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will be available on the Company's website: www.idfc.com and will also be available for inspection by any Shareholder at the Registered and Corporate Offices of the Company and the concerned subsidiaries. The Company shall furnish a hard copy of details of accounts of subsidiaries to

Shareholders on demand.In accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) notified by the Companies (Accounting Standards) Rules, 2006, the Consolidated Accounts of IDFC and its subsidiaries have been prepared and the same forms part of this Annual Report.

JOINT VENTURES

IDFC Foundation, a Section 25 Company and a wholly owned subsidiary of the Company has following three Joint Ventures:

1. Delhi Integrated Multi-Modal Transit System Limited
2. Infrastructure Development Corporation (Karnataka) Limited
3. Uttarakhand Infrastructure Development Company Limited

ASSOCIATES

IDFC has two associate companies as follows:

1. Feedback Infrastructure Services Private Limited
2. Galaxy Mercantiles Limited

In addition, IDFC Projects Limited, a wholly owned subsidiary of the Company, has one associate company namely Jetpur Somnath Tollways Private Limited.

PARTICULARS OF EMPLOYEES

IDFC had 238 employees as on March 31, 2013 and 586 employees at the group level . Particulars of employees as required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with the rules thereunder, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary of the Company.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

Pursuant to the resolution passed by the Members at the AGM held on August 2, 2006, IDFC had introduced Employee Stock Option Scheme 2007 (referred to as "the Scheme") to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. Out of 37,970,105 options outstanding at the beginning of the current financial year, 919,304 options lapsed on account of resignations and 2,364,861 options were exercised during the year.

Additionally, during the year, 883,000 options were granted to eligible employees under the Scheme. Accordingly, 35,568,940 options remain outstanding as of March 31, 2013.

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 on the option.

Disclosures as required by Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are annexed to this Report.

MD&A AND CORPORATE GOVERNANCE

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

PUBLIC DEPOSITS

During FY13, 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.

FOREIGN EXCHANGE

The particulars regarding foreign exchange expenditure and earnings are furnished at Item Nos. 29 & 30 in the Notes forming part of the 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

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 Audits of all the units of the Company are regularly carried out to review the internal control systems.

absorption and other particulars as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998, are not applicable.

DIRECTORS

The Board, at its meeting held on October 26, 2012, appointed Mr. Joseph Dominic Silva, nominee of Sipadan Investments (Mauritius) Limited as an Additional Director in place of Mr. Abdul Rahim Abu Bakar. Upon the resignation of Mr. Abdul Rahim Abu Bakar on October 26, 2012, his Alternate Director Mr. Michael Fernandes also ceased to hold the position of Alternate Director with effect from October 26, 2012.

Ministry of Finance (MoF), Government of India nominated Ms. Snehlata Shrivastava, Additional Secretary, Department of Financial Services, MoF, as Director on the Board of IDFC in place of Mr. Sunil Soni (former Additional Secretary, Department of Financial Services, MoF). Accordingly, at the Board Meeting dated February 1, 2013, Ms. Snehlata Shrivastava was appointed as an Additional Director in place of Mr. Sunil Soni.

At the Board Meeting held on May 1, 2013, Mr. Deepak Parekh, the Founding Chairman of the Company resigned as the Non - executive Chairman of the Company. The Board accepted his resignation with deep regret. However, at the request of the Board, Mr. Parekh would remain associated with your Company in his new role as Chairman of IDFC's Advisory Council, a consultative body, comprising of 3-4 eminent persons, to be constituted by your Company in a few months.

The Nomination Committee of the Company, at its meeting held on May 1, 2013, recommended the appointment of:

Dr. Rajiv B. Lall as Executive Chairman of the Company, and Mr. Vikram Limaye as Managing Director & CEO of the Company, on the same terms and conditions as approved by Shareholders at the last AGM held on July 9, 2012.

The Compensation Committee of the Company, at its meeting held on May 1, 2013, also recommended the terms of appointment of Dr. Rajiv B. Lall and Mr. Vikram Limaye, to be the same as were approved by Shareholders at the AGM held on July 9, 2012.

Based on the recommendation of Nomination and Compensation Committees, and subject to the approval of the Members at the ensuing AGM, the Board of Directors at its meeting held on May 1, 2013, granted its approval for the appointment of Dr. Rajiv B. Lall as Executive Chairman and Mr. Vikram Limaye as Managing Director & CEO with effect from May 2, 2013 for a period of 3 years, other terms of their appointment being same as approved by Shareholders at the last AGM held on July 9, 2012. Both these appointments are subject to ratification by the Shareholders in the ensuing AGM, the resolutions for which have been included in the Notice.

Your Directors wish to place on record their appreciation for the valuable services rendered by all the outgoing Directors during their tenure as Directors of the Company.

Mr. Joseph Dominic Silva and Ms. Snehlata Shrivastava hold their respective offices as Additional Directors up to the date of the ensuing AGM.

The Company has received notices from Members of the Company under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Joseph Dominic Silva and Ms. Snehlata Shrivastava as Directors at the ensuing AGM.

Dr. Omkar Goswami and Mr. Shardul Shroff will retire by rotation and being eligible, offer themselves for re-appointment at the ensuing AGM.

The profiles of the above Directors are provided in the Notice convening the ensuing AGM.

The Board of Directors recommends appointment / re-appointment of all the above Directors at the ensuing AGM.

SHAREHOLDERS' UPDATE

PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS (NEDs)

The Company, at its 11th AGM held on July 18, 2008, had approved the payment of remuneration by way of commission or otherwise, not exceeding 1% of the Net Profits of the Company, to NEDs for the period of 5 years ended on March 31, 2013. It is proposed to seek the approval of the Shareholders by way of a Special Resolution at the ensuing AGM for continuing payment of commission to NEDs, other than Whole-time Directors, which shall not exceed 1% of the Net Profits of the Company as computed in the manner referred to in Sections 198, 349 and 350 of the Companies Act, 1956.

ADDITIONAL 2% ISSUANCE OF SHARES UNDER ESOS

It is proposed to set aside additional 2% shares for issuance under IDFC Employee Stock Option Scheme - 2007 ("ESOS-2007") of the issued Equity Share Capital of the Company, from time to time.

DECREASE IN LIMIT OF FOREIGN INSTITUTIONAL INVESTORS' (FIIs) HOLDING IN THE EQUITY SHARE CAPITAL FROM 74% TO 54%

The Board of Directors of your Company had decided at its Board Meeting held on June 18, 2013 to apply to RBI for a banking license pursuant to the guidelines for licensing of new banks in the Private Sector announced by RBI on February 22, 2013.

The said guidelines states that the eligible applicant entities/promoter groups in private sectors must be owned and controlled by residents i.e. the aggregate non-resident shareholding including through Foreign Direct Investment, Non-Resident Indians and FIIs shall not exceed 49% of the paid up Equity capital of the Company.

In view of the above provisions, it is proposed to seek the approval of the Shareholders by way of a Special Resolution at the ensuing AGM to authorise the Board to reduce the ceiling limit of foreign shareholding to 54% as and when the Board thinks it appropriate considering the extant foreign holding in the Company at that point of time. As and when RBI's in-principle approval for banking license is received, the Company will seek Shareholders' approval for further reducing the foreign shareholding ceiling limit to 49%.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, will retire as the Statutory Auditors of the Company at the ensuing AGM. The Members are requested to re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company for FY14 and to authorize the Board of Directors to fix their remuneration by way of Special Resolution as per Notice convening the AGM.

M/s. Deloitte Haskins & Sells, the retiring auditors, have confirmed that their re-appointment, if made, would be in conformity with the provisions of Sections 224 and 226 of the Companies Act, 1956 and also indicated their willingness to be re-appointed.

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 Audits of all the units of the Company are regularly carried out to review the Internal Control Systems. The Internal Audit Reports along with the recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board.

CONCURRENT AUDITORS

KPMG were appointed as Concurrent Auditors for the FY14 for systematic examination of all financial transactions of treasury department to ensure accuracy and compliance of internal systems and procedures as laid out by the Company.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend/interest/refund of applications which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend /interest/refund account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or IEPF after the said transfer.

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, an amount of ₹ 408,980 being the refund of the application money received by IDFC at the time of its Initial Public Offer (IPO) in July/ August, 2005 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the IEPF. Further, the unpaid dividend amount pertaining to the financial year 2005-06 will be transferred to IEPF during this year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended March 31, 2013;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

IDFC has developed close relationships with the Ministry of Finance, Banking Division, Department of Economic Affairs; Ministry of Surface Transport; National Highways Authority of India; Ministry of Power; Department of Telecommunications; Ministry of Petroleum; Ministry of Corporate Affairs and other Ministries of the Government of India involved with infrastructure development; Reserve Bank of India; National Stock Exchange of India Limited; BSE Limited; Securities and Exchange Board of India and other regulatory bodies; Telecom Regulatory Authority of India; the Central Electricity Regulatory Commission and State Electricity Regulatory Commissions; Planning Commission; State Governments and all IDFC's Shareholders and Bondholders. The Board of Directors would like to take this opportunity to express sincere thanks to all Banks and Financial Institutions for their continuous co-operation and support. The Directors express their appreciation for the good work and efforts put in by the employees at all levels of the Company.

For and on behalf of the Board

RAJIV B. LALL
Executive Chairman

Mumbai, July 1, 2013.

DISCLOSURE IN THE DIRECTORS' REPORT AS PER SEBI GUIDELINES

SR. NO.	PARTICULARS	FY13
1.	Options outstanding as at the beginning of the year	37,970,105
2.	Options granted during the year	883,000
3.	Pricing Formula	Options may be granted at a price not less than the face value per share. Options have been granted in the range of ₹ 129.70 to ₹ 174.00
4.	Options vested during the year	10,292,728
5.	Options exercised during the year	2,364,861
6.	Total no. of shares arising as a result of exercise of Options	2,364,861
7.	Options lapsed / cancelled	919,304
8.	Variation in terms of Options	None
9.	Money realised by exercise of Options (₹ in crore)	19.51
10.	Total number of Options in force	35,568,940
11.	Diluted Earnings Per Share pursuant to issue of shares on exercise of Options calculated in accordance with AS 20 'Earnings Per Share' (₹)	11.59

PROFORMA ADJUSTED NET INCOME AND EARNINGS PER SHARE

(₹ IN CRORE)

12.	**Net Income as Reported**	1,764.98
	Add: Intrinsic Value Compensation Cost	0.21
	Less: Fair Value Compensation Cost	40.95
	Adjusted Pro forma Net Income	1724.24
	Earning Per Share: Basic	
	As Reported (₹)	11.66
	Adjusted Pro forma (₹)	11.39
	Earning Per Share: Diluted	
	As Reported (₹)	11.59
	Adjusted Pro forma (₹)	11.32
13.	**Weighted average exercise price of Options granted during the year whose;**	
	(a) exercise price equals market price (₹)	144.99
	(b) exercise price is greater than market price	NA
	(c) exercise price is less than market price	NA
14.	**Weighted average fair value of Options granted during the year whose;**	
	(a) exercise price equals market price (₹)	50.69
	(b) exercise price is greater than market price	NA
	(c) exercise price is less than market price	NA
15.	**Description of method and significant assumptions used to estimate the fair value of Options**	The fair value of the Options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting has been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same have been detailed below:
	Variables	**Weighted average values for all grants made during the year**
	Stock Price (₹)	144.99
	Volatility	42.88%
	Risk-free Rate	8.05%
	Exercise Price (₹)	144.99
	Time to Maturity (Yrs.)	3.02
	Dividend yield	1.22%
	Weighted Average Value (₹)	**50.69**

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.
Volatility: The daily volatility of the stock prices on NSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.
Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero-coupon yield curve for Government Securities.
Exercise Price: Price of each specific grant has been considered.
Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.
Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the five financial years preceding the date of the grant.

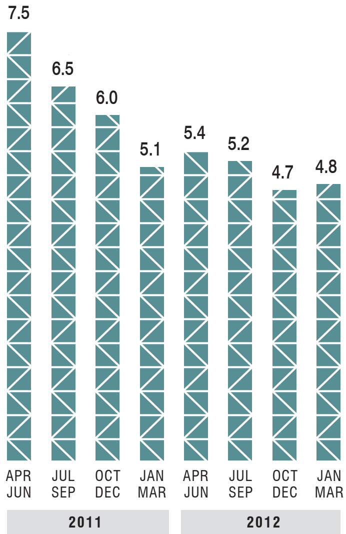
06

MANAGEMENT DISCUSSION & ANALYSIS

CHART A

INDIA'S REAL GDP GROWTH

%



SOURCE: GOVT. OF INDIA, CSO

The GDP growth figures released by the Central Statistical Organization (CSO) on May 31, 2013 are reflective of the difficult environment surrounding infrastructure development and gross fixed capital formation in the country. GDP growth has declined from 8.4% in FY11 to 5% in FY13. **Chart A** below plots the quarterly data over the last two fiscal years.

The infrastructure sector's performance is largely captured under two sectoral heads of India's national accounts. These are: (i) electricity, gas and water supply, and (ii) construction. In FY12, the former grew at 6.5% but declined to 4.2% in FY13 and the latter's growth has fallen from 5.6% in FY12 to 4.3% in FY13. Given the overall uncertainty and slow down in the economic environment, these two sectors have shown generally falling quarterly growth rates over the period, as depicted in **Chart B.**

Equally disturbing has been the decline in the rate of Gross Fixed Capital Formation (GFCF) as a share of GDP. As **Chart C** shows, this has fallen from 35.7% in April-June 2011 to 32.6% in January - March 2012. For India to grow consistently at 8% per year, the country's GFCF needs to be at somewhere between 37% to 39% of GDP.

The chapter on Review of Infrastructure in this annual report gives details of the performance of various sectors during the year which depicts a rather difficult environment. Here, we touch upon the key findings.

THE STATE OF INFRASTRUCTURE IN INDIA: A BRIEF REVIEW

ENERGY

The sector has been affected by the shortage of fuel—coal as well as gas—and rising losses of power distribution companies (discoms). Despite some efforts by the Government to address these issues, there has been no perceptible progress in implementing solutions. Consequently, there is low investor confidence in the sector, as seen in a marked slowdown in investments.

- The Plant Load Factor (PLF) of thermal power plants declined from 73% in FY12 to 70% in FY13, mostly on account of shortage of coal and gas.
- 21 power plants had less than a week of coal reserves at the end of FY13.
- Stranded capacity in power generation is a major concern—with 58 Billion Units (BU) of generation shortfall due to unavailability of gas, and 12 BU shortfall on account of coal.

A sign of the heightened risk perceptions of lenders to the roads sector has been the non-achievement of financial closure of several road projects and lenders raising the upfront equity requirement to 50% or higher in some cases. In the past, the equity requirement was usually in the range of 25% to 35%.

■ Limited gas supply. Versus a demand of 61 billion cubic meters (bm³) of natural gas, only 46 bm³ is being supplied—resulting in a drop in the PLF for gas plants from a poor 67% in FY12 to 43% in FY13.

■ Shortage of gas supply is responsible for 11,000MW of stranded capacity in new gas-based power plants. Even current capacities are facing trouble: gas based power plants of 2,000 MW capacity in Andhra Pradesh have stopped operations, and the 2,000 MW plant of the Ratnagiri Gas & Power Private Limited at Dabhol, Maharashtra, has suspended power generation.

■ The problems of discoms and their management showed up in the dramatic northern grid collapse which occurred twice in July 2012, and affected 20 states and 600 million consumers.

■ The financial losses of discoms have been on the rise—estimated at over ₹ 190,000 crore in FY12. There are, however, two pieces of good news. First, 16 State Electricity Boards (SEBs) have hiked tariffs in the last 12-18 months, though these may be insufficient to take care of the financial losses. Second, the Ministry of Power has come up with a Financial Restructuring Plan (FRP) under which state governments will take over 50% of the short-term liabilities and convert these to bonds. The remainder will be restructured by banks. FRP-based assistance will be granted on the condition that the discoms carry out operational and financial reforms including rationalising tariffs, balancing high tension and low tension loads, extending metering to all consumers, and curtailing unauthorised electricity consumption. The FRP has been adopted and implemented by eight states including Tamil Nadu, Andhra Pradesh, Uttar Pradesh, Haryana and Rajasthan, with combined losses of over ₹ 160,000 crore.

ROADS

■ FY13 continued to be challenging for the sector. Against a target of 20 km per day, the rate of construction of national highways fell from 16 km per day in FY12 to less than 12 km per day in FY13.

■ This drop was mainly due to lengthy land acquisition and environment clearance procedures, weakening financial health of most contractors, rising construction costs, and higher financing costs.

■ 1,460 km of highways under the National Highway Development Program (NHDP) were constructed in FY13.

■ Private participation in road development has also drastically slowed. In FY12, almost 8,000 km were awarded by the National Highways Authority of India (NHAI) under public-private-partnership (PPP) contracts. In FY13, against a target of 8,800 km, only 1,115 km of projects were actually awarded between April 2012 and March 2013.

■ Developers have been reluctant to bid for new projects because of execution challenges and their inability to raise equity.

■ A large number of projects awarded in FY12 and early FY13 did not achieve financial closure within the prescribed six-month time-frame. Several private road developers are facing financial difficulties on account of high leverage on parent balance sheets, high receivables, aggressive bids and high interest rates. Lenders have become extremely cautious about disbursing funds to projects which are yet to receive clearances and Right of Way. In some cases, lenders have held back on the final sanction where the Government has been unable to acquire land by the Appointed Date.

■ A sign of the heightened risk perceptions of lenders to the roads sector has been the non-achievement of financial closure of several road projects and lenders raising the upfront

CHART B

GROWTH OF TWO KEY INFRASTRUCTURE SECTORS

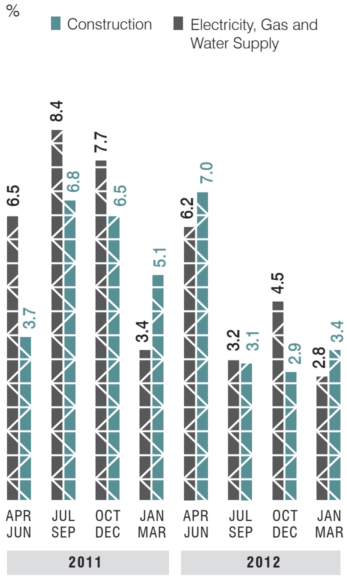
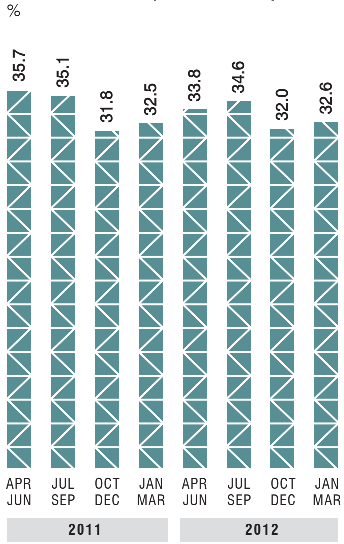


CHART C

GROSS FIXED CAPITAL FORMATION (% OF GDP)



B O X A

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

IN ₹ CRORE

	FY12	FY13	Change
BALANCE SHEET	61,003	71,059	▲ 16.48%
GROSS LOAN BOOK	48,887	56,595	▲ 15.77%
NET INTEREST INCOME (NII)	2,096	2,564	▲ 22.33%
NET INTEREST INCOME ON LOANS	1,880	2,365	▲ 25.80%

IN ₹

	FY12	FY13	Change
EPS - DILUTED	10.20	12.06	▲ 18.24%

IN ₹ CRORE

	FY12	FY13	Change
OPERATING INCOME	2,980	3,469	▲ 16.38%
PROFIT AFTER TAX (PAT)	1,554	1,836	▲ 18.15%
OPERATING EXPENSES	523	525	▲ 0.03%
AVERAGE ASSET UNDER MGMT.	36,678	38,969	▲ 6.25%

IN % VALUE

	FY12	FY13	Change
NET INTEREST MARGIN (NIM)	4.27%	4.15%	▼ 0.12%
CAPITAL ADEQUACY	20.79%	22.1%	▲ 1.31%
GROSS NON-PERFORMING LOANS	0.30%	0.15%	▼ 0.15%
NET NON-PERFORMING LOANS	0.15%	0.05%	▼ 0.10%
AVERAGE SPREAD	2.35%	2.46%	▲ 0.11%

equity requirement to 50% or higher in some cases. In the past, the equity requirement was usually in the range of 25% to 35%.

PORTS

■ Indian ports had raised total capacity to 1,227 million metric tons by the end FY13—a growth of 5% over the previous year.

■ While the optimal capacity utilisation of ports should be 70%, major ports face 90% capacity utilisation. This implies traffic congestion and high berth occupancy.

■ Consequently, efficiency is getting affected. The cargo turnaround time in major ports reached 4.15 days during the period April 2012 to September 2012.

■ PPPs within the ports sector are facing delays in obtaining security clearances, litigation during the tendering process, lack of supporting infrastructure at terminals (e.g. container freight stations) and difficulties with land acquisition.

■ Multiple port projects in Maharashtra, Tamil Nadu and Kerala have been terminated after unrealistically high bids were made by private firms leading to the cancellation of their Memorandums of Understanding (MoUs).

CIVIL AVIATION

■ This sector has been in turmoil throughout the year. The financial health of almost all domestic carriers remained poor, with some airlines facing insolvency.

■ Kingfisher Airlines' operator's permit was suspended during the year, after the airline failed to demonstrate viable financial plans for its recovery. Kingfisher's international bilateral traffic rights, which allowed it to fly to eight countries, were also suspended.

■ Most of the challenges in the industry are attributed to the overextension of working capital loans and increasing Aviation Turbine fuel (ATF) costs. To alleviate the latter, direct import of ATF has been allowed, which prevents carriers from paying sales tax currently levied by the states. Moreover, states are being encouraged to reduce the Value Added Tax (VAT) on the ATF, which currently ranges from 4% to 30%.

■ Privatisation of airports has been a growing trend over the last few years. Five major airports are already being operated through PPPs, viz. New Delhi, Mumbai, Bengaluru, Hyderabad and Kochi. The Government is in the process of developing few airports under PPP mode such as Goa, Navi Mumbai, Sindhudurg, Kannur, Durgapur, Gulbarga, Hassan, Sikkim, etc.

■ In a significant development, Government of India(GoI) has eased foreign investment norms in the aviation sector, by increasing FDI and Foreign Institutional Investment (FII) limits to 49%.

■ Malaysia-based AirAsia entered into a joint venture with Tata Sons and Telestra Tradeplace. This has been approved by the Ministry of Civil Aviation and the Foreign Investment Promotion Board, and the venture has been authorised to start operations in Tier II and Tier III cities in India by the end of the year. Other foreign carriers are working towards entering the

Indian domestic airline market as well. Etihad may conclude buying a stake in Jet Airways Limited, pursuant to the liberalized FDI Policy which permitted foreign investment in an Indian airline. The negotiations between the parties are expected to get finalized soon.

TELECOM

The sector has been growing rapidly over the past few years. However, in FY13, the reported wireless subscriber base fell between June 2012 and March 2013—from 934 million to 868 million.

■ Consequently, urban wireless teledensity dropped from 163% in March 2012, to 141% in March 2013. Rural wireless teledensity, however, grew from 38% to 40% during the same period. The active subscriber ratio for the industry consistently increased and reached 83% in March 2013.

■ Operators are increasingly weeding out inactive subscribers.

■ During the year, telecom operators raised tariffs, reduced promotional offers and free minutes, and focused on the non-voice revenue, especially data revenue.

■ While India continues to have the lowest Average Revenue Per User (ARPU) in the world, the trend of declining ARPU finally took a turn in FY13.

■ Most of the telecom operators have launched 3G services in the circles where they had won the spectrum in 2010. The off-take of these services was initially slow, but has recently picked up pace.

■ The sector has been tied up in litigation, following issuance of fresh licenses and the allocation of 2G spectrum to new players in 2008 at 2001 prices.

■ The Supreme Court had cancelled 122 telecom licenses allocated in January 2008, in its order of February 2012, and had directed GoI to conduct new auctions of GSM and CDMA spectrum before January 2013.

■ Based on the recommendations of the Telecom Regulatory Authority of India (TRAI), the Department of Telecommunications (DoT) fixed the reserve price for the proposed GSM auction at ₹ 18,000 crore for a 5 MHz slot on a pan-India basis. This was subsequently reduced by the Empowered Group of Ministers (EGoM) to ₹ 14,000 crore. GoI allowed telecom operators to make the payment for spectrum so won in the auctions over a period of 12 years, with one-third to be paid upfront and the remainder to be paid in annual instalments over a period of 10 years, after a two-year moratorium. The license fee was also reduced to 5% of Adjusted Gross Revenue (AGR).

■ Even so, the November 2012 auctions did not attract many bids. In four GSM circles i.e. Mumbai, Delhi, Karnataka and Rajasthan, no bids were made at all. No telecom operator participated in the CDMA auctions, which thus had to be cancelled.

■ In the meanwhile, the Supreme Court asked all telecom operators whose licenses were cancelled in February 2012, and who had not bid for fresh spectrum in November 2012 auctions, to shut down their operations in February 2013. As a result, Uninor had to stop operations in Mumbai.

■ GoI held follow-up spectrum auctions in March 2013, with reserve prices reduced by 30% for the GSM spectrum in the four circles which did not get any bid in November 2012, and the reserve prices for CDMA spectrum in all circles reduced by 50% compared to November 2012. However, none of the GSM operators participated, and the auctions for the 900 MHz and 1800 MHz spectrum band were cancelled. In CDMA, Sistema was the only participant and it won spectrum in eight circles.

The situation in FY13 can be summarised as very difficult and uncertain. Clearly, this was not an easy landscape for an organisation focused on infrastructure finance.

IDFC'S PERFORMANCE SUMMARY

In such a difficult environment, IDFC Limited ('IDFC' or 'the Company') has performed very creditably. **Box A** gives the facts.

IDFC'S KEY BUSINESSES

IDFC represents a portfolio of businesses which serves the needs of infrastructure companies in India. It is a conglomeration of 10 direct subsidiaries and 11 indirect subsidiaries. IDFC Foundation includes three Joint Ventures (JVs) and two trusts.

While the individual businesses each have their own financial deliverables, together they underpin IDFC's positioning as a 'complete solutions provider' in the infrastructure space. The different strategic Business Units (SBUs) are structured into four broad platforms: (i) Project Finance, Fixed Income and Treasury,

BOX B

PERFORMANCE OF PROJECT FINANCE FY13

GROSS APPROVALS under project finance in FY13 stood at ₹ 26,576 crore—which was a 17% decrease compared to FY12. This is not surprising given the infrastructure scenario mentioned earlier.

GROSS DISBURSEMENTS in FY13 were ₹ 17,696 crore, which showed a marginal decline of 4% versus the previous year. Corporate loans—to infrastructure corporates, as distinct from specific project loans—accounted for 39% of the disbursements, versus 15% in FY12.

THE NII of the project finance loan book in FY13 was ₹ 2,365 crore.

LOAN RELATED AND OTHER FEES grew by 53% to ₹ 190 crore in FY13.

LOAN PROVISIONS made in FY13 stood at ₹ 248 crore.

BOX C

PERFORMANCE OF FIXED INCOME AND TREASURY FY13

AVERAGE TREASURY ASSETS in FY13 were ₹ 9,376 crore—an increase of 20% over the previous year.

NII of the treasury business for FY13 was ₹ 199 crore.

TRADING PROFITS stood at ₹ 92 crore, which was substantially greater than the previous year. Fixed income and treasury fees in FY13 were ₹ 29 crore, or 22% lower than in FY12.

BOX D

PERFORMANCE OF INVESTMENT BANKING AND INSTITUTIONAL BROKING FY13

INVESTMENT BANKING income was ₹ 42 crore in FY13. Although this represented a 42% growth over FY12, it remains far lower than the business' peak income.

INSTITUTIONAL BROKING income was ₹ 36 crore during FY13—which was 13% lower than the previous year.

(ii) Investment Banking and Broking, (iii) Alternative Asset Management and (iv) Public Markets Asset Management. Through IDFC Foundation, the Company also does Policy Research and Advocacy, Capacity Building, Program support and Government advisory services and community engagement programs.

PROJECT FINANCE, FIXED INCOME AND TREASURY

PROJECT FINANCE

This forms the core of the Company's business. It evaluates various infrastructure projects of differing complexities and offers financing structures using various instruments. In doing so, it meets the debt requirements of key private sector infrastructure projects across India.

The key sectors addressed by the project finance business are: (i) energy, (ii) transportation, (iii) telecom, and (iv) others.

Energy

As mentioned earlier, the energy sector is going through difficulties: fuel shortages; high input prices; limited ability to pass on higher costs to consumers; delays in getting requisite permissions, especially those related to environment; rising finance costs and growing receivables from cash strapped State Electricity Boards (SEBs). In such an environment, gross approvals and disbursements were lower by 37% and 34% respectively in FY13.

Transportation

There was loan growth in this sector. While IDFC's approvals were only 1% higher than the previous year, there was a 46% increase in loan disbursements.

Telecom

Given the slowdown in the telecom industry, IDFC witnessed a fall in loan approvals by 33%. Disbursements, too, decreased marginally by 2%.

Others

Approvals in this category in FY13 amounted to ₹ 4,680 crore, representing increase of 73%. Disbursements were ₹ 2,468 crore, or a growth of 19%.

FIXED INCOME AND TREASURY

This business focuses on the fixed income market. It comprises: (i) the treasury business, which relates to active management of liquidity and investment in debt instruments; and (ii) the debt capital markets business, which focuses on advising clients on raising debt funds and helps them mobilise debt capital from the market. In FY13, IDFC set up IDFC Primary Dealership Company Limited. It is registered as an NBFC with RBI and trades in Government Debt Securities and Corporate Bonds. The primary dealership license from RBI is expected in this fiscal year.

INVESTMENT BANKING AND INSTITUTIONAL BROKING

IDFC's investment banking business comprises of (i) advisory / capital raising services, and (ii) institutional equity broking. IDFC Capital Limited deals with the former, and provides a range of advisory services like private equity syndication, IPOs, QIPs, project advisory and M&A services. IDFC Securities focuses on the latter. Its institutional broking business is based on research-led investment ideas. It has a global client base of institutional investors and caters to a wide variety of investors including pension funds, long-only funds, hedge funds, mutual funds, banks, insurance companies as well as portfolio management firms.

Despite the ability to offer investment banking and institutional brokerage services to global and Indian clients, the challenging market conditions through FY13 led to muted performance in this SBU.

ALTERNATIVE ASSET MANAGEMENT

IDFC Alternatives involves managing third party funds across three broad asset classes:

a. Private Equity, which focuses on providing growth equity capital with the objective of creating value through capital appreciation.
b. Project Equity / Infrastructure Equity, which offers equity capital to greenfield, brownfield and completed core infrastructure projects, to create value by regular cash yields and capital appreciation.
c. Real Estate, a recent addition, where Alternatives has put a team in place to acquire and manage yield generating real estate assets.

The business of IDFC Alternatives involves:

- mobilising funds from large global and domestic institutional investors for investment in each of the three asset classes;
- monitoring and adding value to the portfolio of investments; and
- exiting investments to generate returns for its investors.

For the Company, IDFC Alternatives generates returns through three distinct streams of revenue: (i) asset management fees, (ii) investment returns on the Company's contribution to funds managed by IDFC Alternatives and (iii) the Company's share of carry income generated by the funds managed by IDFC Alternatives.

PUBLIC MARKETS ASSET MANAGEMENT

This primarily comprises IDFC's mutual funds business, which is operated through IDFC Asset Management Company Limited (IDFC AMC), wherein IDFC holds 75% stake and the balance stake of 25% is held by Natixis Global Asset Management (NGAM), an international asset management group based out of France. IDFC AMC manages different mutual fund products for institutional and retail investors. Income is generated through asset management fees and focus is on growing the AUMs by offering suitable products and channelising retail and corporate savings into India's debt and equity markets.

IDFC Investment Advisors Limited is registered as a Portfolio Manager with SEBI and carries out Portfolio Management Services (PMS) for two funds IDFC Spice Fund and IDFC Hybrid Fund and other PMS schemes.

IDFC FOUNDATION

IDFC Foundation (or 'the Foundation') which became fully operational in FY12, was engaged in three key activities during FY13:

- Policy research and advocacy
- Capacity building
- Program Management

In addition, it also continued to provide oversight to the operations of its joint ventures with the various state governments.

In FY13 the Foundation received the approval of the Income Tax authorities for exemption from payment of tax on the income earned from its activities under Section 12AA of the Income Tax Act, 1961 ("the I.T. Act") and tax emption to donors for contributions made to the Foundation under Section 80G of the I.T. Act. The Board of the Foundation, comprising senior executives of IDFC and an independent Chairman, met six times during the year to review the progress achieved in its core areas of engagement and also to consider the strategic direction for the Foundation.

POLICY RESEARCH & ADVOCACY

The focus areas of engagement for the Foundation's policy research and advocacy work during FY13 were as follows:

- social infrastructure such as education and healthcare;
- urbanisation challenges;
- rural transformation.

The annual India Infrastructure Report - 2012 (IIR) was on Private Sector in Education. It was released in February 2013 by the Minister of State for Human Resources & Development and has received positive responses from a range of stakeholders across the country. To further socialize the policy research and strengthen our advocacy, the Foundation launched 'In Our Hands' – an initiative to engage and encourage university to voice their opinions around the key theme covered by the IIR. This was done through a series of essay competitions, quizzes and debates etc. The campaign was well received and we will scale up the event each year to build a wider national presence. Our ambition is to reach a million students in 5 years.

In addition to the IIR, the Foundation continued its work of publishing quarterly research notes on affordable rental housing, intermediate public transport for an urbanising India and a water-led transformation of a village. It also collaborated with the Indian Institute of Human Settlements on an urban morphology study to develop an understanding of the determinants of urban form and in turn, the consequences of the spatial patterns. These have received positive responses from a wide range of stakeholders.

The Foundation was commissioned by the Ministry of Rural Development (MoRD) to bring out a publication titled "The India Rural Development Report". IDFC Foundation has set up a Rural Development Network which includes the Centre for Economic and Social Studies, Hyderabad (CESS), the Institute of Rural Management, Anand (IRMA), and

BOX E

PERFORMANCE OF IDFC ALTERNATIVES FY13

AVERAGE ASSETS UNDER MANAGEMENT (AUM) in FY13 were ₹ 8,387 crore. This was made up of: (i) ₹ 4,550 crore in Private Equity, and (ii) ₹ 3,837 crore in Project Equity.

FOR IDFC, the business earned ₹ 114 crore as asset management fees. In addition, ₹ 24 crore was earned as principal gains and carry.

To socialize the policy research and changes advocated under the aegis of the IIR, the Foundation also undertook a campaign titled 'In Our Hands'. The initiative sought to engage university students in 5 cities, encouraging them to voice their opinions on some of the key themes covered by the IIR through a series of essay competitions, quizzes and debates. The campaign was well received by the participating students and university authorities.

the Indira Gandhi Institute of Development Research, Mumbai (IGIDR). The draft report which provides a comprehensive analysis of various aspects of rural development and Government schemes and advocates policy changes, was reviewed by an Advisory Council chaired by Mr. Mihir Shah, Member, Planning Commission. It has been well received.

IDFC Foundation also provided inputs to various ministries and departments of the Government through the representation on various committees such as the National Transport Policy Development Committee and the High Level Committee for Financing of Infrastructure. The Energy Advisory Board of the Foundation was invited to present to the Parliamentary Standing Committee on Coal and Steel on issues in the Mines and Minerals Bill which have serious implications for the power sector.

CAPACITY BUILDING INITIATIVES

IDFC Foundation continued to implement the National PPP Capacity Building Program (NPCBP) as the executing agency for the Department of Economic Affairs (DEA), Ministry of Finance, Government of India (GoI).

In FY13, the last of the Training of Trainers (ToT) programs was conducted for 36 trainers from7 states. Till date, a national cadre of 146 trainers across 15 states and 2 Central institutions has been developed through 9 ToT programs held over an 18-month period. The program entered its second year of rollout across 14 states and two central training institutions including the Lal Bahadur Shastri National Academy of Administration, Mussoorie (LBSNAA).

The Foundation directly led training programs on project development for PPPs for railway officials at the National Academy of Indian Railways (formerly Railway Staff College), Vadodara and a workshop on procurement for senior officials of the Government of Meghalaya as part of the Meghalaya basin development program. In all, during FY13, a total of 2132 officials were trained in the area of PPPs in 74 programs.

In its role as a Regional Capacity Building Hub for the Ministry of Urban Development (MoUD) to train elected representatives and municipal officials under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for cities in three regions of the country, the Foundation and its partners organised 26 programs for a total of 864 officials and Elected representatives. The program has been extended through FY14.

IDFC Foundation also entered into a long term capacity building engagement for the Audit and Accounts Service with the office of the Comptroller and Auditor General (CAG) to train 30 select senior officials on PPP projects. IDFC Foundation continued its initiative of capacity building for third world countries by training 78 officials from various infrastructure related agencies in Nigeria at the request of the Infrastructure Concession Regulatory Commission of Nigeria. We also along with together Africa Finance Corporation, assisted the Central Bank of Nigeria in drafting the national policy for infrastructure financing in Nigeria.

PROGRAM MANAGEMENT

During FY13, the Foundation shifted its focus from discrete advisory services assignments to larger scale program management interventions that will result in a greater impact. Currently, the Foundation is actively engaged in four interventions.

IDFC Foundation signed an agreement with the Government of Meghalaya to

B O X F

PERFORMANCE OF IDFC AMC FY13

AVERAGE ASSETS UNDER MANAGEMENT (AUM) in FY13 were ₹ 30,928 crore, which represented a 9% growth compared with the previous year.

THE RATIO OF DEBT AND EQUITY funds in the AUM was 80% and 20% respectively.

IDFC AMC IS RANKED 9TH among the public markets AMCs in India, with a market share of 4%—up from 3.8% in FY12.

THE BUSINESS EARNED Asset Management Fees of ₹ 180 crore in FY13.

provide program management support for its Integrated Basin Development Livelihood Promotion Program. The objective of this program is to generate/enhance livelihoods around the natural resources of the state with a significant water management intervention. It is expected that 15,000 SMRs (small/medium reservoirs) would be constructed over the next five years and 100,000 enterprises would be created. The Foundation has helped to prepare the strategic action plan for the program and further, is advising the Government on specific pilot interventions in renewable energy (7 sites), development of rural markets (6 locations) and local area development (3 villages). We are also training officials of the Meghalaya Basin Development Authority (MBDA), in various aspects of project identification, preparation and implementation.

The Foundation has continued its engagement with Masoom, signed in FY12 to to help build an ecosystem for night schools in Mumbai. In FY13 the focus has been on codifying learnings from existing schools and finalizing a model that can be replicated and scaled rapidly. Through a series of interventions, the Foundation has created Version 1 of an effective night school management system that covers - improving content design and delivery, engaging parents, teacher training, streamlining attendance, leveraging alumni for reinforcing impact and engaging the local community, to increase impact and create a path to sustainability. Based on the work done in FY13, we expect to double the number of night schools in FY14 to 30 (from 15) and increase student enrolment to 2400 students from the current 1467.

Through FY13 our engagement with SNEHA is in two areas - first in improving Maternal & Neonatal health (MNH) services delivered through the public health systems in Greater Mumbai and the second in piloting interventions to improve financial sustainability of SNEHA centres. The MNH program delivery is built around three pillars – a) mobilizing the public health system starting with the tertiary hospitals at the Municipal level through a sustained campaign of engaging the municipal health chain through presentations and advocacy b) activating primary maternal and neonatal healthcare at the Heath Posts through a combination of training and mobilization of the community serviced by the Health Post and finally c) building and institutionalizing the referral links in each of the four municipal corporation hospitals to ensure that appropriate and effective interventions are made, based on the medical severity. This intervention is progressing as per plan and we expect to significantly impact the public delivery of MNH over a 3-year period. The second intervention has been dropped after extensive testing and piloting.

Under a MoC signed with the Delhi Urban Shelter Improvement Board (DUSIB), IDFC Foundation is providing program support services for the “in-situ” re-development of slum clusters and implementation of Rajiv Awas Yojna in Delhi. A pilot project involving in-situ re-development that would benefit 550 households is currently being developed for implementation under a Public Private Partnership (PPP) structure. Based on the outcome of the pilot project, redevelopment work of other slum clusters could also be undertaken through PPPs.

STRATEGIC FOCUS AREAS

During the year, the Board of Directors undertook a strategic review of the Foundation and decided to focus the Foundation more sharply on the emerging areas of infrastructure development, without losing sight of the historical focus on the traditional areas of infrastructure. Going forward, the Foundation would therefore realign to a sector-based approach that would allow for greater meshing of the various elements of research and programs, and give more coherence in advocacy. The Foundation will have four verticals i.e. Social Infrastructure, Urbanisation, Private Participation in Infrastructure (the three operations verticals) and Philanthropic Grants.

CARBON FOOTPRINT

Carbon footprint is a measure of the impact that any organisation’s activities have on the environment and in particular, climate change. It is expressed in tonnes of carbon dioxide (CO_2) emitted equivalent (tCO_2e) and is reported under three categories:

SCOPE 1 Emissions from company owned or operated GHG sources

SCOPE 2 Emissions from assets owned by others but energy is bought by the company

SCOPE 3 Emissions other than Scope 2 that are a consequence of an organisation’s activities, but arise from greenhouse gas sources controlled by other organisations (non mandatory reporting). IDFC is committed to building a sustainable future, and, therefore, is focused on reducing the carbon intensity of its operations. It will use ratios (tCO_2e/ Operating Income & tCO_2e / PAT) to measure the incremental emissions for every rupee of revenue generated and profit respectively, and will endeavour in increasing its resource use efficiency in each succeeding year.

We have been assessing our carbon footprint from our operations since 2011 with the aim of becoming a carbon neutral organization in future. IDFC’s Carbon footprint assessment for FY13 has been done as per ISO-14064 standards and verified by the British Standards Institution (BSI), India. The carbon footprint for IDFC in FY13 is as given in the Table.

The reduction in carbon footprint is due to energy conservation measures that have been undertaken at our various office premises. This includes use of double glazed windows, use of recycled material, green IT, use of renewable source of energy etc.

The carbon footprint for IDFC in FY13

	FY13	FY12	% REDUCTION
Total tCO_2e	10,114	7,808	▼ 22.80%
Total tCO_2e / op income (in ₹ crore)	3.394	2.251	▼ 33.67%
Total tCO_2e / PAT (in ₹ crore)	6.508	4.252	▼ 34.67%

1 IDFC's Consolidated Balance Sheet* ₹ CRORE

AS ON MARCH 31	2013	2012
Net Worth	13,683	12,285
Borrowings	54,227	46,435
Other Liabilities & Provisions	3,149	2,283
TOTAL LIABILITIES	**71,059**	**61,003**
Net Loan Book	55,736	48,185
Gross Loan Book	*56,595*	*48,887*
Less Provisions	*859*	*702*
Treasury[1]	9,219	6,612
Consolidated Equity[1,2]	3,124	2,993
Other Assets	2,980	3,213
TOTAL ASSETS	**71,059**	**61,003**

Notes: 1: Net of provisions. 2: Goodwill on consolidation as on March 31, 2013 was ₹ 957 crore.

2 Consolidated Profit and Loss* ₹ CRORE

	FY13	FY12	GROWTH
NET INTEREST INCOME (NII)	**2,564**	**2,097**	**22.3%**
Loans	2,365	1,880	25.8%
Treasury	199	217	-7.9%
NON-INTEREST INCOME	**883**	**861**	**2.7%**
Principal Gains	187	350	-46.6%
Asset Management	310	281	10.3%
Mutual Fund	*180*	*122*	47.5%
Alternatives	*130*	*159*	-18.2%
Investment Banking and Broking	78	54	44.4%
Fixed Income Fees & Trading Gains	119	52	128.8%
Loan Related Fees	189	124	52.4%
Other Income	22	23	-4.3%
OPERATING INCOME	**3,469**	**2,981**	**16.4%**
OPERATING EXPENSES	**525**	**523**	**0.4%**
HR	299	315	-5.1%
Non-HR	226	208	8.7%
Provisions	350	285	22.8%
Loans	*206*	*186*	10.8%
Investments	*144*	*99*	45.5%
PROFITS BEFORE TAX (PBT)	**2,594**	**2,173**	**19.4%**
Tax and Minority Interests	758	619	22.4%
PROFITS AFTER TAX (PAT)	**1,836**	**1,554**	**18.1%**

* Extracted from the Management Accounts

CONSOLIDATED FINANCIALS

GROWTH IN THE LOAN BOOK AND PAT

The last five years has witnessed substantial growth in IDFC's loan book and PAT. **Charts D and E** plot the data.

CONSOLIDATED BALANCE SHEET

IDFC's consolidated balance sheet is given in **Table 1**. The headline items are:

- The balance sheet grew by 16% from ₹ 61,003 crore as on March 31, 2012 to ₹ 71,059 crore on March 31, 2013.
- Over the same period, the gross loan book increased by 16% from ₹ 48,887 crore to ₹ 56,595 crore.

BORROWING AND LOAN BOOK PROFILE

Chart F gives the borrowing profile of IDFC as on March 31, 2013, while **Chart G** gives the loan book profile.

STATEMENT OF PROFIT AND LOSS

Table 2 gives the consolidated profit and loss account for IDFC.

KEY RATIOS

Table 3 gives the key ratios, calculated over a rolling over 12-month period.

FUNDING AND BALANCE SHEET MANAGEMENT

IDFC continued to diversify its funding sources through raising funds from both domestic and international markets.

Fund raising in the domestic market was predominantly through issue of bonds, debentures and term loans. Funds from overseas investors were raised through foreign currency loans which are fully hedged. IDFC's sources of funds are well diversified. Overseas investors contribute 23% to its borrowings whereas banks, pension and provident funds and insurance companies contribute 15-20% each. The focused diversification efforts have translated into a large institutional investor base with almost thousand provident fund investors. Chart F depicts the borrowing profile of the Company as on March 31, 2013.

The Honourable Finance Minister in his address during global road shows in 2013 highlighted that IDFC was the second highest private sector issuer of domestic debt and was the fifth highest overall.

IDFC has utilised the External Commercial Borrowing (ECB) channel to raise funds from various sources. In FY13 IDFC's ECB of US$ 525 million were the largest in a single year.

- This included US$ 250 million long term line of credit from Overseas Private Investment Corporation (OPIC) – the US government's Development Finance Institution.
- During the year, IDFC also contracted the first Australian dollar (AUD) denominated loan from an international bank.
- IDFC Bonds are rated 'LAAA' by ICRA and 'AAA(Ind)' by India Ratings (erstwhile Fitch), and its bond issuances achieve benchmark pricing among private sector bond issues.
- IDFC continues to enjoy an international issuer default rating of 'BBB-' from Fitch and Standard & Poor's in line with the sovereign rating.
- The Company has been actively managing its asset-liability position to take care of interest rate and currency risks. As on March 31, 2013, the adjusted asset duration was 1.8 years, while the adjusted liability duration was 1.7 years—ensuring minimal gap between the duration of its assets and liabilities. IDFC has been using interest rate swaps, forwards and currency swaps to manage its interest rate and currency risks.

RISK MANAGEMENT

IDFC has a robust risk management practice that enables the Company to take appropriate levels of risk in its businesses and to manage and mitigate such risks.

In terms of the management structure, the Risk Management Group is headed by the Chief Risk Officer (CRO). IDFC has a comprehensive Enterprise Risk Management (ERM) framework which has been adopted across all entities in the group and covers all four types of risks—credit, market, liquidity and operational risks.

The Credit Risk Group independently evaluates all proposals with a view to estimating risks, mitigation for each of these risks and the appropriate pricing of risk. After approval of terms and conditions and credit rating from the Credit Risk Group, each proposal is considered by a Decision Board, which comprises members of the Senior Management, before being recommended for final sanction by the Credit Committee and, where applicable the Executive Committee of the Board of Directors.

The Portfolio Management Group monitors the performance and compliance of covenants of all assets. The Credit and Portfolio groups conduct comprehensive reviews of all project assets and equity investments of the Company on a regular basis. The portfolio risk report is regularly presented to a Portfolio Review Committee consisting of senior management. The Committee reviews and discusses all assets with significant risks and also deliberates on the prevailing sector-specific and systematic risks in the business environment. In addition, re-rating of the entire portfolio is done on an annual basis and presented to the Risk Committee of the Board of Directors.

The CRO presents a risk review report to the Risk Committee of the Board of Directors on a quarterly basis. This encompasses all significant aspects of the risks in the Company, as well as the mitigating measures.

FY13, like the earlier year, witnessed major challenges related to projects in various sectors, especially power. These have been discussed earlier and in the Review of Infrastructure in this Annual Report. Because of these challenges, IDFC has consciously adopted a cautious approach in evaluating the feasibility of fresh proposals as well as the risk levels of existing exposures in its loan book.

The overall level of credit risk in the portfolio of loans was largely maintained during the year. This was on account of active risk monitoring, and continuous oversight of the portfolio. Thus, despite challenges, the risks in the portfolio have been maintained within manageable levels.

The Market Risk group monitors the risks on account of interest rate, liquidity, currency, and equity price in the trading books. Several applications and models are used to support the continuous monitoring of such risks. The tools, models and underlying risk factors are reviewed periodically to enhance the effectiveness of regular monitoring of these risks.

CHART D

GROWTH OF IDFC'S LOAN BOOK

₹ crore

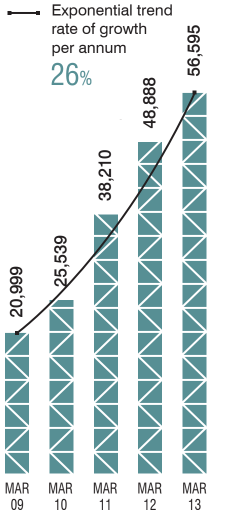
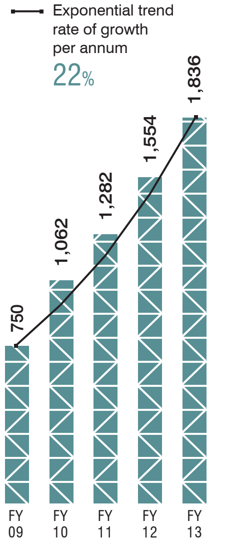


CHART E

IDFC'S PAT

₹ Crore



The Market Risk group also supports the Asset-Liability Management (ALM) function. The Asset Liability Management Committee (ALCO) supervises the ALM process and reviews the asset liability mismatch reports on a regular basis. The ALCO deliberates on the external business environment and the internal business and risk parameters, with a view to managing the risks across the balance sheet. The ALM reports are also presented to the Board of Directors on a semi-annual basis.

The Operational Risk Management group is engaged in a continuous collection and assimilation of data related to operational risk. Such inputs are regularly analysed to highlight any critical risks and to engage with the concerned business units to effectively mitigate these risks. The operational risk at the enterprise wide level is overseen by a Group Operational Risk Committee (GORC).

IDFC puts special emphasis on environment risk, which is evaluated by a dedicated environment risk group and incorporated in the assessment of each proposal. An Environment Risk Officer is specially engaged in assessing and monitoring environment risks of each project before and after the sanction of any loan.

IDFC continues to be a signatory to global initiatives on Environment, Social and Governance (ESG) issues such as the Carbon Disclosure Project (www.cdproject.net), the United Nations Global Compact (www.unglobalcompact.org) and the UN-sponsored Principles for Responsible Investment (www.unpri.org). IDFC is one of the stocks listed on the National Stock Exchange that is included in the S&P ESG India Index—whose objective is to give investors exposure to 50 of the best performing stocks in the Indian market as measured on ESG parameters.

IDFC has become the first financial institution from India to sign up to the Equator Principles (EP). EP is a credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions, where total project capital costs exceed US$ 10 million. EPs are based on the International Finance Corporation Performance Standards on social and environmental sustainability and on the World Bank Group Environmental, Health and Safety Guidelines.

HUMAN RESOURCES

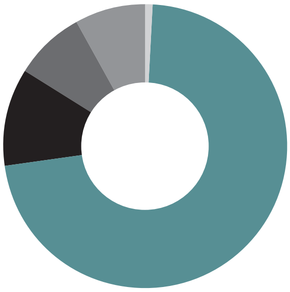
The Company has continued with its focus on the key elements of building a strong 'One Firm' that is aligned around a shared purpose and culture and to develop a leadership bench for the enterprise.

ONE FIRM

For the third year in a row, IDFC's score on the scale designed by Meaning Inc. remains in the global top quartile—demonstrating the Company's ability to be a top performer in creating a workplace where employees are

CHART F

BORROWING PROFILE FY13



- 72% 38,821 Long Term Bonds
- 11% 6,160 Foreign Currency Debt
- 8% 4,527 Long Term Loans
- 8% 4,069 Short Term Loans
- 1% 650 Subordinate Debt

CHART G

LOAN BOOK PROFILE FY13

- 41% Energy
- 25% Transport
- 23% Telecom
- 11% Others

3 Key Ratios ROLLING OVER 12-MONTH PERIOD

	FY13	FY12
NII/Operating Income	74%	70%
Non-interest Income/Operating Income	26%	29%
HR/Operating Income	9%	11%
COST/INCOME	**15%**	**18%**
RETURN ON ASSETS	**2.8%**	**2.9%**
RETURN ON EQUITY (ROE)	**14%**	**13%**
Leverage (Closing)	5.2 x	5.0 x
Loan Loss Reserve Ratio*	1.7%	1.5%
Gross NPL	0.15%	0.30%
Net NPL	0.05%	0.15%
AVERAGE SPREADS	**2.5%**	**2.3%**
NIM	**4.1%**	**4.3%**

*Standard Assets Provision / Standard Assets fully engaged and have a strong alignment with the purpose of the firm.

IDFC has continued to invest in building a culturally coherent organisation. In FY13, the focus has been on improving partnership, and the Company has rolled out a series of interventions that focus on improving collaboration across the firm. Key interventions in FY13 have been:

- Client centricity: This is a revised framework to drive origination teams across Project Finance, Fixed Income and Treasury, and Investment Banking to focus on client wallets rather than product revenue streams. This has required some re-skilling. Benefits of the approach are beginning to show in improved communication and collaboration across teams resulting in better client engagement.
- Combined all third party private fund management activities under IDFC Alternatives. This allows IDFC to leverage talent more effectively within the group; demonstrates the platform's strength for fund raising; and positions IDFC among the largest private third party fund managers in India. In doing so, IDFC has been able to streamline management and operating processes across the various fund categories, thus improving operational efficiency within this group.
- With these two initiatives having been completed during the year, IDFC is now a more streamlined firm with three specific client revenue streams: (i) lending and fee based revenues from corporates, (ii) private fund management, and (iii) public markets asset management—all of which are supported through a common shared services framework.
- The One Firm approach has created significant operating leverage efficiencies. Since its launch in FY10, revenue per employee has increased from ₹ 7.02 crore to ₹ 13.9 crore in FY13; and PAT per employee over the same period has risen from ₹ 1.83 crore to ₹ 3.13 crore. Over the same period, IDFC's HR cost to income has decreased from 14.6% to 8.6% in FY13.

STRENGTHENING LEADERSHIP

In addition to the 'IDFC Partners' programme—a small cohesive group that collectively ensures that the Company meets its short and medium term goals as well as its longer term strategic objectives, there were a number of initiatives launched during FY13 which should significantly enhance the leadership and managerial capabilities.

IDFC has, for instance, initiated intensive coaching interventions at the senior-most levels in the Company while continuing with the IDFC Senior Leaders Programme for its key managers. These two interventions are contributing to improve leadership capability at the Senior Management Level of IDFC. In addition, employees at the mid-management level have gone through the IDFC Mid-Management programme.

As on March 31, 2013, the total headcount of IDFC as a consolidated entity was 586.

The focus on strengthening leadership in order to be future ready was further embedded through a unique Integrated Coaching Program (ICP). The Integrated Coaching Program is based on development needs customized to each individual and peer coaching. This intervention was led by Operations Committee members and coaches from YSC. ICP is a time and space intervention where a group of 4 peers was formed and 7-8 sessions over a period of 9 months were held to achieve the development goal. ICP not only led to customized leadership development, it also formed the basis of deepened Partnership within the group and has been an intervention which can be scaled across the organization. Through the ICP, we have also shifted the ownership of development agenda to each individual, while the Firm provides for all the requisite resources and tools.

Attributes for an IDFC leader continue to be assessed through 270 Feedback. In FY13 based on the 270 Feedback, a 3 way development dialogue with the manager and HR was conducted to identify key development needs. The identified development needs also was part of the yearly goals for senior employees.

In addition to the above, promotion into senior grades is also based on leadership potential, culture alignment and stakeholder feedback. Leadership potential is assessed independently based on factors which are key to becoming a leader in IDFC.

INFORMATION TECHNOLOGY (IT)

IDFC recognizes the power of technology to facilitate and enable businesses and continues to lay emphasis on better automation and systems to further our business operations. This year the processes around IDFC's core

BOX G

INCOME STATEMENT HIGHLIGHTS FY13

OPERATING INCOME increased by 16.4% from ₹ 2,981 crore in FY12 to ₹ 3,469 crore in FY13.

NET INTEREST INCOME (NII) grew by 22.3% to ₹ 2,564 crore in FY13.

NON-INTEREST INCOME rose by 2.7% to ₹ 883 crore.

OPERATING EXPENSES remained more or less flat, rising marginally by 0.4% to ₹ 525 crore. This was a key achievement—and showed yet again the Company's ability to keep a tight control on costs in a difficult year.

PROVISIONS increased by 22.8% to ₹ 350 crore.

PBT INCREASED by 19.4% to ₹ 2,594 crore.

PAT INCREASED by 18.1% to ₹ 1,836 crore.

EARNINGS PER SHARE, EPS (diluted) increased from ₹ 10.20 in FY12 to ₹ 12.06 in FY13.

In addition to the 'IDFC Partners' programme—a small cohesive group that collectively ensures that the Company meets its short and medium term goals as well as its strategic longer term objectives, there were a number of initiatives launched during FY13 which should significantly enhance the leadership and managerial capabilities.

project finance operations were re-engineered and it was technology enabled by redesigning the bespoke application for IDFC's core activities. This software application called V-Smart is a significant achievement that was developed by the internal team with the active engagement and collaboration of a multifunctional team drawn from all concerned departments. On a consistent basis, IDFC keeps upgrading its applications to meet the changing business requirements and also to stay current with the technology platforms. The in-house developed CRM software has been scaled up to ensure that business gets one view of the client and to focus on client centricity. Core accounting, treasury, dealing backoffice, procurement software, underwent considerable change and upgrade. Additionally, this year, some new software was developed and rolled out to automate routine activities like travel, meeting room bookings, audit tracking, etc. Mechanisms to ensure that all applications are well supported and user needs are addressed in time, were also strengthened.

Corresponding enhancements were also made on IDFC's hardware and networks and IDFC managed to provide high levels of uptime on all its services. Upgrading IDFC's video conferencing systems has resulted in significantly higher usage of the facility, thereby bringing down costs.

IDFC Mutual Fund business saw a few innovative technology solutions which resulted in an improved website and better operations. The IT team also introduced many automation initiatives that supported sales, operations and reporting.

This year IDFC took its Tiering initiative further and implemented 'concurrent maintainability' features over our data centre facilities which culminated in IDFC getting the 'Tier III Facility' Certification. This makes our data centre the FIRST enterprise Data Centre to achieve the Tier III Facility certification in India and gives an assurance of high uptime to all the users in IDFC.

IDFC continued to retain its ISO 27001 certification by successful completion of the surveillance audits. IT processes were reviewed and more processes have been aligned to global best practice standards of CoBIT. IDFC is also in the process of implementing newer IT energy efficiency initiatives with granular monitoring, with a view to make it cost effective.

IDFC continues to recognize the importance of Information Security and accordingly ensures that adequate awareness is created through various internal programs.

IDFC also received the 'Green Crusader Awards 2012' from CIO magazine and the EDGE (Enterprises Driving Growth and Excellence using IT) Award from Information Week magazine for its various green initiatives and on datacenter tiering.

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.

Internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. These controls 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.

OUTLOOK

The economic situation continues to remain difficult. There seems little to suggest that governance at the level of the centre and the states of India will improve sufficiently to re-create a beneficial investment climate that can spur green field infrastructure asset creation in the near term. While there have been initiatives in FY13 to resolve the many uncertainties, most of these have not yet been operationalised for their positive effects to start showing.

The Company believes that the infrastructure sectors will remain challenged through much, if not most or all of FY14. It is, therefore, planning for even greater operational efficiencies for what might be the third consecutive year of a difficult macro environment. As an entity incorporated in India whose growth has everything to do with that of the nation's physical infrastructure, IDFC hopes that growth will regain traction across all key sectors. However, until some signs of such growth become visible, IDFC is constrained to being cautious and restrained especially for FY14. Diversification beyond core infrastructure is becoming a strategic priority for IDFC.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include unavailability of finance at competitive rates—global or domestic or both, reduction in number of viable infrastructure projects, significant changes in political and economic environment in India or financial markets domestically or abroad, tax laws, litigation, exchange rate fluctuations, interest and other costs.

AWARDS & RECOGNITION

IDFC
BEST NBFC FOR INFRASTRUCTURE FINANCING
CNBC-TV18's India Best Bank and Financial Institution Awards 2012 honored the ability of the financial bodies to manage risk, retain strong fundamentals, create wealth and their contribution in heightening India Inc. presence on the global stage.

IDFC
RANKED 11TH GLOBALLY IN LEAGUE TABLES FOR BOOKRUNNER FOR PROJECT LOANS
Ranked 11th globally and 6th in the Asia Pacific region(including Japan and Australia) by **Thomson-Reuters** in the league tables for bookrunner for project loans for the first half of 2012.

IDFC Annual Report
SILVER SHIELD FOR EXCELLENCE IN FINANCIAL REPORTING UNDER THE CATEGORY IV: FINANCIAL SERVICES SECTOR
by the **Institute of Chartered Accountants of India**

IDFC Legal Team
IN-HOUSE TEAM OF THE YEAR-PROJECT FINANCE
by the **International Financial Law Review**

Vikram Limaye
IPE BFSI LEADER AWARD
by **Banking Financial Services & Insurance**

IDFC Central Data Center
TIER III FACILITIES CERTIFICATION
by the **Uptime Institute, USA**

IDFC
EDGE AWARD
by **Information Week, IT magazine & UBM India**

IDFC Securities Limited
BEST EMPLOYER BRAND
by **Banking Financial Services & Insurance**

Nikhil Vora
BEST ANALYST IN INDIA
in **Asiamoney's Brokers Poll 2012**

IDFC Mutual Fund Website
GOLD AWARD UNDER THE GENERAL WEBSITE CATEGORIES: FINANCIAL SERVICES
at the **7th Annual W3 Awards**

Rajeev Uberoi
GENERAL COUNSEL OF THE YEAR AWARD
at the **Legal Counsel Congress India Awards**

07

CORPORATE GOVERNANCE REPORT

IDFC's 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 inherent to IDFC's pursuit of delivering value to all its stakeholders on a sustainable basis. Good Corporate Governance is intrinsic to the management of the affairs of the Company

IDFC Limited ('IDFC' or the Company) is fundamentally a financial intermediary. The business focuses on maximising return on assets, while managing the inherent risks. 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 emphasises 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 effectively meet the challenges of rapid growth in a dynamic external business environment. Governance practices not only deal with the growing size of the business, but also the increase in complexities of the organisational structure that supports such growth.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement with the Stock Exchanges. As a Company which believes in implementing Corporate Governance practices that go beyond just meeting the letter of law, IDFC has not only adopted practices mandated in Clause 49, but also incorporated the relevant non-mandatory recommendations.

This chapter, read with the chapters on Management Discussion & Analysis and Additional Shareholder Information, reports IDFC's compliance with Clause 49.

BOARD OF DIRECTORS

COMPOSITION

As on March 31, 2013, IDFC's Board consisted of 12 Directors, comprising (i) a Non-promoter Non-executive Chairman, (ii) seven Independent Directors, (iii) one Nominee Director of an institution which has invested in the Company, (iv) one Nominee Director of the Government of India, and (v) two Whole-time Directors.

At the Board Meeting held on May 1, 2013, Mr. Deepak Parekh stepped down as a Director and the Non-executive Chairman of the Company. At the same Meeting, Dr. Rajiv B. Lall was appointed as the Executive Chairman of the Company and Mr. Vikram Limaye was appointed as the Managing Director & CEO.

The Directors bring to the Board a wide range of experience and skills which include banking, global finance, law, accounting and economics. None of the directors of the Company are related to each other.

As per the extant provisions of Clause 49, where the Chairman is an Executive Chairman, at least half of the Board should be Independent. The Chairman of the Company is an Executive Chairman and majority of the Board of Directors are Independent Directors. Thus, the composition of the Board of Directors of the Company is as stipulated in Clause 49. The details of the Committees of the Board of Directors are provided hereunder.

The Directors are in a fiduciary position and are empowered to oversee the management functions to ensure that these are effective and enhance Shareholder value. The Board's mandate is to oversee the Company's strategic direction, review corporate performance, assess the adequacy of risk management and mitigation measures, authorize and monitor strategic investments, ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders.

01 Composition of the Board of Directors for FY13

NAME OF THE DIRECTOR	POSITION	NO. OF MEETINGS HELD IN FY13	NO. OF MEETINGS ATTENDED IN FY13	WHETHER ATTENDED LAST AGM ON JULY 9, 2012	NO. OF DIRECTORSHIPS OF OTHER PUBLIC COMPANIES*	NUMBER OF COMMITTEES (10)	
						MEMBER	CHAIRPERSON
Mr. Deepak Parekh (1)	Non-executive Chairman	6	6	YES	8	3	2
Dr. Rajiv B. Lall (2)	Vice Chairman & Managing Director	6	6	YES	7	2	NIL
Mr. Vikram Limaye (3)	Deputy Managing Director	6	6	YES	10	NIL	NIL
Mr. Bimal Julka (4)	Nominee of Ministry of Finance, GoI, Non-executive	1	NIL	NA	NA	NA	NA
Mr. Sunil Soni (5)	Nominee of Ministry of Finance, GoI, Non-executive	4	2	NO	2	NIL	NIL
Ms. Snehlata Shrivastava (6)	Nominee of Ministry of Finance, GoI, Non-executive	2	NIL	NA	2	2	NIL
Mr. Abdul Rahim Abu Bakar (7)	Nominee of Domestic and Foreign Institutional Shareholders, Non-executive	4	2	Attended through Alternate Director (11)	NA	NA	NA
Mr. Joseph Dominic Silva (8)	Nominee of Domestic and Foreign Institutional Shareholders, Non-executive	3	1	NA	NIL	NIL	NIL
Mr. S. S. Kohli (9)	Independent Director	6	6	YES	11	2	5
Mr. Donald Peck	Independent Director	6	4	YES	NIL	NIL	NIL
Mr. S. H. Khan	Independent Director	6	6	YES	6	5	2
Mr. Shardul Shroff	Independent Director	6	3	NO	6	1	NIL
Mr. Gautam Kaji	Independent Director	6	5	NO	1	NIL	NIL
Dr. Omkar Goswami	Independent Director	6	5	YES	10	4	4
Ms. Marianne Økland	Independent Director	6	6	YES	NIL	NIL	NIL

*Excluding Directorship in Foreign Companies, Private Limited Companies, Companies under Section 25 of the Companies Act, 1956 and Companies in which the Directors hold office as an Alternate Director.

(1) Ceased to be a Director & Non – Executive Chairman w.e.f. May 1, 2013. (2) Re-designated as Executive Chairman w.e.f. May 2, 2013 (3) Re-designated as Managing Director & CEO w.e.f. May 2, 2013 (4) Ceased to be a Director w.e.f. May 8, 2012. (5) Appointed as an Additional Director w.e.f. May 8, 2012 and ceased to be the Director w.e.f. February 1, 2013. (6) Appointed as an Additional Director w.e.f. February 1, 2013. (7) Ceased to be a Director w.e.f. October 26, 2012 (8) Appointed as an Additional Director w.e.f. October 26, 2012 (9) Confirmed as an Independent Director at the AGM held on July 9, 2012 (10) Only Audit Committee and Investors Grievance Committee of other public companies. (11) One Board Meeting and AGM were attended by Mr. Michael Fernandes, Alternate Director to Mr. Abdul Rahim Abu Bakar.

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 Annual General Meeting (AGM) of the Shareholders. Additional meetings are held whenever necessary.

The Company Secretary in consultation with the Chairman, prepares the Agenda and the explanatory notes and circulates these 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, the Company does make use of its video conferencing facility, when necessary, to enable larger participation of Directors in the meetings.

Senior Management members are invited to attend the Board Meetings, to make presentations and provide additional inputs to the items under discussion. The minutes of each Board / Committee meeting are recorded in the Minutes Book. The minutes of the Board meetings of unlisted subsidiary companies of IDFC are tabled at the Board Meetings. A statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board

During FY13, the Board met six times and the gap between any two meetings was less than four months. The dates of the meetings were May 8, 2012; July 9, 2012; August 14, 2012; October 26, 2012; February 1, 2013 and March 14, 2013.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

None of the Directors holds an office of Director in more than permissible number of Companies under the Companies Act, 1956. Also, the Committee Chairmanships and Memberships are within the limits laid down in Clause 49 of the Listing Agreement.

Table 1 gives details of other Directorships and Memberships of Committees. All Directors inform the Board every year about the Board memberships and Board Committee memberships that they occupy in other companies including Chairmanships in Board and Committees of such companies. Any change in the above as and when that take place is notified by the Directors and placed as a disclosure at the next Board Meeting.

INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information about the Company. Moreover, the following information, whenever it occurs, is regularly provided to the Board as a part of the agenda papers well in advance of the Board Meetings or, when considered appropriate, tabled in the course of the meeting:

- Annual operating plans and budgets and updates thereof.
- Capital budgets and updates thereof.
- Quarterly results of the Company, its operating divisions and business segments.
- Minutes of the meetings of the Audit and other Committees of the Board.
- Minutes of the Board meetings of subsidiary companies.
- Information on terms of appointment of the Executive Directors (EDs), the Chief Financial Officer (CFO) and Company Secretary. The terms of appointment of the CFO are also considered by the Audit Committee of the Company.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Any material default in financial obligations to and by the Company, or substantial non-payment for services rendered by the Company, if any.
- Details of any joint venture or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant developments in human resources and employee relations.
- Sale of a material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if and where material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, if any.

The Board periodically reviews compliance reports of all laws applicable to IDFC, as

02 Attendance details of Audit Committee Meetings for FY13

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. H. Khan	Independent Director	Chairman	6	6
Mr. Gautam Kaji	Independent Director	Member	6	6
Mr. Shardul Shroff	Independent Director	Member	6	4
Dr. Omkar Goswami	Independent Director	Member	6	4
Ms. Marianne Økland	Independent Director	Member	6	6

prepared by the Company, as well as steps taken to rectify instances of non-compliances, if these exist.

CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all Board Members and designated Senior Management Personnel of the Company. The Code is available on the website of the Company: www.idfc.com All Board members and designated Senior Management Personnel have affirmed their compliance with the Code. A duly signed declaration to this effect signed by the CEO is enclosed at the end of the chapter on Additional Shareholder Information.

COMMITTEES OF THE BOARD

Currently, IDFC has six (6) Board-level Committees. These are (i) the Audit Committee, (ii) the Compensation Committee, (iii) the Risk Committee, (iv) the Nomination Committee, (v) the Investors Grievance Committee and (vi) the Executive Committee. These Committees are formed to delegate particular matters that require greater and more focused attention. The Committees prepare the groundwork for decision making and recommend their views to the Board. Majority of the members of the Committee consist of Independent Directors.

All decisions pertaining to the constitution of committees, appointment of members in different committees and fixing of terms of reference for the committees are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during FY13 and the attendance, are provided herein after.

A | AUDIT COMMITTEE

As on March 31, 2013, the Audit Committee comprised five members, all of whom are Independent Directors. The Committee met six times during FY13: on May 8, 2012, August 14, 2012, October 10, 2012, October 26, 2012, January 31, 2013 and March 14, 2013. The time gap between any two meetings was less than four months. Attendance details of the Audit Committee Meetings are given in **Table 2.**

The CFO and the representative of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee meetings. Mr. Mahendra N. Shah, Company Secretary of IDFC, is the secretary to the Committee. The quorum of the meeting is three members.

All members of the Audit Committee are financially literate and have accounting and financial management expertise. Mr. S. H. Khan, Chairman of the Audit Committee, was present at the Company's previous AGM held on July 9, 2012.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Approving appointment of the CFO after assessing the qualifications, experience and background, etc. of the candidate.
- Approving payment to statutory auditors for statutory audits and any other services rendered by them.

■ Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:

a. matters required to be included in the Directors Responsibility Statement and in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.

b. changes, if any, in accounting policies and practices and reasons for the same.

c. major accounting entries involving estimates based on the exercise of judgment by Management.

d. significant adjustments made in the financial statements arising out of audit findings, if any.

e. compliance with listing and other legal requirements relating to financial statements.

f. disclosure of related party transactions, where these exist.

g. qualifications in the draft audit report, if any.

■ Reviewing, with Management, the quarterly financial statements before submission to the Board for approval.

■ Reviewing, with Management, performance of statutory and internal auditors, adequacy of the internal control systems.

■ Reviewing the adequacy of internal audit function, including coverage and frequency of internal audits.

■ Discussing with the internal auditor any significant findings and follow-up thereof.

■ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting such matters to the Board.

■ Discussing with statutory auditors regarding the nature and scope of their audit, going forward, as well as post-audit discussions to ascertain any area of concern.

■ Examining the reasons for any substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors, if any.

■ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

03 Attendance details of Compensation Committee Meetings for FY 13

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Dr. Omkar Goswami	Independent Director	Chairman	1	1
Mr. S. H. Khan	Independent Director	Member	1	1
Mr. S. S. Kohli	Independent Director	Member	1	1
Mr. Shardul Shroff	Independent Director	Member	1	NIL
Mr. Donald Peck	Independent Director	Member	1	1

The Audit Committee is empowered to:

■ investigate any activity within its terms of reference and seek any information it requires from any employee;

■ obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

IDFC has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

■ statement of significant related party transactions, (as defined by the Audit Committee), submitted by Management;

■ Management letters / letters of internal control weaknesses issued by the statutory auditors;

■ Internal audit reports relating to internal control weaknesses;

■ the appointment, removal and terms of remuneration of the internal auditor;

■ whenever applicable, the use / application of funds raised through public issues, rights issues, preferential issues by major category, as part of the quarterly and annual declaration of financial results;

■ if applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document / prospectus / notice.

■ the Management Discussion & Analysis of the financial condition and results of operations;

In addition, the Audit Committee also reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.

The Audit Committee is also appraised on information with regard to related party transactions by being presented:

■ a statement in summary form of transactions with related parties in the ordinary course of business;

■ details of materially significant individual transactions with related parties which are not in the normal course of business;

■ details of material 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.

The minutes of the Audit Committee are circulated to the Members of the Board and are taken note of.

At the meeting of the Board of Directors held on May 1, 2013, the Audit Committee was reconstituted by inducting Ms. Snehlata Shrivastava as a Member. The revised constitution of the Audit Committee is as under:

Mr. S. H. Khan (Chairman)
Mr. Shardul Shroff
Dr. Omkar Goswami
Mr. Gautam Kaji
Ms. Marianne Økland
Ms. Snehlata Shrivastava

B | COMPENSATION COMMITTEE

As of March 31, 2013, the Compensation Committee of IDFC comprised five Directors, none of whom is an executive of the Company. The Committee met on May 8, 2012. Dr. Omkar Goswami, the Chairman of the Compensation Committee, was present at the AGM held on July 9, 2012. Attendance details of the Compensation Committee Meetings are given in **Table 3.**

The Compensation Committee recommends to the Board, the compensation terms of Executive Directors (EDs) and key Senior Managerial Personnel (SMP) one level below the Board. It has the overall responsibility of approving and evaluating compensation plans, policies and programmes for EDs and SMPs.

The Company pays remuneration to EDs by way of salary, perquisites and retirement benefits (fixed component) and a variable component based on the recommendation of the Compensation Committee and approval of the Board and the Shareholders of the Company, which is separately disclosed in the financial statements. The remuneration paid to EDs is determined keeping in view the industry benchmark and the relative performance of the Company vis-à-vis industry performance. The minutes of the Compensation Committee are reviewed by the Board.

The Non-executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. IDFC pays sitting fees of ₹ 20,000 per meeting attended of the Board and the Committees. The Commission is paid as per the limit approved by the Shareholders of the Company at 11th AGM held on July 18, 2008 for a period of five years ended on March 31, 2013, of a sum not exceeding 1% of the net profits of IDFC Limited (computed in accordance with Section 309 (5) of the Companies Act, 1956). The Commission is distributed on the basis of attendance and contribution at the Board and Committee Meetings as well as Chairmanship of Committees.

For FY13, IDFC would be paying a sum of ₹ 12,000,000 as commission to its NEDs. The aggregate amount so payable was arrived at according to the following **criteria** described below.

Table 4 gives the details of the remuneration paid to the directors (Executive and Non- Executive) of IDFC.

During FY13, the Company did not advance loans to any of its Directors. None of the Directors is entitled to severance fee and none of the NEDs hold any stock options as at March 31, 2013. The notice period for the Executive Chairman, Dr. Rajiv B. Lall and Managing Director & CEO, Mr. Vikram Limaye, is three months. None of the employees of the Company are related to any of the Directors. There are no inter-se relationships between Board members.

Criteria

Fixed remuneration for Member of the Board	₹ 7,00,000 per annum
Chairman of the Board	An additional ₹ 7,00,000 per annum
Chairman of the Audit Committee	An additional ₹ 2,00,000 per annum
Members of the Audit Committee	An additional ₹ 1,00,000 per annum
Chairman of other Committees of the Board	₹ 1,00,000 per annum
Members of such other Committees	₹ 50,000 per annum
Variable remuneration	Upto ₹ 300,000 per annum, which is paid to the Directors depending on their attendance at the Board meetings either in person or through video conference.

C | RISK COMMITTEE

IDFC has in place mechanisms to inform the Board Members about the risk assessment and minimisation procedures and periodical

04 Details of the Remuneration paid to Directors

AMOUNT IN ₹

NAME OF THE DIRECTOR	SITTING FEES	SALARY AND PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	PERFORMANCE LINKED INCENTIVE	COMMISSION AND OTHERS	TOTAL
Mr. Deepak Parekh	540,000	-	-	-	2,350,000	2,890,000
Dr. Rajiv B. Lall (1)	-	24,569,837	1,402,771	32,500,000	-	58,472,608
Mr. Vikram Limaye (1)	-	20,533,500	1,280,766	27,500,000	-	49,314,266
Mr. Donald Peck	160,000	-	-	-	970,000	1,130,000
Mr. S. H. Khan	520,000	-	-	-	1,450,000	1,970,000
Mr. Shardul Shroff	180,000	-	-	-	1,190,000	1,370,000
Mr. Gautam Kaji	320,000	-	-	-	1,130,000	1,450,000
Dr. Omkar Goswami	300,000	-	-	-	1,340,000	1,640,000
Mr. S. S. Kohli	260,000	-	-	-	1,100,000	1,360,000
Ms. Marianne Økland	320,000	-	-	-	605,000	925,000
Mr. Abdul Rahim Abu Bakar (2)	40,000	-	-	-	940,000	980,000
Mr. Joseph Dominic Silva (3)	20,000	-	-	-	-	20,000
Mr. Sunil Soni (4)	-	-	-	-	-	-
Ms. Snehlata Shrivastava (5)	-	-	-	-	-	-

(1) During the year, no stock options were granted to Dr. Rajiv B. Lall and Mr. Vikram Limaye. (2) Ceased to be a Director w.e.f. October 26, 2012. (3) Appointed as an Additional Director w.e.f. October 26, 2012.(4) Ceased to be a Director w.e.f. February 1, 2013. (5) Appointed as an Additional Director w.e.f. February 1, 2013.

05 Attendance details of Risk Committee Meetings for FY13

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Gautam Kaji	Independent Director	Chairman	4	4
Mr. Shardul Shroff	Independent Director	Member	4	2
Mr. S. H. Khan	Independent Director	Member	4	4
Dr. Rajiv B. Lall	Vice Chairman & Managing Director	Member	4	4
Ms. Marianne Økland	Independent Director	Member	4	4

review to ensure that Executive Management controls risk by means of a properly defined framework. It is a Board-level Risk Committee and it monitors risk management of the Company on a regular basis. The Chairman of the Committee, Mr. Gautam Kaji, reports its findings/observations to the Board. It reviews and monitors mainly four types of risks across the organisation: credit risk, market risk, liquidity risk and operational risk. This is done under the overall framework of the Enterprise Risk Management System.

The quorum for any meeting of this Committee is three. The Committee met four times during the year under review: on May 8, 2012, August 14, 2012, October 26, 2012 and January 31, 2013. Attendance details of Risk Committee Meetings are given in **Table 5.**

At the meeting of the Board of Directors held on May 1, 2013, the Risk Committee was reconstituted by inducting Mr. Vikram Limaye as a Member. The revised constitution of the Risk Committee is:

Mr. Gautam Kaji (Chairman)
Mr. S. H. Khan
Mr. Shardul Shroff
Dr. Rajiv B. Lall
Ms. Marianne Økland
Mr. Vikram Limaye

06 Attendance details of Nomination Committee Meetings for FY13

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Deepak Parekh	Non-executive Chairman	Chairman	1	1
Mr. Gautam Kaji	Independent Director	Member	1	1
Mr. Donald Peck	Independent Director	Member	1	1
Dr. Omkar Goswami	Independent Director	Member	1	1

07 Attendance details of Investors Grievance Committee Meetings for FY13

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. H. Khan	Independent Director	Chairman	4	4
Dr. Omkar Goswami	Independent Director	Member	4	2
Dr. Rajiv B. Lall	Vice Chairman & Managing Director	Member	4	4
Mr. Deepak Parekh	Non-executive Chairman	Member	4	3

D | THE NOMINATION COMMITTEE

The Nomination Committee assists the Board in identifying, screening and reviewing individuals qualified to serve as EDs, NEDs and Independent Directors consistent with the criteria approved by the Board. It also works with the Board for orderly succession of leadership within the Board and the Company. The Committee met on May 8, 2012. Attendance details of Nomination Committee Meetings are given in **Table 6.**

Consequent upon Mr. Deepak Parekh ceasing to be the Director of the Company, the Nomination Committee was reconstituted on May 1, 2013 and now comprises the following members:

Dr. Rajiv B. Lall (Chairman)
Mr. Gautam Kaji
Mr. Donald Peck
Dr. Omkar Goswami

E | INVESTORS GRIEVANCE COMMITTEE

As of March 31, 2013, the Investors Grievance Committee consists of four Directors, two of whom are Independent. Mr. S. H. Khan, the Chairman of the Committee is an Independent Director and was present at the AGM held on July 9, 2012. The Committee met four times during the year: on May 8, 2012, August 14, 2012, October 26, 2012 and January 31, 2013.

7A Nature of complaints received and attended during FY13 for Equity Shares

NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2012	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2013
1. Transfer / Transmission / Duplicate	NIL	NIL	NIL	NIL
2. Non-receipt of Dividend	NIL	424	424	NIL
3. Dematerialisation /Rematerialisation of shares	NIL	NIL	NIL	NIL
4. Complaints received from:				
▸ SEBI	NIL	21	21	NIL
▸ Stock Exchanges	NIL	4	4	NIL
▸ Registrar of Companies/ Department of Company Affairs	NIL	NIL	NIL	NIL
5. Legal	NIL	NIL	NIL	NIL
6. Non-receipt of Refund order	NIL	1	1	NIL
7. Non-receipt of Electronic Credits	NIL	4	4	NIL
8. Non-receipt of Annual Reports	NIL	20	20	NIL
9. Status of Application	NIL	NIL	NIL	NIL
10. Non-receipt of Securities	NIL	NIL	NIL	NIL

7B Nature of complaints received and attended during FY13 for Infrastructure Bonds

NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2012	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2013
1. Transfer / Transmission/Duplicate	NIL	NIL	NIL	NIL
2. Non-receipt of Interest	NIL	4,758	4,758	NIL
3. Dematerialisation /Rematerialisation of Bonds	NIL	NIL	NIL	NIL
4. Complaints received from:				
▸ SEBI	NIL	103	103	NIL
▸ Stock Exchanges	NIL	1	1	NIL
▸ Registrar of Companies/ Department of Company Affairs	NIL	NIL	NIL	NIL
5. Legal	NIL	NIL	NIL	NIL
6. Non-receipt of Refund order	NIL	390	390	NIL
7. Non-receipt of Electronic Credits	NIL	308	308	NIL
8. Non-receipt of Bond Certificates	NIL	27,901	27,901	NIL
9. Status of Application	NIL	1,353	1,353	NIL

Attendance details of Investors Grievance Committee Meetings are given in **Table 7.**

The Committee is empowered to perform the functions of the Board in relation to handling of Shareholders' complaints and grievances. It primarily focuses on:

a. Review of investor complaints and their redressal.
b. Review of queries received from investors.
c. Review of work done by the share transfer agent.
d. Review of corporate actions related to investor issues.

Mr. Mahendra N. Shah, the Company Secretary officiates as the Secretary of the Committee and is also designated as Compliance Officer in terms of the Listing Agreement with the Stock Exchanges. Details of queries and grievances received and attended by the Company during FY13 for Equity Shares and Infrastructure Bonds are given in **Tables 7A and 7B.**

Consequent upon Mr. Deepak Parekh ceasing to be the Director of the Company, the Investors Grievance Committee was reconstituted on May 1, 2013 and the Committee now comprises the following members:

Mr. S. H. Khan (Chairman)
Dr. Omkar Goswami
Dr. Rajiv B. Lall
Mr. Vikram Limaye

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NEDs

As on March 31, 2013, none of the NEDs held any shares or convertible instruments of the Company.

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The Board, at its meeting held on October 26, 2012, appointed Mr. Joseph Dominic Silva, nominee of Sipadan Investments (Mauritius) Limited, as an Additional Director in place of Mr. Abdul Rahim Abu Bakar. Upon the resignation of Mr. Abdul Rahim Abu Bakar on October 26, 2012, his Alternate Director Mr. Michael Fernandes also ceased to hold the position of Alternate Director with effect from October 26, 2012.

Ministry of Finance (MoF), Government of India nominated Ms. Snehlata Shrivastava, Additional Secretary, Department of Financial Services, MoF, as Director on the Board of IDFC in place of Mr. Sunil Soni (former Additional Secretary, Department of Financial Services, MoF). Accordingly, at the Board Meeting dated February 1, 2013, Ms. Snehlata Shrivastava was appointed as an Additional Director in place of Mr. Sunil Soni.

At the Board Meeting held on May 1, 2013, Mr. Deepak Parekh resigned as the Non - executive Chairman of the Company. Mr. Parekh would, however, remain associated with your Company in his new role as Chairman of IDFC's Advisory Council, a consultative body, comprising of 3-4 eminent persons, to be constituted by the Company in few months.

The Nomination Committee of the Company, at its meeting held on May 1, 2013, recommended the appointment of:

- Dr. Rajiv B. Lall as Executive Chairman of the Company, and
- Mr. Vikram Limaye as Managing Director & CEO of the Company,

w.e.f. May 2, 2013 for a period of 3 years on the same terms and conditions as approved by Shareholders at the last AGM held on July 9, 2012.

The Compensation Committee of the Company, at its meeting held on May 1, 2013, also recommended the terms of appointment of Dr. Rajiv B. Lall and Mr. Vikram Limaye, to be the same as were approved by Shareholders at the AGM held on July 9, 2012.

Based on the recommendation of Nomination and Compensation Committees, and subject to the approval of the Members at the ensuing AGM, the Board of Directors at its meeting held on May 1, 2013, granted its approval for the appointment of Dr. Rajiv B. Lall as Executive Chairman and Mr. Vikram Limaye as Managing Director & CEO with effect from May 2, 2013 for a period of 3 years; on the same terms and conditions as approved by Shareholders at the last AGM held on July 9, 2012.

Dr. Omkar Goswami and Mr. Shardul Shroff are retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing AGM.

Brief resume of the Directors getting appointed or re-appointed are given in the Exhibit to Notice of the AGM.

MANAGEMENT

MANAGEMENT DISCUSSION & ANALYSIS

The Annual Report has a separate chapter titled Management Discussion & Analysis.

DISCLOSURES

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions are included in the Notes to the Accounts.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The Company has complied with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, as amended, in preparation of its financial statements.

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 the SEBI or any statutory authority on any matter related to capital market during the last three years.

CODE FOR PREVENTION OF INSIDER TRADING

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct for its Management and staff. It lays down guidelines which advises employees on procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautions them of the consequences of violations.

ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

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

SUBSIDIARY COMPANIES

Clause 49 defines a material non-listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, IDFC does not have any material non-listed Indian subsidiary.

CEO AND CFO CERTIFICATION

The CEO and CFO certification of the financial statements for FY13 is enclosed at the end of the chapter on Additional Shareholder Information.

SHAREHOLDERS

MEANS OF COMMUNICATION WITH SHAREHOLDERS

As per Clause 54 of the Listing Agreement, IDFC maintains a website (www.idfc.com) containing basic information about the Company, such as details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials who are responsible for assisting and handling investor grievances. It also displays all official press releases and presentation to analysts made by the Company. Information on this website is regularly updated.

08 Annual / Extra-Ordinary General Meetings

FINANCIAL YEAR	CATEGORY	LOCATION OF THE MEETING	DATE	TIME
FY10	AGM	Tapovan Hall , Chetpet, Chennai	June 28, 2010	2.30 p.m.
FY11	AGM	Tapovan Hall , Chetpet, Chennai	July 27, 2011	2.00 p.m.
FY12	AGM	The Music Academy, New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai	July 9, 2012	11.00 a.m.

As per Clause 52 of the Listing Agreement, information about the financial results, shareholding pattern and other specified details are now electronically filed through the Corporate Filing & Dissemination System (CFDS). Investors can visit the website www.corpfilling.co.in to view such data. NSE and BSE have introduced their respective electronic platforms namely NSE Electronic Application Processing System (NEAPS) and BSE Corporate Listing Centre - Online Portal for submission of various filings by Listed Companies. The Company ensures that the said compliances are also done/ filed through these systems in addition to dissemination of information by email or fax.

The quarterly, half-yearly and annual results of the Company's performance are published in leading newspapers like the Business Standard for all-India, Hindu Business Line, and Makkal Kural in Chennai and also displayed on the website of the Company.

ALTERATION OF ARTICLES OF ASSOCIATION AND CHANGE OF NAME

The Shareholders of the Company at the AGM held on July 9, 2012 had approved the change of name of the Company to IDFC Limited. Pursuant to this, the Registrar of Companies in its letter dated July 20, 2012 had approved the new name i.e. IDFC Limited.

09 Compliance with the Listing Agreement

PARTICULARS	CLAUSE OF LISTING AGREEMENT	COMPLIANCE STATUS
I BOARD OF DIRECTORS	49 (I)	Compliant
A. Composition of Board	49(IA)	Compliant
B. Non-executive Directors Compensation & Disclosures	49 (IB)	Compliant
C. Other provisions as to Board and Committees	49 (IC)	Compliant
D. Code of Conduct	49 (ID)	Compliant
II AUDIT COMMITTEE	49 (II)	Compliant
A. Qualified & Independent Audit Committee	49 (IIA)	Compliant
B. Meeting of Audit Committee	49 (IIB)	Compliant
C. Powers of Audit Committee	49 (IIC)	Compliant
D. Role of Audit Committee	49 II(D)	Compliant
E. Review of Information by Audit Committee	49 (IIE)	Compliant
III SUBSIDIARY COMPANIES	49 (III)	Compliant
IV DISCLOSURES	49 (IV)	Compliant
A. Basis of related party transactions	49 (IV A)	Compliant
B. Disclosure of Accounting Treatment	49 (IV B)	Compliant
C. Board Disclosures	49 (IV C)	Compliant
D. Proceeds from public, rights, preference issues etc	49 (IV D)	Compliant
E. Remuneration of Directors	49 (IV E)	Compliant
F. Management	49 (IV F)	Compliant
G. Shareholders	49 (IV G)	Compliant
V CEO/CFO CERTIFICATION	49 (V)	Compliant
VI REPORT ON CORPORATE GOVERNANCE	49 (VI)	Compliant
VII COMPLIANCE	49 (VII)	Compliant

SPECIAL RESOLUTIONS SOUGHT TO BE PASSED AT THE ENSUING AGM

The Company seeks the approval of the Members of the Company by way of Special Resolution in respect of the following proposals: (i) decreasing the limit of FII holding and SEBI approved sub-accounts in the Equity Share Capital from 74% to 54% at an appropriate time as may be decided by the Board, (ii) additional 2% Equity Shares under ESOS, (iii) approval for payment of Commission to NEDs not exceeding 1% of the Net Profit of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 for a period of 5 years from April 1, 2013 to March 31, 2018.

Detailed explanatory notes in respect of the above items form a part of the Notice of the Sixteenth AGM.

ANNUAL AND EXTRA-ORDINARY GENERAL MEETING OF SHAREHOLDERS

Table 8 gives the details of the last three financial years.

The following Special Resolutions were taken up in the last three AGMs and were passed with requisite majority.

AGM held on June 28, 2010: (i) Appointment of Statutory Auditors; and (ii) Raising of capital.

AGM held on July 27, 2011: (i) Appointment of Statutory Auditors.

AGM held on July 9, 2012: (i) Appointment of Statutory Auditors; (ii) Change of name of the Company; and (iii) Alteration of Articles of Association of the Company.

POSTAL BALLOT

During the year FY13, there were no ordinary or Special Resolutions that were required to be passed by our Shareholders through Postal Ballot. During FY14, the Company may pass Special Resolution through Postal Ballot, as and when required, pursuant to the applicable rules pertaining to the same.

COMPLIANCE

STATUS OF COMPLIANCE WITH THE LISTING AGREEMENT

Table 9 gives the data. As is evident, IDFC is fully compliant.

ADOPTION OF NON-MANDATORY REQUIREMENTS

A | REMUNERATION COMMITTEE

The Board has put in place a duly constituted Compensation Committee. Details of the Committee have been provided earlier in this chapter.

B | AUDIT QUALIFICATIONS

During the period under review, there is no audit qualification in the Company's financial statements. Your Company continues to adopt best practices to ensure regime of unqualified financial statements.

C | WHISTLE BLOWER POLICY

The Company promotes ethical behaviour in all its business activities and has also put in place a mechanism wherein the employees are free to report concerns about unethical behaviour, actual or suspected fraud or violation on the Company's Code of Conduct. It also provides adequate safeguards against the victimization of employees, who avail of the mechanism, and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower policy has been appropriately communicated within the Company.

BUSINESS RESPONSIBILITY REPORT

SEBI, vide its circular CIR/CFD/DIL/8/2012 dated August 13, 2012, had proposed to mandate inclusion of Business Responsibility Reports as part of the Annual Report for top 100 Listed entities based on market capitalisation. According to the circular, the report should describe measures taken by the listed companies along with key principles enunciated in the "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate Affairs, Government of India. This is intended to be adopted by companies in India to report their Corporate Social Responsibility (CSR) activities and initiatives. Pursuant to Clause 55 of the Listing Agreement, a separate report namely Business Responsibility Report which forms a part of the Annual Report and is also hosted on company's website: www.idfc.com/investor_relations/annual_report.htm.

08

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date July 29, 2013
Time 2.30 p.m.
Venue The Music Academy,
New No.168 (Old No.306),
T.T.K. Road, Royapettah,
Chennai – 600 014, India

FINANCIAL CALENDAR

Financial year April 1, 2012 to March 31, 2013
For the year ended March 31, 2013 (FY13), results were announced on:

- **August 14, 2012** First quarter
- **October 26, 2012** Second quarter and half yearly
- **February 1, 2013** Third quarter
- **May 1, 2013** Fourth quarter and annual.

For the year ending March 31, 2014, results will be announced by:

- **Second week of August 2013** First quarter
- **Second week of November 2013** Second quarter and half yearly
- **Second week of February 2014** Third quarter
- **Last week of May 2014** Fourth quarter and annual.

01 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.	103	29,175
Number of Shareholders who approached to issuer/Registrar for transfer of shares from suspense account during the year 2012-13	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2012-13	NIL	NIL
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, 2013	103	29,175

Note: Post FY13, IDFC has been successful in crediting 494 shares for 2 cases.

BOOK CLOSURE

The dates of book closure are from July 20, 2013 to July 29, 2013 inclusive of both days.

DIVIDEND PAYMENT

A final dividend of ₹ 2.60 per equity share will be paid from July 30, 2013, subject to approval by the Shareholders at the ensuing AGM.

UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

Pursuant to SEBI's circular no CIR/CFD/DIL/10/2010 dated December 16, 2010 IDFC has credited the unclaimed shares lying in the escrow account allotted in the Initial Public Offer of the Company during July-August 2005, into a Demat Suspense Account opened specifically for this purpose. The voting rights on these shares shall remain frozen till the rightful owner claim their shares. The details are required to be disclosed in the Annual Report and are given in **Table 1.**

LISTING

At present, the equity shares of IDFC are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). **Table 2** gives the data. The annual listing fees for FY13 have been paid.

STOCK MARKET DATA

Table 3 gives details of Stock Market data of the Company's shares.

A comparison of the share prices of the Company at NSE and BSE with their respective indicative indices are given in **Chart A & B**.

DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of the equity shares of IDFC by size and by ownership class as on March 31, 2013 are given in **Table 4** and **Table 5** respectively.

DEMATERIALISATION OF SHARES

As on March 31, 2013, over 99.99% shares of the Company were held in dematerialised form. **Table 6** gives the requisite details.

UNCLAIMED/ UNPAID DIVIDEND/ INTEREST

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend/interest/refund which remains

CHART A

IDFC V/S SENSEX

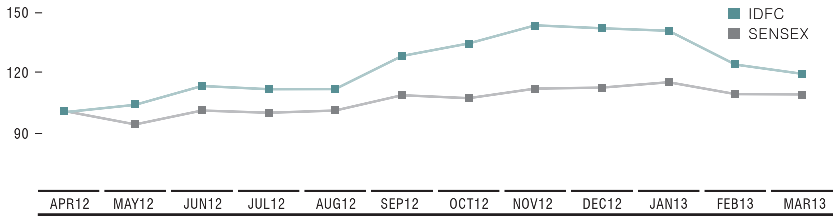
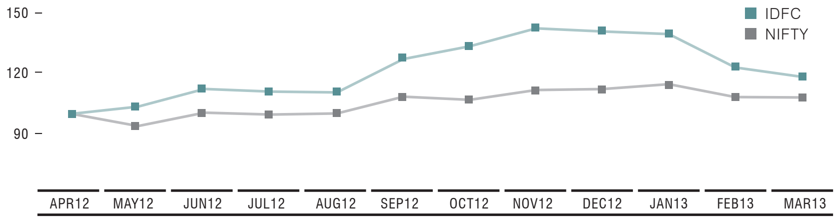


CHART B

IDFC V/S NIFTY



02 IDFC's Stock Exchange codes

NAME OF THE STOCK EXCHANGE	STOCK CODE
National Stock Exchange of India Limited	IDFC EQ
BSE Limited	532659
ISIN	INE043D01016

03 High, Low and Volumes of IDFC's Equity Shares for FY13

	BSE			NSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
Mar-13	162.40	135.80	1,50,07,338	162.45	135.10	13,83,19,650
Feb-13	171.40	146.90	1,02,10,874	171.20	146.85	12,47,31,849
Jan-13	185.35	163.20	1,10,95,371	185.30	163.05	10,51,61,881
Dec-12	179.30	167.80	1,17,42,258	179.50	167.75	10,17,75,739
Nov-12	174.40	153.35	1,15,60,514	174.70	153.05	11,45,90,814
Oct-12	164.50	148.40	1,39,39,908	164.80	134.00	14,74,87,049
Sep-12	161.65	122.00	1,60,27,113	161.90	122.00	13,84,52,854
Aug-12	145.85	129.65	1,00,51,242	146.15	129.55	11,54,38,974
Jul-12	143.10	126.75	1,05,11,508	143.50	126.70	9,74,60,052
Jun-12	136.85	117.25	2,69,94,563	136.85	117.25	12,51,33,311
May-12	127.50	110.50	1,78,03,966	127.50	110.35	17,34,45,885
Apr-12	139.35	114.90	1,20,64,075	139.40	114.60	13,66,42,964

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

04 IDFC's Equity Shareholding pattern by size

CATEGORY (SHARES)	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1-5000	280,753	87.25	40,654,491	2.68
5001- 10000	24,868	7.73	17,852,486	1.18
10001- 20000	8,576	2.67	12,618,771	0.83
20001- 30000	2,593	0.81	6,633,341	0.44
30001- 40000	1,080	0.34	3,888,361	0.26
40001- 50000	840	0.26	3,957,248	0.26
50001- 100000	1,323	0.41	9,599,051	0.63
100001& Above	1,713	0.53	1,419,523,880	93.72
TOTAL	**321,746**	**100.00**	**1,514,727,629**	**100.00**

unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend /interest/refund account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. In terms of the provisions of section 205C of the Companies Act, 1956, no claim shall lie against the Company or IEPF after the said transfer.

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, an amount of ₹ 408,980 being the refund of the application money received by IDFC at the time of its Initial Public Offer(IPO) in July/

05 IDFC's Equity Shareholding pattern by ownership

	MARCH 31, 2013		MARCH 31, 2012	
	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10/- EACH)	SHARES HELD %	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10/- EACH)	SHARES HELD %
A. PROMOTERS HOLDING				
PROMOTERS	NIL	0.00	NIL	0.00
Indian Promoters	NIL	0.00	NIL	0.00
Foreign Promoters	NIL	0.00	NIL	0.00
Persons acting in concert	NIL	0.00	NIL	0.00
B. NON-PROMOTERS HOLDING				
a. President of India	261,400,000	17.26	261,400,000	17.28
b. Banks, Financial institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	159,059,956	10.50	206,276,869	13.64
c. Foreign Institutional Investors (FIIs)	806,343,554	53.25	733,722,823	48.52
d. Foreign Direct Investment (FDI)	10,501,271	0.69	11,803,311	0.78
e. Mutual Funds	51,576,265	3.40	57,507,462	3.80
f. Private Corporate Bodies	99,440,410	6.56	96,341,331	6.37
g. Indian Public	114,665,591	7.57	125,980,752	8.33
h. NRIs/OCBs/Foreign Nationals	4,290,692	0.28	4,692,379	0.31
i. Any other	NIL	0.00	NIL	0.00
Clearing Member	2,129,585	0.14	7,945,573	0.53
Trusts	822,743	0.05	1,071,908	0.07
H U F	4,497,562	0.30	5,620,360	0.37
GRAND TOTAL	**1,514,727,629**	**100.00**	**1,512,362,768**	**100.00**

06 Dematerialisation of Shares as on March 31, 2013

CATEGORY	NO OF SHARES	%
Physical	22,874	0.00
NSDL	1,487,926,141	98.23
CDSL	26,778,614	1.77
TOTAL	**1,514,727,629**	**100.00**

August, 2005 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund (IEPF). Further, the unpaid dividend amount pertaining to the financial year 2005-06 will be transferred to IEPF during this year.

The status of dividend and interest remaining unclaimed is given in **Table 7A** and **7B**, respectively:

SHARE TRANSFER SYSTEM

The Company has appointed Karvy Computershare Private Limited (Karvy) as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Karvy, which is registered with SEBI as a Category 1 Registrar. IDFC has an Investors' Grievance Committee for redressing Shareholders' and investors' complaints.

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO

REGISTRAR AND TRANSFER AGENT

(Unit: IDFC Limited)
Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24,
Vittalrao Nagar, Madhapur
Hyderabad 500 081
Tel +91 40 4465 5000
Fax +91 40 2343 1551

THE COMPANY SECRETARY

IDFC Limited
Naman Chambers,
C-32, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051
Tel +91 22 4222 2016
Fax +91 22 2654 0354
E-mail: mahendra.shah@idfc.com

REGISTERED OFFICE ADDRESS

IDFC Limited
KRM Tower,
8th Floor,
No. 1, Harrington Road, Chetpet,
Chennai - 600 031
Tel 91 44 4564 4000
Fax +91 44 4564 4022

7A Status of Dividend remaining unclaimed

PARTICULARS	UNCLAIMED DIVIDEND (AMOUNT IN ₹)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2005-06	1,930,945	August 2, 2006	September 3, 2013
2006-07	1,243,203	June 28, 2007	July 30, 2014
2007-08	2,192,186	July 18, 2008	August 21, 2015
2008-09	1,734,351	July 20, 2009	August 23, 2016
2009-10	1,991,033	June 28, 2010	July 31, 2017
2010-11	2,896,424	July 27, 2011	August 29, 2018
2011-12	3,371,129	July 9, 2012	August 12, 2019

7B Status of Interest remaining unclaimed

PARTICULARS	UNCLAIMED INTEREST (AMOUNT IN ₹)	DATE OF PAYMENT OF INTEREST	LAST DATE FOR CLAIMING INTEREST
Interest Payment - Tranche 1 – Series 3/2010-11	1,576,800	November 12, 2011	November 12, 2018
Interest Payment – Tranche 1 – Series 1/2010-11	716,360	November 12, 2011	November 12, 2018
Interest Payment - Tranche 2 – Series 1/2010-11	7,709,080	February 21, 2012	February 20, 2019
Interest Payment - Tranche 3 – Series 1/2010-11	3,600,682	March 30, 2012	March 29, 2019
Interest Payment- Tranche 1- Series 3/2010-11	1,806,375	November 12, 2012	November 11, 2019
Interest Payment- Tranche 1- Series 1/2010-11	801,600	November 12, 2012	November 11, 2019
Interest Payment- Tranche 1- Series 1/2011-12	5,926,950	December 31, 2012	December 30, 2019
Interest Payment- Tranche 2- Series 1/2010-11	15,653,880	February 21, 2013	February 20, 2020
Interest Payment- Tranche 2- Series 1/2011-12	63,947,958	March 21,2013	March 20, 2020
Interest Payment- Tranche 3- Series 1/2010-11	27,100,571	March 30, 2013	March 30, 2020
Interest Payment- Tranche 3- Series 1/2011-12	28,679,844	March 30, 2013	March 30, 2020

09

CERTIFICATION BY CEO AND CFO

We, Rajiv B. Lall, Vice Chairman & Managing Director and Sunil Kakar, Group Chief Financial Officer, of IDFC Limited (the Company), hereby certify to the Board that:

a. We 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 the existing accounting standards, applicable laws and regulations.

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

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

d. We 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 significant role in the company's internal control system

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

f. We further declare that all Board members and Senior Management have affirmed compliance with the code of conduct for the current year.

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Group Chief Financial Officer

Mumbai
April 25, 2013

10

AUDITORS' CERTIFICATE

TO THE MEMBERS OF IDFC LIMITED (FORMERLY, INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED)

We have examined the compliance of conditions of corporate governance by IDFC LIMITED (Formerly, Infrastructure Development Finance Company Limited) ("the Company") for the year ended March 31, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of 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 above mentioned Listing Agreement.

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 DELOITTE HASKINS & SELLS
Chartered Accountants
(ICAI Registration No. 117366W)

Z. F. BILLIMORIA
Partner
(Membership No.42791)

Mumbai,
June 27, 2013

BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI) as per its circular dated August 13, 2012 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of company's Annual Report for top 100 listed entities based on market capitalisation at the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) as on March 31, 2012. The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of C orporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the 9 Principles.

PRINCIPLE 1

ETHICS, TRANSPARENCY & ACCOUNTABILITY

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

At IDFC ethics, transparency and responsible governance are deeply ingrained in our value systems. We ensure that there is complete transparency in all our disclosures and that our stakeholders are well aware of all the business decisions that might impact them. We are committed to conduct our business affairs with utmost integrity and follow the highest standards of professionalism and ethics.

PRINCIPLE 2

PRODUCT LIFE CYCLE SUSTAINABILITY

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

IDFC is conscious of the need for sustainable development in the country. We are committed to the cause of responsible investing; We have dedicated ESMG group that works proactively with clients to identify and address any social/ environmental concerns in the life-cycle of the projects (construction and operation) financed by us. Our efforts in this direction set an example to the industry.

PRINCIPLE 3

EMPLOYEE WELL BEING

Businesses should promote the well being of all employees

We recognize our employees as our most valuable asset. We constantly strive to provide all employees opportunities for learning, professional growth and development. We have several policy initiatives in place to ensure the wellbeing of all our employees. We also have robust mechanisms in place to provide a workplace which is completely free of any discrimination and harassment.

PRINCIPLE 4

STAKEHOLDER ENGAGEMENT

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

IDFC has done a mapping of all its internal and external stakeholders. The Company also understands stakeholders' priorities w.r.t our operations and has developed suitable stakeholder engagement plans accordingly. Our employees, clients, investors, business partners and various regulatory bodies are among our most important stakeholders. IDFC works extensively with NGOs like Sneha and Masoom for health and education of the under privileged class of the society

PRINCIPLE 5

HUMAN RIGHTS

Businesses should respect and promote human rights

IDFC is a signatory to the ten principles of the United Nations Global Compact, which underlines our commitment to promotion of human rights. All the aspects of human rights are considered thoroughly before taking any management decisions. We consciously promote awareness about human rights issues in our suppliers and such considerations are included in our "Major Suppliers' Code of Responsible Business Conduct".

PRINCIPLE 6

ENVIRONMENTAL PROTECTION

Business should respect, protect, and make efforts to restore the environment

IDFC considers the conservation of nature and natural resources to be of paramount importance. We constantly endeavour to minimize the environmental impact of our operations through measures aimed at resource efficiency and conservation, as enshrined in our CSR policy. IDFC has been tracking its carbon footprint annually since FY-2011 (disclosed in our website). We further recognize that the most significant impact we can make is through the projects we finance. To this effect, we work with our clients, helping them identify potential environmental issues and possible safeguards. We are the first Indian financial institution to become a signatory to the UN-sponsored Principles for Responsible Investment for our fund initiatives.

PRINCIPLE 7

POLICY ADVOCACY

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The primary area where we are involved in active and responsible policy advocacy, is sustainable infrastructure. Since its inception, IDFC has played a pivotal role in advising governments at various levels on developing policy and regulatory frameworks that would enable sustainable growth and development of infrastructure in the country. We engage with our business partners, clients and regulators in this regard.

PRINCIPLE 8

INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Businesses should support inclusive growth and equitable development

Our mission is nation building and infrastructure development; nation building in true spirit is not possible without inclusive growth. We have set up a dedicated entity- IDFC Foundation, a not-for-profit wholly-owned subsidiary of IDFC, which carries out all our capacity building and CSR activities. The primary focus areas for our CSR activities have been education and health care.

PRINCIPLE 9

CUSTOMER VALUE

Business should engage with and provide value to their customers and consumers in a responsible manner

IDFC, as a responsible lender has worked with several clients over the year. We draw on this experience to help our clients mitigate any potential environmental and social risks associated with their projects. Our clients, and communities at large, have benefitted immensely from our insights gained by working with project proponents - big and small - from several industry sectors.

SECTION A
GENERAL INFORMATION

1 Corporate Identity Number (CIN) of the Company
L65191TN1997PLC037415

2 Name of the Company
IDFC Limited (formerly known as Infrastructure Development Finance Company Limited)

3 Registered address
KRM Tower, 8th Floor,
No. 1, Harrington Road,
Chetpet, Chennai - 600031,
Tamil Nadu

4 Website
www.idfc.com

5 E-mail id
mahendra.shah@idfc.com

6 Financial Year reported
2012-13

7 Sector(s) that the Company is engaged in (industrial activity code-wise)

Group	**649**
Class	**6492**
Sub class	**64920**
Description	This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation (such as venture capital companies, industrial banks, investment clubs), where the granting of credit can take a variety of forms, such as loans, mortgages, credit cards etc

8 List three key products/services that the Company manufactures/provides (as in balance sheet)
IDFC Limited provides services in the following domain:-
- Project Finance
- Fixed Income & Treasury

Following activities are carried out by our group companies:
- Investment Banking
- Securities & Investment Research

Furthermore, our various subsidiaries provide services relating to
- Alternative asset management: Private equity, Infrastructure Fund, Real Estate Fund; and
- Public market asset management: Mutual fund

9 Total number of locations where business activity is undertaken by the Company

i. **Number of International Locations (Provide details of major 5)**
IDFC Limited has no operations in international locations; However, our group companies have offices in Mauritius, Singapore and New York (USA)

ii. **Number of National Locations**
IDFC Limited has 4 offices in India, located at Chennai, Mumbai, Delhi and Bengaluru.
Our group companies have 37 offices across the country.

10 Markets served by the Company – Local/State/National/ International
IDFC Limited serves national market only.
Our subsidiaries serve international market too (namely Singapore and USA).

SECTION B
FINANCIAL DETAILS

1 Paid up Capital (INR)

IDFC Limited (Standalone)	**15,147,276,290**
IDFC Group (Consolidated)	**15,147,276,290**

2 Total Turnover (INR)

IDFC Limited (Standalone)	**77,764,883,949**
IDFC Group (Consolidated)	**81,484,238,242**

3 Total profit after taxes (INR)

IDFC Limited (Standalone)	**17,649,787,801**
IDFC Group (Consolidated)	**18,361,955,545**

4 Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) approximately 1.7%.

5 List of activities in which expenditure in 4 above has been incurred.
- Policy Advocacy
- Capacity Building
- Corporate Social Responsibility - Community Engagement - Education & Health Care and Cultural Heritage.

SECTION C
OTHER DETAILS

1 Does the Company have any Subsidiary Company/ Companies?
IDFC has following 21 subsidiary companies

1. **Domestic direct/indirect Subsidiaries**

i. IDFC AMC Trustee Company Limited
ii. IDFC Asset Management Company Limited

iii. IDFC Capital Limited
iv. IDFC Finance Limited
v. IDFC Investment Advisors Limited
vi. IDFC Pension Fund Management Company Limited
vii. IDFC PPP Trusteeship Company Limited
viii. IDFC Alternatives Limited
ix. IDFC Project Equity Company Limited
x. IDFC Projects Limited
xi. IDFC Securities Limited
xii. IDFC Distribution Company Limited
xiii. IDFC Trustee Company Limited
xiv. IDFC Foundation (Section 25 Company)
xv. IDFC Primary Dealership Company Limited
xvi. Neopro Technologies Private Limited

2. **Foreign Subsidiaries**

i. IDFC Capital (Singapore) Pte. Ltd.
ii. IDFC Fund of Funds Limited
iii. IDFC Capital (USA) Inc.
iv. IDFC Investment Managers (Mauritius) Limited
v. IDFC Securities Singapore Pte. Ltd.

2 Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Business responsibility initiatives of the parent company are also participated by the subsidiaries

3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

YES there are various entities that IDFC does business with who take part in our BR initiatives. Majority of our BR initiatives are driven through IDFC Foundation. We engage with our business associates and also clients to carry out our BR related initiatives. Given the nature of our operation, we have a limited scope of such interventions but we continue to look for opportunities and conduct our operations responsibly. Entities participating in the companies BR activities constitute less than 30%.

SECTION D
BUSINESS RESPONSIBILITY INFORMATION

1 Details of Director/Directors responsible for BR

a. **Details of the Director/Directors responsible for implementation of the BR policy/policies**

Implementation of BR policies is the responsibility of the Chairman of the Board.

DIN Number	**00131782**
Name	**Dr. Rajiv B. Lall**
Designation	**Executive Chairman**

b. **Details of the BR head**

DIN Number	**Not Applicable (N.A.)**
Name	**Mr. Animesh Kumar**
Designation	**Group Head - Human Resources & Corporate Services**
Telephone number	**022-42222000**
e-mail id	**animesh.kumar@idfc.com**

2 Principle-wise (as per NVGs) BR Policy/policies

2.1 Do you have a policy/policies for:

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

IDFC Code of Conduct and Whistle Blower Policy

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES

Environment & Social Policy

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

- Equal Opportunity and Diversity
- Anti-Harassment Policy
- Joining Formalities
- Employee Welfare
- Employee Healthcare
- Secondment Policy
- Learning & Development
- Leave Policy

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES

- IDFC Code of Conduct
- Corporate Social Responsibility
- Fair Practices Code

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

- Whistle Blower Policy
- Equal Opportunity and Diversity
- Anti-Harassment Policy

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES

- Corporate Social Responsibility
- Environment and Social Policy

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - NO

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - YES

- Corporate Social Responsibility

PRINCIPLE 9 CUSTOMER VALUE - YES

Environment & Social (E&S) Policy

The E&S policy is applicable only to business conducted by IDFC Limited and relates to lending (project finance) and equity business. IDFC Limited has a robust E&S risk management framework and processes in place which provides guidelines for various stages of project appraisal process. The Environmental Risk Group (ERG) at IDFC Limited works proactively with clients (and other internal teams) to identify and help mitigate E&S risks associated with project—thereby benefitting clients and the community at large. Other policies are applicable to all the group companies as well.

2.2 Has the policy been developed in consultation with relevant stakeholders?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES
PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES
PRINCIPLE 3 EMPLOYEE WELL-BEING - YES
PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES
PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES
PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES
PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - YES

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - YES

PRINCIPLE 9 CUSTOMER VALUE - YES

2.3 Does the policy conform to any national /international standards?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

The Code of Conduct is based on the 10 principles of the United Nations Global Compact (UNGC) (IDFC is a signatory to the UNGC principles)

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES

IDFC has aligned its E&S policy and framework to IFC performance standards, operational policies and EHS guidelines of World Bank and E&S safeguards guidelines of Asian Development Bank; also conform to the national regulatory framework on environmental management and social impact assessment

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

The 10 principles of the UNGC

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - NO

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

The 10 principles of the UNGC

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES

IDFC has aligned its E&S policy and framework to IFC performance standards, operational policies and EHS guidelines of World Bank and E&S safeguards guidelines of Asian Development Bank; also conform to the national regulatory framework on environmental management and social impact assessment

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - NO

PRINCIPLE 9 CUSTOMER VALUE - YES

E&S framework aligned to IFC Performance standards, World Bank Operational Policies and ADB's environmental and social safeguards framework.

2.4 Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

MD & CEO

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES

MD & CEO

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

MD & CEO

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES

MD & CEO

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

MD & CEO

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES

MD & CEO

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - YES

MD & CEO

PRINCIPLE 9 CUSTOMER VALUE - YES

MD & CEO

2.5 Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

The Whistle Blower Committee oversees the implementation of the Whistle Blower Policy; implementation of Code of Conduct is overseen by the Operation Committee & Management Committee

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES

Chief Risk Officer is a Member of the Managing Committee. E&S Risk related issues are reported to the Risk Committee on a quarterly basis.

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

Operations Committee & Management Committee

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES

Operations Committee & Management Committee

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

Operations Committee & Management Committee

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES

Managing Committee (Chief Risk Officer)

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - YES

Operations Committee & Management Committee

PRINCIPLE 9 CUSTOMER VALUE - YES

Managing Committee (Chief Risk Officer)

2.6 Web-link for the policy

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

Code of Conduct: http://www.idfc.com/pdf/code_of_conduct.pdf
Whistle Blower policy: http://www.idfc.com/pdf/whistle_blower_policy.pdf

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - NO

While the E&S Policy is not available on the web-site, the following link provides information on the Environmental & Social management practices observed in our operations: http://www.idfc.com/our-firm/environment_management.htm

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES - All policies listed for this section are on our website.

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT PARTIAL

Fair Practices Code: http://www.idfc.com/pdf/fair PracticeCode.pdf
The web-link to Code of Conduct has been provided above; the CSR policy is not available online

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

The Web-link for Whistle Blower Policy has been provided above; other policies are not available online.

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - NO

E&S policy is not available online; however, environmental management practices observed in our business operations are available online and the link to the web-page has been provided at - http://www.idfc.com/our-firm/environment_management.htm. The CSR policy is not available online.

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

Currently the Company does not have any policies on policy advocacy.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - NO

CSR policy is not available online.

PRINCIPLE 9 CUSTOMER VALUE - NO

E&S Policy is not available online. The link to Environmental & Social Management practices followed by the Company is available online - http://www.idfc.com/our-firm/environment_management.htm;

2.7 Has the policy been communicated to the relevant internal and external stakeholders?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - YES

PRINCIPLE 9 CUSTOMER VALUE - YES

2.8 Does the Company have an in-house structure to implement the policy?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - YES

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - YES

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - YES

PRINCIPLE 9 CUSTOMER VALUE - YES

2.9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholder's grievances related to the policy/policies?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - YES

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - NO

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - YES

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

(EXCEPT FOR CSR POLICY)

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - NO

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - NO

PRINCIPLE 9 CUSTOMER VALUE - NO

2.10 Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY - NO

Currently, there are no systems in place for independent audit of the implementation of the Code of Conduct and Whistle Blower Policy.

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT - NO

Currently there are no systems in place for conducting audits of our E&S policy.

PRINCIPLE 3 EMPLOYEE WELL-BEING - YES

All our Human Resources related policies undergo regular audits. An internal audit is conducted for effectiveness of the policies and the related processes & an external audit is conducted for the execution of the said policies. Both internal and external audits are conducted once every six months.

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT - NO

Currently there are no systems in place for conducting audits of policies listed for this principle.

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS - YES

Only HR related polices undergo audits, details of which have been given above.

PRINCIPLE 6 ENVIRONMENTAL PROTECTION - NO

Currently there are no systems in place for conducting audits of our E&S and CSR policies.

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY - N.A.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT - NO

Currently there are no systems in place for conducting audits of our CSR policy.

PRINCIPLE 9 CUSTOMER VALUE - NO

Currently, there are no systems in place for conducting audits of our E&S policy.

2A If answer to S. No. 1 against any principle, is 'No', please explain why (Tick up to 2 options)

1. The Company has not understood the Principles. - **N.A.**
2. The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles. - **N.A.**
3. The Company does not have financial or manpower resources available for the task. - **N.A.**
4. It is planned to be done within next 6 Months. - **N.A.**
5. It is planned to be done within the next 1 year. - **N.A.**
6. Any other reason (please specify) – Currently, IDFC does not have any policies for Principle 7; the company already has taken several initiatives in the field of responsible lending and actively engages with clients, regulators, lenders and other business partners. The company also publishes the 'India Infrastructure Report' annually with specific insights. Hence, the need for a separate policy on public policy advocacy has not been felt. If necessity arises, a specific policy will be developed in the future.

3 Governance related to Business Responsibility

■ Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

This is the first time IDFC is publishing a BRR report. The Company endeavours to review its BR performance annually.

■ Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first time IDFC is publishing a BR report.

SECTION E
PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY

1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
IDFC has developed its Code of Conduct and whistle blower policy which pertain to ethics, bribery and corruption. The Code of Conduct and the Whistle Blower policy are applicable to IDFC Limited and our group companies. Furthermore, all our major suppliers are also required to agree to conform to the code of responsible business conduct (which covers ethical business practices) for the duration of their contract with IDFC.

2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?
There were no stakeholder complaints received in the reporting period with regard to ethics, bribery and corruption.

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT

1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
Our Project Finance business incorporates social and environmental concerns in its lending operations
Environmental and Social Due diligence (ESDD) is undertaken for the project finance deals at the time of project appraisal. Annual Environmental and Social monitoring and Review (ESMR) is undertaken for portfolio projects to identify and mitigate E&S risks (if any). Other group companies (e.g., private equity)) also conduct ESDD and annual ESMR depending upon the sector and project contours and associated E&S risks.

2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?** N.A.
ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?** N.A

3 Does the company have procedures in place for sustainable sourcing (including transportation)?
If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
IDFC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipments. Despite the limited scope of our procurement needs, we continue to take initiatives to ensure responsible sourcing in our supply chain. We have a code of responsible business conduct policy for our major suppliers, which outlines our expectations from them in the areas of labour standards, environment and ethical business practices. It would not be possible to ascertain the percentage of inputs that are sourced sustainably.

4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
Our Corporate Social Responsibility policy states that we will prefer locally available goods and services, other considerations being comparable. We have taken several initiatives for the development of local suppliers of goods and services. Some of the examples are

- We have empanelled a courier agency operated by physically challenged people
- We undertake regular trainings to upgrade skills of our housekeeping and security staff
- In a recent renovation project at our Delhi office, all efforts were taken to source goods from local suppliers.

5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)
We have adopted an e-waste Management Policy with the specific aim of minimizing and responsible disposal of the entire quantum of e-waste generated throughout our operations. This policy has been formulated keeping in mind some of the international best practices and ensures compliance with local environmental laws. Additionally, all recyclable waste collected at our premises are separated (dry and wet waste); the waste is then handed over to an authorized waste processor. We recycle more than 10% of total waste generated from of our operations.

PRINCIPLE 3 EMPLOYEE WELL-BEING

1 Please indicate the total number of employees

Permanent employees	
IDFC Limited	**238**
IDFC Group	**586**

2 Please indicate the total number of employees hired on temporary/contractual/casual basis
Temporary/Contractual /Casual employees **165**
Contractual employees handle work related to IT, Finance and Administration; these are commonly referred to as Shared Services. It would not be possible to ascertain the number of such employees working for IDFC Limited and other group entities (figures provided above correspond to the number of contracted employees working for whole of IDFC group).

3 Please indicate the number of permanent women employees

IDFC Limited	**63**
IDFC Group	**139**

4 **Please indicate the number of permanent employees with disabilities**

IDFC Limited	**0**
IDFC Group	**1**

5 **Do you have an employee association that is recognized by management?**

No we do not have any employee associations

6 **What percentage of your permanent employees is a members of this recognized employee association? N.A.**

7 **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

1. Child labour/forced labour/involuntary labour **NIL**
2. Sexual harassment **NIL**
3. Discriminatory employment **NIL**

8 **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

Permanent Employees	**100%**
Permanent Women Employees	**100%**
Casual/Temporary/Contractual Employees	**100%**
Employees with disabilities	**100%**

NOTE Safety related trainings were provided to all employees w.r.t fire and building safety. Fire safety drills were also conducted as per applicable regulations at our office locations.

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT

1 **Has the company mapped its internal and external stakeholders? Yes/No**

YES IDFC has mapped its internal and external stakeholders. We recognise employees, business associates (network of suppliers and vendors), clients, NGOs, communities, Shareholders/investors, regulatory authorities and other Government bodies and intermediaries as our key stakeholders.

2 **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

YES IDFC identifies communities at the bottom of the pyramid as the disadvantaged, vulnerable & marginalized stakeholders. In our engagements with this category of stakeholders, we lay special emphasis on rural unemployed in the youth. We contribute to enhancing the employability of the youth, leading to income generation and economic empowerment in this marginalized section of the community.

3 **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

YES IDFC regularly undertakes initiatives to engage with its internal and external stakeholders. These are briefly described below.

Employees Stakeholder group

- We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination
- We conduct regular learning and development activities for our employees for their skill enhancement

Communities Stakeholder group

- IDFC through IDFC Foundation undertakes various CSR initiatives with primary focus in the areas of education and healthcare. We support and collaborate with various agencies to carry out our CSR activities aimed at inclusive growth

Business associates Stakeholder group

We encourage local and small vendors through our CSR policy and conduct dedicated capacity building programs for such vendors

Our code of responsible business conduct for our major suppliers encourages them to carry out their operations with a focus on labour standards, environment and ethical business practices

Shareholders/Investors Stakeholder group

We have robust mechanisms in place which ensure full, fair, accurate, timely and understandable disclosure to all our Shareholders and investors.

Clients Stakeholder group

Our Fair Practices Code specifies the ethical principles to be followed in all our services, products and client interactions, and also provides for a grievance redressal mechanism to our clients.

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS

1 **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

IDFC is a signatory to United Nations Global Compact (UNGC) since 2001. All our business operations are guided by a set of principles outlined in UNGC, this include principles on human rights as well. This is applicable to all our group companies and service providers.

2 **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

There were no stakeholder complaints in the reporting period pertaining to human rights

PRINCIPLE 6 ENVIRONMENTAL PROTECTION

1 **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ others**

Our Corporate Social Responsibility Policy pertaining to environmental protection is applicable to all our group companies. Furthermore, clients (project finance) are required to be compliant to our E&S policy in their operations.

2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
YES IDFC as one of the leading and responsible organization, has undertaken several initiatives to minimise its environmental impact. The details of which can be found in our website
http://www.idfc.com/our-firm/environment_management.htm

3 Does the company identify and assess potential environmental risks? Y/N
YES IDFC identifies and assesses potential environmental and social risks in all the infrastructure investments made. IDFC has been in the forefront of integrating environmental risk assessment and mitigation into its overall investment risk assessment process. Each investment proposal that we receive is categorized based on its environmental and social impact into environmental category A (high impact), B (medium to moderate impact) and C (low impact) depending upon degree of the impact. We have a detailed E&S risk management framework and process in place which provides guidelines for various stages of project appraisal process. As part of the project appraisal a detailed Environmental and Social Due diligence is carried out that includes site visits, secondary information collection and analysis, review of applicable compliances and consents, E&S performance of the project on E&S mitigation and regulatory compliance. An annual Environmental and Social Review and Monitoring through site visits, secondary data collection and periodic desk reviews ensure robust supervision of portfolio projects and mitigation of any emerging E&S risks.

4 Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed? NO

5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
We have (internal) Environment Policy which was adopted under the "Go Green" initiative with the objective of minimizing resource consumption and reducing environmental impact of our internal operations through resource efficiency and conservation. Some of the initiatives we have undertaken are as follows

- Energy efficient certification for our central data centre
- LEED "Gold" certification for our registered office at Chennai
- We have been doing carbon footprint assessment of our operations since 2011 with the aim of becoming a carbon neutral organization in future
- Various energy conservation measures have been undertaken at our major office premises including use of double glazed windows, use of recycled material, green IT, use of renewable source of energy etc
- We have also taken several measures to minimise our environmental impact due to business travel. These measures include car pooling, company bus service, video/audio conferencing facilities at all our major offices and using green fleet air lines for our business travel
- We have installed sewage treatment plant at our Naman Chamber, Mumbai's office to recycle sewage water and we are also in the process of installing a rain water harvesting system in the same office

6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? N.A.

7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. N.A.

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY

1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with
IDFC is an active member of several trade bodies and associations. Some of the major ones are listed below

- ASSOCHAM
- Confederation of Indian Industry
- FICCI
- Bombay Chamber of Commerce & Industry
- Indian Merchants Chamber
- Bombay Management Association
- Asia Society India Centre
- Association of Business Communicators of India
- Indo-American Chamber of Commerce
- World Economic Forum

2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
We provide thought leadership and advocacy in areas of infrastructure policy and governance, with a thrust on sustainable infrastructure. Climate change, urban, water, education, land acquisition are some of the pressing issues that IDFC focuses on and also advocates through its policy advocacy initiatives. IDFC is actively working with Government agencies, other financial institutions and industry associations like CII and FICCI on formulating innovative financing mechanism to attract private sector investment in the low carbon sector. IDFC has been part of the Committee for reforms on Infrastructure financing and reforms on roads and railways.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1 Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

- I Care IDFC Foundation currently manages an employee voluntary participation programme (called I-Care) under which employees from across the IDFC group volunteer time with various non-government organizations (NGOs). In doing so, the skills of the IDFC group employees are utilized by these NGOs in bringing dynamism and professionalism in their way of working as well as enable them scale up their operations to make a larger impact in their respective areas of engagement, in a sustainable manner. The themes for engagement and selection of agencies are youth, inclusion and environment. In addition, employees through a voluntary giving (donation) programme and IDFC Foundation through philanthropic grants would commit funds to these initiatives, with the expectation that we would stay engaged for long periods.

- **Meghalaya Basin Development Authority (MBDA)** IDFC Foundation is assisting MBDA in programme management that would lead to the development of infrastructure necessary for a large livelihood support programme launched by the Government at "no-cost basis". The aim of the programme is to create sustainable water storage facilities in the state, put in place infrastructure like roads, ropeways, renewable energy generating units and telecom and IT infrastructure to facilitate market access, and which would support a range of activities for the community such as horticulture, aquaculture and sericulture. This is expected to create a culture of entrepreneurship in the state and help improve the quality of life for communities, through cooperation and policy dialogue among various stakeholders.
- **Delhi Urban Shelter Improvement Board (DUSIB)** IDFC Foundation is assisting DUSIB in developing low cost housing model for the EWS section. These houses may be awarded to the slum dwellers residing in the vicinity.
- **Masoom** IDFC Foundation is assisting Masoom in development of its management structure, accounting and providing funding support. Masoom is an NGO which works toward enhancing the quality of education made available in night schools in Maharashtra.
- **Society for Nutrition, Education and Health Action (SNEHA)** IDFC Foundation is assisting SNEHA in development of its management structure, accounting. Funding support is also been provided to implement a pilot project involving establishment of a community resource centre that would deliver a range of health services and products. SNEHA is an NGO which enables the delivery of health services and nutrition care to urban under privileged populations in slums of Mumbai through models which extend and improve existing public health systems positively impacting population health & morbidity with a special focus on women and children.
- **One Idiot** IDFC foundation has produced a 30 minute movie to spread financial literacy for today's generation.
- **Pipal Tree Ventures** IDFC Foundation has invested in Pipal Tree Ventures to address the skill gap in the construction industry. Pipal Tree Ventures is providing vocational training to unemployed youths in the rural area. It trains and provides livelihood to poor unemployed rural youth in India, which in turn would help economic development of the country.
- **Ziqitza Health Care Limited (ZHL)** IDFC Foundation has invested in ZHL to save human lives by providing emergency medical response services (Ambulances). ZHL provides its services across 10 states in India.
- **Growth-Tree e-Certificates** IDFC Foundation has graced the dignitaries in its functions with growth trees e-certificates, i.e. specific number of trees are planted on behalf of each dignitary. In all 65 trees were planted last year.
- **Short Films on life of Eminent Persons** IDFC Foundation is preparing a short film on the life of 5 eminent persons who have made a significant contribution to building modern India. The new generation could draw lessons and inspiration from the life of these eminent persons.
- **In Our Hands** We started this initiative with the aim of taking the issue of sustainable infrastructure development to the youth through various modes of social communication. IDFC Foundation wish to make India's youth aware of the key issues confronting infrastructure development and encourage them to build an opinion around these issues. In Our Hands initiative provides them a platform to express and share their thoughts. So far about 70,000 people have joined us and supported us through the social media.

2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organization?

IDFC Foundation is the nodal agency for the implementation of the programmes. The approach adopted by IDFC Foundation is to enhance the capacity and capability of other governmental and non-governmental organisations in delivering a better service to the community. IDFC Foundation may provide support in the areas of capacity building support, organization structuring, programme management or financial support, depending upon the requirement of the organization supported.

3 Have you done any impact assessment of your initiative?

IDFC Foundation has a system of reviewing of all its initiatives wherein the progress of each initiative is evaluated along with its impact on the touch points. The desired objectives (performance parameters) of the initiatives are generally stated at the commencement stage of the initiative and reviewed periodically and course correction measures are taken, if required.

4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken? N.A.

5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

As discussed above, IDFC Foundation does not directly engage in the implementation but builds capacity and capability of select entities. In implementing its initiatives, IDFC Foundation does a considerable amount of capacity building of these organisation so that these organizations improve their performance, undertake work more systematically, substantially upscale their activities and become self-sustainable in long run.

PRINCIPLE 9 CUSTOMER VALUE

1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

All the customer complaints that were received in the reporting period have been resolved and there are no complaints pending as at the end of financial year.

2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information) N.A.

3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?
There are no cases filed/pending as at the end of financial year 2012-13

4 Did your company carry out any consumer survey/ consumer satisfaction trends?
IDFC Limited has carried out a customer survey in 2012 to measure the satisfaction among its customers, understand their expectation and essentially to gauge our competitiveness in the industry. The study was undertaken by a third party and clients across segments were covered. The study was focussed on measurement of relationships, performance of IDFC on key customer satisfaction parameters and critical areas of improvement. The overall feedback of the survey was good and IDFC was found to be performing well on key customer satisfaction parameters.

APPENDIX

PRINCIPLE 1 ETHICS, TRANSPARENC & ACCOUNTABILITY

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders.
2. Businesses should not engage in practices that are abusive, corrupt, or anti-competition.
3. Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.
4. Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.
5. Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines

PRINCIPLE 2 SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.
2. Businesses should raise the consumer's awareness of their rights through education, product labeling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
3. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
4. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.
5. Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.
6. Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.

PRINCIPLE 3 EMPLOYEE WELL-BEING

Businesses should promote the wellbeing of all employees

1. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.
2. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.
3. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
4. Businesses should take cognizance of the work-life balance of its employees, especially that of women.
5. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.
6. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.
7. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.
8. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them.
2. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders.

3. Businesses should give special attention to stakeholders in areas that are underdeveloped.
4. Businesses should resolve differences with stakeholders in a just, fair and equitable manner.

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS

Businesses should respect and promote human rights

1. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.
2. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
3. Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
4. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.
5. Businesses should not be complicit with human rights abuses by a third party.

PRINCIPLE 6 ENVIRONMENTAL PROTECTION

Business should respect, protect, and make efforts to restore the environment

1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.
6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
7. Businesses should proactively persuade and support its value chain to adopt this principle.

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.

PRINCIPLE 8 INCLUSIVE GROWTH

Businesses should support inclusive growth and equitable development

1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.
2. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.
3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

PRINCIPLE 9 CUSTOMER VALUE

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society.
2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.
4. Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.
5. Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.
6. Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF IDFC LIMITED (formerly Infrastructure Development Finance Company Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **IDFC LIMITED (formerly Infrastructure Development Finance Company Limited)** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's 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 control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Opinion

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 on the financial statements of the subsidiaries and associates referred to below in the 'Other Matter' paragraph, the aforesaid Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of nine subsidiaries, whose financial statements reflect total assets of ₹ 212.58 crore as at March 31, 2013, total revenues of ₹ 184.04 crore and net cash outflows amounting to ₹ 2.30 crore 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 profit of ₹ 1.86 crore for the year ended March 31, 2013, as considered in the Consolidated Financial Statements, 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, 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.

Our opinion is not qualified in respect of this matter.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

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

Mumbai,
May 1, 2013

Consolidated Balance Sheet

AS AT MARCH 31, 2013

	NOTES	AS AT MARCH 31, 2013	AS AT MARCH 31, 2013	(₹ IN CRORE) AS AT MARCH 31, 2012
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
(a) Share capital	6	1,514.73		1,512.36
(b) Reserves and surplus	7	12,167.89		10,772.68
			13,682.62	12,285.04
SHARE APPLICATION MONEY PENDING ALLOTMENT	8		0.30	0.60
MINORITY INTEREST			25.39	17.78
NON-CURRENT LIABILITIES				
(a) Long-term borrowings	9	36,803.33		29,837.20
(b) Other long-term liabilities	10	314.72		140.02
(c) Deferred tax liabilities (net)	18	3.29		2.18
(d) Long-term provisions	11	143.28		128.93
			37,264.62	30,108.33
CURRENT LIABILITIES				
(a) Short-term borrowings	12	3,869.37		7,351.01
(b) Trade payables	13	349.15		252.01
(c) Other current liabilities	14	15,323.51		10,542.91
(d) Short-term provisions	15	544.35		445.18
			20,086.38	18,591.11
TOTAL			**71,059.31**	**61,002.86**
ASSETS				
NON-CURRENT ASSETS				
(a) Fixed assets				
(i) Tangible assets	16(a)	340.56		374.57
(ii) Intangible assets	16(b)	3.89		5.26
(iii) Capital work-in-progress		-		36.64
			344.45	416.47
(b) Goodwill on consolidation	36		957.09	966.75
(c) Non-current investments	17		3,309.25	2,433.11
(d) Deferred tax assets (net)	18		397.05	320.22
(e) Long-term loans and advances				
(i) Loans	19	48,126.83		42,082.21
(ii) Others	20	513.72		467.10
			48,640.55	42,549.31
(f) Other non current assets	21		626.99	371.22
			54,275.38	47,057.08
CURRENT ASSETS				
(a) Current investments	22		7,694.92	5,100.75
(b) Trade receivables	23		160.57	383.17
(c) Cash and bank balances	24		262.72	698.11
(d) Short-term loans and advances				
(i) Loans	19	7,609.63		6,100.72
(ii) Others	20	367.60		1,040.28
			7,977.23	7,141.00
(e) Other current assets	21		688.49	622.75
			16,783.93	13,945.78
TOTAL			**71,059.31**	**61,002.86**

See accompanying notes forming part of the consolidated financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

P. R. RAMESH
Partner

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

Mumbai | May 1, 2013

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2013

(₹ IN CRORE)

		NOTES	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
I	**INCOME**			
	Revenue from operations	25	8,138.59	6,342.13
	Other income	26	9.83	92.88
	TOTAL INCOME (I)		**8,148.42**	**6,435.01**
II	**EXPENSES**			
	Employee benefits expense	27	291.64	304.86
	Finance costs	28	4,675.83	3,456.21
	Provisions and contingencies	29	349.63	284.58
	Other expenses	30	203.36	178.25
	Depreciation and amortisation expense	16(a)&(b)	34.40	38.44
	TOTAL EXPENSES (II)		**5,554.86**	**4,262.34**
III	**PROFIT BEFORE TAX (I - II)**		**2,593.56**	**2,172.67**
IV	**TAX EXPENSE**			
	Current tax		826.54	692.38
	Current tax expense relating to prior years		0.39	(0.21)
	Deferred tax	18	(75.72)	(70.00)
	Minimum alternate tax credit		(0.08)	(0.31)
	TOTAL TAX EXPENSE (IV)		**751.13**	**621.86**
V	**PROFIT AFTER TAX (before share of profit from associates and adjustment for minority interest) (III - IV)**		**1,842.43**	**1,550.81**
VI	**SHARE OF NET PROFIT FROM ASSOCIATES**		1.86	1.87
VII	**SHARE OF (PROFIT) / LOSS OF MINORITY INTEREST**		(8.09)	1.33
VIII	**PROFIT FOR THE YEAR (V + VI + VII)**		**1,836.20**	**1,554.01**
IX	**EARNINGS PER EQUITY SHARE (Nominal value of share ₹ 10 each)**	35		
	Basic (₹)		**12.13**	**10.24**
	Diluted (₹)		**12.06**	**10.20**

See accompanying notes forming part of the consolidated financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. RAMESH
Partner

Mumbai | May 1, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2013

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX			2,593.56	2,172.67
Adjustments for:				
Depreciation and amortisation expense	16(a) & (b)	34.40		38.44
Provision for employee benefits		(7.57)		1.49
Expense under the ESOS	27	0.21		4.31
Provisions and contingencies	29	349.63		284.58
Provision / (utilisation) against stock futures		(0.50)		0.50
Provision utilised against loans & debtors		(21.08)		-
(Gain) / loss on foreign currency revaluation		57.22		31.82
(Profit) / loss on sale of investments in group companies	25(d)& 26	17.01		(83.82)
Profit on sale of other investments (net)	25(d)	(418.34)		(412.35)
Utilisation of securities premium account (gross of tax)		(13.35)		(132.19)
Amortisation of premium on investments		3.01		3.32
Foreign currency translation reserve		4.48		7.22
(Profit) / loss on sale of fixed assets (net)		0.38		(4.30)
Profit on buy back of debentures & bonds (net)		(0.55)		-
			4.95	(260.98)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			**2,598.51**	**1,911.69**
CHANGES IN WORKING CAPITAL:				
Adjustments for (increase) / decrease in operating assets				
Trade receivables		(126.28)		30.95
Long-term loans & advances		(1.54)		40.36
Short-term loans & advances		2.71		(18.93)
Other current assets		(76.66)		(318.73)
Other non-current assets		(256.66)		82.68
Adjustments for increase / (decrease) in operating liabilities				
Trade payables		19.93		(80.75)
Other current liabilities		473.24		347.63
Other long-term liabilities		169.46		87.76
			204.20	170.97
Direct taxes paid			(818.91)	(660.64)
CASH GENERATED FROM OPERATIONS			**1,983.80**	**1,422.02**
Loans disbursed (net of repayments)			(7,707.98)	(10,677.81)
NET CASH USED IN OPERATING ACTIVITIES			**(5,724.18)**	**(9,255.79)**

Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2013

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work-in-progress)		(8.95)	(9.04)
Decrease in capital work-in-progress on sale of a subsidiary		36.48	-
Sale of fixed assets		9.72	5.30
Bank deposits matured / (placed) (net)		507.00	208.91
Investment in associates		-	(101.29)
Investment in subsidiaries		(194.44)	(8.00)
Purchase of other investments		(251,199.77)	(180,266.63)
Proceeds from sale of investment in subsidiaries		4.18	297.79
Proceeds from sale of investment in an associate		15.00	-
Proceeds from sale of other investments		249,042.49	179,815.49
Capital reserve due to change in shareholding in group companies		-	ß
Opening adjustment		9.73	0.33
NET CASH USED IN INVESTING ACTIVITIES		**(1,778.56)**	**(57.14)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from fresh issue of shares (net of issue expenses)		19.04	15.63
Securities premium on issue of shares by a subsidiary company		-	2.25
Proceeds from borrowings (net of repayments)		10,758.16	9,494.41
Buy back of debentures & bonds		(2,781.49)	-
Dividend paid (including dividend distribution tax)		(407.06)	(422.20)
Increase / (decrease) in minority interest		(0.49)	17.68
NET CASH FROM FINANCING ACTIVITIES		**7,588.16**	**9,107.77**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		85.42	(205.16)
Cash and cash equivalents as at the beginning of the year	24	104.12	309.28
Cash and cash equivalents as at the end of the year	24	189.54	104.12
		85.42	**(205.16)**

See accompanying notes forming part of the consolidated financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. RAMESH
Partner

Mumbai | May 1, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

01 Group information

IDFC Limited (formerly known as Infrastructure Development Finance Company Limited) ('the Holding Company') is a public company, incorporated in India and regulated by the Reserve Bank of India ('the RBI') as an Infrastructure Finance Company - Non Banking Finance Company ('IFC-NBFC'). During the year, the Holding Company and its twenty three subsidiary companies, one entity over which the Holding Company has indirect significant influence and three jointly controlled entities constituted the Group. The Group also has three associate companies. The Group is engaged in financing by way of loans, asset management and investment banking & institutional broking.

02 Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'). The Holding Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by the RBI. 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.

03 Basis of consolidation

(a) The Consolidated Financial Statements comprise the individual financial statements of the Holding Company, its subsidiaries as on March 31, 2013 and for the year ended on that date. 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 the Companies (Accounting Standards) Rules, 2006.

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 is 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 notified under the Companies (Accounting Standards) Rules, 2006.

iii. 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, 2013.

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

v. The excess of the Holding Company's portion of equity of the subsidiaries and the associates on the acquisition date over its cost of investment is treated as capital reserve.

vi. 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 profit after tax of the Group.

vii. 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.

(b) The financial statements of the following subsidiaries have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under the Companies (Accounting Standard) Rules, 2006:

	NAME OF SUBSIDIARY	MARCH 31, 2013 PROPORTION OF OWNERSHIP INTEREST (%)	MARCH 31, 2012 PROPORTION OF OWNERSHIP INTEREST (%)
i.	Dheeru Powergen Limited (Subsidiary of IDFC Projects Limited) (up to April 13, 2012) [see note 4(a)]	-	51.00
ii.	Emerging Markets Private Equity Fund, L.P. (Subsidiary of IDFC Fund of Funds Limited up to January 26, 2012) [see note 4(b)]	-	-
iii.	IDFC Alternatives Limited (formerly IDFC Private Equity Company Limited)	100.00	100.00
iv.	IDFC Asset Management Company Limited (75% with effect from December 7, 2011) [see note 4(c)]	75.00	75.00

NAME OF SUBSIDIARY		MARCH 31, 2013 PROPORTION OF OWNERSHIP INTEREST (%)	MARCH 31, 2012 PROPORTION OF OWNERSHIP INTEREST (%)
v.	IDFC AMC Trustee Company Limited (75% with effect from December 7, 2011) [see note 4(c)]	75.00	75.00
vi.	IDFC Capital Limited (Subsidiary of IDFC Securities Limited)	100.00	100.00
vii.	IDFC Capital (Singapore) Pte. Limited (Subsidiary of IDFC Capital Limited) [see note 4(b)]	100.00	100.00
viii.	IDFC Capital (USA) Inc. (Subsidiary of IDFC Securities Limited)	100.00	100.00
ix.	IDFC Distribution Company Limited (Subsidiary of IDFC Securities Limited)	100.00	100.00
x.	IDFC Finance Limited	100.00	100.00
xi.	IDFC Fund of Funds Limited (Subsidiary of IDFC Capital Limited)	100.00	100.00
xii.	IDFC General Partners Limited (Subsidiary of IDFC Capital Limited) (up to September 21, 2012) [see note 4(d)]	-	100.00
xiii.	IDFC Investment Advisors Limited (Subsidiary of IDFC Asset Management Company Limited) (75% with effect from December 7, 2011) [see note 4(c)]	75.00	75.00
xiv.	IDFC Investment Managers (Mauritius) Limited (Subsidiary of IDFC Asset Management Company Limited) (75% with effect from December 7, 2011) [see note 4(c)]	75.00	75.00
xv.	IDFC Pension Fund Management Company Limited (Subsidiary of IDFC Asset Management Company Limited) (87.50% with effect from December 7, 2011) [see note 4(c)]	87.50	87.50
xvi.	IDFC PPP Trusteeship Company Limited (up to March 22, 2012) [see note 4(e)]	-	-
xvii.	IDFC Project Equity Company Limited (Subsidiary of IDFC Alternatives Limited with effect from May 17, 2012) [see note 4(f)]	100.00	100.00
xviii.	IDFC Projects Limited	100.00	100.00
xix	IDFC Primary Dealership Company Limited (incorporated on March 17, 2012) [see note 4(g)]	100.00	100.00
xx	IDFC Securities Limited	100.00	100.00
xxi.	IDFC Securities Singapore Pte. Limited (Subsidiary of IDFC Capital Limited incorporated on November 21, 2012) [see note 4(h)]	100.00	-
xxii.	IDFC Trustee Company Limited	100.00	100.00
xxiii.	Jetpur Somnath Highway Limited (Subsidiary of IDFC Projects Limited upto August 10, 2011) [see note 4(*i*)]	-	-
xxiv.	Jetpur Somnath Tollways Private Limited (formerly known as Jetpur Somnath Tollways Limited) (up to August 11, 2011) [see note 4(j)]	-	-
xxv.	Uniquest Infra Ventures Private Limited (up to June 3, 2011) [see note 4(k)]	-	-

All the subsidiaries are incorporated in India, except:

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

IDFC Fund of Funds Limited, a Company incorporated in Guernsey,

IDFC General Partners Limited, a Company incorporated in Guernsey.

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

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

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

(c) The Holding Company has made an investment in IDFC Foundation, a Section 25 company under Companies Act, 1956, wherein the profits will be applied for promoting its objects. Accordingly, the consolidated accounts of IDFC Foundation are not consolidated in these financial statements, since the Holding Company will not derive any economic benefits from its investments in IDFC Foundation.

(d) The Holding Company has acquired 72.11% of equity shares in Neopro Technologies Private Limited with effect from March 30, 2013. However, the same has not been consolidated as a subsidiary since the shares are held exclusively with a view to dispose off in the near future.

(e) The Holding Company and its subsidiary company has investment in two associates which are accounted for on the equity method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006:

		MARCH 31, 2013	MARCH 31, 2012
	NAME OF ASSOCIATE	**PROPORTION OF OWNERSHIP INTEREST (%)**	**PROPORTION OF OWNERSHIP INTEREST (%)**
(i)	Dheeru Powergen Limited (Associate of IDFC Projects Limited) (with effect from April 14, 2012 upto March 26, 2013) [see note 4(a)]	-	-
(ii)	Jetpur Somnath Tollways Private Limited (formerly known as Jetpur Somnath Tollways Limited) (Associate of IDFC Projects Limited) (with effect from August 12, 2011) [see note 4(j)]	26.00	26.00
(iii)	Feedback Infrastructure Services Private Limited	24.61	24.61

(f) The Holding Company acquired 43.44% of equity shares in Galaxy Mercantiles Limited with effect from December 2, 2011. However, the same has not been consolidated as an associate since the shares are held exclusively with a view to dispose off in the near future.

04 Change in holding in subsidiaries and associates:

(a) IDFC Projects Limited has sold 25% in Dheeru Powergen Limited in April 2012. Accordingly, Dheeru Powergen Limited ceased to be a subsidiary of IDFC Projects Limited. In view of 26% holding, the company was classified as an associate company. Subsequently, in March 2013, IDFC Projects Limited has sold balance 26% in Dheeru Powergen Limited and accordingly it ceased to be an associate company. [see note 25(d)(i)].

(b) IDFC Capital (Singapore) Pte. Limited has assigned its rights as a manager of Emerging Markets Private Equity Fund, L.P. with effect from January 26, 2012. Consequently, Emerging Markets Private Equity Fund, L.P. has ceased to be an entity over which control is exercised by the Holding Company. Further, IDFC General Partners Limited has also assigned its rights and discontinued managing the Emerging Market Private Equity Fund, L.P. in its capacity as general partner of the fund and is liquidated.

(c) During the previous year, the Holding Company has sold 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited to Nataxis Global Asset Management Asia Pte. Ltd. Consequent to sale, the proportion of ownership interest in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited has reduced from 100% to 75% and the proportion of effective ownership in IDFC Investment Advisors Limited, IDFC Investment Managers (Mauritius) Limited is reduced from 100% to 75%. Further, the proportion of effective ownership in IDFC Pension Fund Management Company Limited is reduced from 100% to 87.50%.

(d) IDFC General Partners Limited was wound up during the year and has ceased to be a subsidiary with effect from September 21, 2012.

(e) The Holding Company has sold 50,000 shares of IDFC PPP Trusteeship Company Limited to IDFC Foundation on March 22, 2012.

(f) The shares of IDFC Project Equity Company Limited were transferred by the Holding Company to IDFC Alternatives Limited on May 17, 2012.

(g) IDFC Primary Dealership Company Limited was incorporated as a subsidiary of the Holding Company on March 17, 2012.

(h) IDFC Securities Singapore Pte. Limited was incorporated as a subsidiary of IDFC Capital Limited on November 21, 2012.

(i) Jetpur Somnath Highway Limited, a subsidiary was wound up on August 10, 2011 pursuant to approvals from the Registrar of Companies.

(j) Jetpur Somnath Tollways Private Limited has ceased to be a subsidiary with effect from August 11, 2011 on account of fresh capital infusion by new investors. Consequently, the ownership interest has reduced from 100% to 26%.

(k) Uniquest Infra Ventures Private Limited has ceased to be a subsidiary with effect from June 3, 2011 on account of fresh capital infusion by new investor.

Consequent to the changes in the ownership interest as detailed above in (a), (c), (i), (j), (k), certain previous year balances have been considered on current ownership and accordingly the same is reflected in the 'Surplus in Statement of Profit and Loss' as 'Opening Adjustments'.

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

NBFC

- 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 notified under the Companies (Accounting Standards) Rules, 2006. 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.
- Current investments are individually carried at the lower of cost and fair value / market value. 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.
- 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.

Other than NBFC

- Long-term investments are valued at cost except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognise the decline. Current investments are valued at lower of cost and market value.

(d) Repurchase and resale transactions (Repo)

Repo transactions are treated as collateralised lending and borrowing transactions, with an agreement to repurchase, on the agreed terms, as per the RBI guidelines and accordingly disclosed in the financial statements. The difference between consideration amounts of the first leg and second leg of the repo are reckoned as Repo Interest. As regards repo / reverse repo transactions outstanding on the balance sheet date, only the accrued income / expenditure till the balance sheet date is taken to the Statement of Profit and Loss. Any repo income / expenditure for the remaining period is reckoned for the next accounting period. The securities sold under repo transactions are continued to marked-to-market as per the investment classification of the security.

(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 up to 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, excluding certain electronic items and leasehold improvements, is provided on the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. Certain electronic items are depreciated over a period of two years on a straight-line method based on the Management's estimate of the useful life of these assets. 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 primary period of the lease, except in case of a subsidiary where leasehold improvements are amortised on a straight-line method over the period of extended lease or five years whichever is shorter.

(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 three years on a straight-line method. Tenancy rights are amortised over a period of ten years on a straight-line method. Website development cost is charged to Statement of Profit and Loss in the year in which such cost is incurred.

(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) 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 and other dues are accounted on accrual basis except in the case of non-performing loans 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.
- Front end fees on processing of loans are recognised upfront as income.
- Brokerage is recognised on trade date basis and is net of statutory payments.
- Asset management fees is recognised on accrual basis.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due, except commission income on guarantees 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 / loss earned on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- 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 on sale.
- Revenue from power supply is accounted on accrual basis.
- Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

(k) Expense under employee stock option schemes

The Holding 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 Holding 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.

(l) 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.

Defined benefit plan

The net present value of obligation towards gratuity to employees is 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.

(m) 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. Ancillary costs in connection with long term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account as stated in note 5(u).

(n) Segment reporting

Primary segment (Business segment)

The major activities of the Group dovetails around financing activity. The other business segment like asset management, investment banking and institutional broking does 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 and institutional broking is grouped under business segments 'others'.

Secondary segment (Geographical segment)

Most of the subsidiaries operates only in the domestic market. As a result, the Group does not have any reportable geographic segment.

(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 notified under the Companies (Accounting Standards) Rules, 2006. 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 notified under the Companies (Accounting Standards) Rules, 2006. 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 it becomes a permanent difference. The Holding Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

(r) Derivative contracts

Interest rate swaps

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked to market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying asset / liability, whichever is shorter.

Currency interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked to market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying asset / liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

Stock futures

- Stock futures are marked-to-market on a daily basis. The debit or credit balance in the 'Mark-to-market margin – stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.
- Credit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated profit, is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.
- On final settlement or squaring-up of contracts for stock futures, the profit / loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in 'Mark-to-market margin – stock futures account' is recognised in the Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of such contract is determined using the weighted average method for calculating profit / loss on squaring-up.
- 'Initial margin account – stock futures', representing initial margin paid is disclosed under loans and advances.

(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

- The policy of provisioning against non-performing loans and advances has been decided by the Management considering norms prescribed by the RBI under Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. As per the policy adopted by the Holding Company, the provision against sub-standard assets are created on a conservative basis, taking into account Management's perception of the higher risk associated with the business. Certain non-performing loans and advances are considered as loss assets and full provision has been made against such assets.
- Provision on restructured loans is computed in accordance with the RBI guidelines.
- In addition to the specific provision on non-performing loans and advances, the Holding Company maintains a general provision on performing loans as provision for contingencies. Provision for contingencies is made as per the provisioning policy of the Holding Company which also includes provision under Section 36(1)(viia) of the Income-tax Act, 1961.
- A general provision is made at 0.25% of the outstanding standard assets in accordance with the RBI guidelines.

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.

(u) Securities issue expenses

Securities issue expenses and redemption premium on certain bonds are adjusted against the securities premium account as permissible under Section 78(2) of the Companies Act, 1956, 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) Expenditure incurred during project development

- Expenditure incurred during pre-project development stage is charged to the Statement of Profit and Loss as and when incurred.
- Expenditure incurred in respect of acquisitions are charged to the Statement of Profit and Loss as and when incurred.
- Expenditure incurred during project development stage are capitalised and transferred to project companies, in case the bid is successful else the same is charged to the Statement of Profit and Loss.

(y) Service tax input credit

Service tax 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.

06 Share capital

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	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	1,000,000,000	1,000.00	1,000,000,000	1,000.00
		5,000.00		5,000.00
ISSUED, SUBSCRIBED & FULLY PAID-UP				
Equity shares of ₹10 each	1,514,727,629	1,514.73	1,512,362,768	1,512.36
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		**1,514.73**		**1,512.36**

(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, 2013		AS AT MARCH 31, 2012	
EQUITY SHARES	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	1,512,362,768	1,512.36	1,460,947,548	1,460.95
Issued during the year - stock options exercised under the ESOS	2,364,861	2.37	3,687,948	3.69
Issued during the year - conversion of CCCPS into equity shares [see note (c)]	-	-	47,727,272	47.72
Outstanding as at the end of the year	**1,514,727,629**	**1,514.73**	**1,512,362,768**	**1,512.36**

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
PREFERENCE SHARES	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	-	-	84,000,000	840.00
Issued during the year [see note (c)]	-	-	-	-
Converted to equity shares during the year [see note (c)]	-	-	84,000,000	840.00
Outstanding as at the end of the year	**-**	**-**	**-**	**-**

(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 is subject to approval of the shareholders at the ensuing Annual General Meeting. During the year ended March 31, 2013, dividend of ₹ 2.60 per share (Previous Year ₹ 2.30 per share) is recognised as amount distributable to equity shareholders.
- In the event of liquidation of the 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms / rights attached to preference shares

The Holding Company had raised ₹ 840.00 crore through the issue of CCCPS during the year ended March 31, 2011. The preference shares were convertible at any time into equity shares of face value of ₹ 10 each until the date falling 18 months from the date of issuance of the preference shares, at the option of the holders, at ₹ 176 per equity share and carried dividend @ 6% p.a. During the year ended March 31, 2012, the preference shares were converted into 47,727,272 equity shares of ₹ 10 each at a premium of ₹ 166 per equity share.

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

	FOR THE YEAR ENDED MARCH 31, 2013 NUMBER	FOR THE YEAR ENDED MARCH 31, 2012 NUMBER
Outstanding as at the beginning of the year	37,970,105	20,750,721
Add: Granted during the year	883,000	22,248,000
Less: Exercised during the year	2,364,861	3,687,948
Less: Lapsed / forfeited during the year	919,304	1,340,668
Outstanding as at the end of the year	**35,568,940**	**37,970,105**

07 Reserves and surplus

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
(a) SECURITIES PREMIUM ACCOUNT		
Opening balance	5,232.88	4,515.93
Add: premium on issue of equity shares by a subsidiary company	-	2.25
Add: premium on conversion of CCCPS into equity shares [see note 6(c)]	-	792.27
Add: premium on exercise of stock options under the ESOS	21.64	17.18
Less: premium utilised during the year [see note 5(u)]	10.15	94.19
[net of current tax of ₹ 3.20 crore (Previous Year ₹ 38.00 crore)]		
Less: Minority interest in a subsidiary company	-	0.56
Closing balance	**5,244.37**	**5,232.88**
(b) STOCK OPTIONS OUTSTANDING [see note 6(d)]		
Opening balance	33.90	31.29
Add: Net charge for the year [see note 27]	0.21	4.31
Less: Transferred to general reserve	0.57	-
Less: Stock options exercised / cancelled	4.68	1.70
Closing balance	**28.86**	**33.90**
(c) DEBENTURE REDEMPTION RESERVE		
Opening balance	214.60	72.60
Add: Transfer from surplus in the Statement of Profit and Loss	150.00	142.00
Closing balance	**364.60**	**214.60**
Debenture redemption reserve has been created in accordance with Section 117C of the Companies Act, 1956 in respect of the public issues of long-term Infrastructure Bonds. The Holding Company creates Debenture Redemption Reserve (DRR) up to 25% of the value of debentures issued through public issue plus accrued interest thereon over the expected life of such debentures in accordance with circular no. 4/2013 dated February 11, 2013 issued by the Ministry of Corporate Affairs. The Holding Company is not required to create DRR in respect of privately placed debentures.		
(d) SPECIAL RESERVE u/s. 36(1)(viii) OF THE INCOME-TAX ACT, 1961 [see note 5(a)]		
Opening balance	1,550.25	1,160.68
Add: Transfer from surplus in the Statement of Profit and Loss	400.00	390.00
Less: Transfer to general reserve	-	0.43
Closing balance	**1,950.25**	**1,550.25**

(₹ IN CRORE)

		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
(e) SPECIAL RESERVE u/s. 45-IC OF THE RBI ACT, 1934				
Opening balance		1,516.47		1,197.15
Add: Transfer from surplus in the Statement of Profit and Loss		355.46		321.58
Less: Transfer to general reserve		-		2.26
Closing balance		**1,871.93**		**1,516.47**
(f) GENERAL RESERVE				
Opening balance		478.91		311.67
Add: Transfer from surplus in the Statement of Profit and Loss		183.43		164.81
Add: Transfer from special reserve u/s. 36(1)(viii)		-		0.43
Add: Transfer from special reserve u/s. 45-IC		-		2.26
Add: Transfer from stock options outstanding		0.57		-
Less: Share of minority interest		-		0.26
Closing balance		**662.91**		**478.91**
(g) CAPITAL RESERVE ON CONSOLIDATION				
Opening balance		1.25		1.25
Add: Changes due to change in shareholding in group companies		-		ß
Closing balance		**1.25**		**1.25**
(h) FOREIGN CURRENCY TRANSLATION RESERVE [see note 3(a)(vii)]				
Opening balance		5.46		(1.76)
Add: Foreign exchange translation in relation to non-integral foreign operations		4.49		7.24
Less: Share of minority interest		0.01		0.02
Closing balance		**9.94**		**5.46**
(i) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS				
Opening balance		1,738.96		1,654.54
Profit for the period		1,836.20		1,554.01
Add: Opening adjustment (see note 4)		9.73		0.33
Less: Impact of amount utilised by an associate against securities premium account		1.29		0.58
LESS: APPROPRIATIONS				
TRANSFER TO RESERVES:				
Debenture redemption reserve	150.00		142.00	
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	400.00		390.00	
Special reserve u/s. 45-IC of the RBI Act, 1934	355.46		321.58	
General reserve	183.43		164.81	
DIVIDEND & DIVIDEND DISTRIBUTION TAX:				
Proposed dividend on equity shares [₹ 2.60 per share (Previous Year ₹ 2.30 per share)]	393.84		347.87	
Dividend on preference shares [₹ Nil per share (Previous Year ₹ 5.19 per share)]	-		43.63	
Dividend on equity shares pertaining to previous year [see note (i)]	0.20		0.24	
Tax on proposed equity dividend [see note (ii)]	66.93		53.39	
Tax on equity dividend for previous year [see note (i) & (ii)]	(0.04)		0.04	
Tax on preference dividend [see note (ii)]	-		5.78	
Total appropriations		**1,549.82**		**1,469.34**
Closing balance		**2,033.78**		**1,738.96**
TOTAL RESERVES AND SURPLUS		**12,167.89**		**10,772.68**

(i) In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Company paid dividend of ₹ 0.20 crore for the year 2011-12 (Previous Year ₹ 0.24 crore for the year 2010-11) as approved by the shareholders at the respective Annual General Meetings and tax on dividend of ₹ 0.03 crore (Previous Year ₹ 0.04 crore) as approved by the shareholders at the respective Annual General Meetings.

(ii) Tax on dividend is net of dividend distribution tax of ₹ 0.25 crore (Previous Year ₹ 4.59 crore) paid by the subsidiary companies under Section 115-O of the Income-tax Act, 1961.

08 Share application money pending allotment

Share application money pending allotment represents applications received from employees on exercise of stock options granted and vested under the ESOS by the Holding Company.

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Equity shares of face value ₹ 10 each proposed to be issued	44,799	0.04	103,682	0.10
Total amount of securities premium		0.26		0.50
		0.30		**0.60**

The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date.

09 Long-term borrowings

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
DEBENTURES & BONDS (NON CONVERTIBLE) (SECURED) [see note (a) & 40]				
Face value	27,693.13	11,522.00	23,297.92	7,844.00
Less: Unexpired discount on zero percent debentures & bonds [see note (b)]	366.24	27.73	191.57	17.26
	27,326.89	11,494.27	23,106.35	7,826.74
DEBENTURES & BONDS (CONVERTIBLE) (UNSECURED) (see note 41)	-	-	6.67	-
TERM LOANS (SECURED) [see note (a)]				
From banks (see note 42)	3,005.74	1,000.00	2,447.02	785.57
From others (see note 43)	-	918.00	668.00	-
	3,005.74	1,918.00	3,115.02	785.57
EXTERNAL COMMERCIAL BORROWINGS (SECURED) [see note (a)]				
From banks (see note 44)	3,382.83	142.32	1,790.60	-
From others (see note 45)	2,437.87	-	1,168.56	634.93
	5,820.70	142.32	2,959.16	634.93
SUBORDINATED DEBT FROM THE GOVERNMENT OF INDIA (UNSECURED) (see note 46)	650.00	-	650.00	-
Amount disclosed under 'other current liabilities' (see note 14)	-	(13,554.59)	-	(9,247.24)
TOTAL LONG-TERM BORROWINGS	**36,803.33**	**-**	**29,837.20**	**-**
The above amount includes:				
Secured borrowings	36,153.33	13,554.59	29,180.53	9,247.24
Unsecured borrowings	650.00	-	656.67	-
	36,803.33	**13,554.59**	**29,837.20**	**9,247.24**

(a) Borrowings of ₹ 49,707.92 crore (Previous Year ₹ 38,427.77 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans & advances excluding investments in and other receivables from subsidiaries and affiliates of the Holding Company.

b) Unexpired discount is net of ₹ 154.46 crore (Previous Year ₹ 117.72 crore) towards interest accrued but not due.

10 Other long-term liabilities

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Lease equalisation (see note 34)	3.67	5.11
Interest accrued but not due on borrowings	301.27	126.67
Income received in advance (unearned revenue)	3.22	4.83
Debenture application money	1.30	-
Security deposit	-	0.64
Payables against derivative contracts	5.24	-
Retention money	0.02	2.77
Other payables	ß	ß
TOTAL	**314.72**	**140.02**

11 Long-term provisions

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Provision for employee benefits (see note 31)	0.08	4.53
Contingent provision against standard assets [see note (a) & (b)]	143.20	124.40
TOTAL	**143.28**	**128.93**

(a) A contingent provision against standard assets has been created at 0.25% of the outstanding standard assets in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012).

(b) Movement in contingent provision against standard assets during the year is as under:

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Opening balance	124.40	96.75
Additions during the year	18.80	27.65
Closing balance	**143.20**	**124.40**

12 Short-term borrowings

(₹ IN CRORE)

		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
TERM LOANS (SECURED) [see note (a)]				
From banks		1,218.90		3,606.09
TERM LOANS (UNSECURED)				
From Others		3.38		-
COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO) (SECURED) [see note (b)]		597.23		499.38
COMMERCIAL PAPERS (UNSECURED)				
Face value	857.00		3,132.00	
Less: Unexpired discount [see note (c)]	32.14		136.44	
		824.86		2,995.56
CASH CREDIT / BANK OVERDRAFT (SECURED) [see note (a)]		1,225.00		249.98
TOTAL SHORT-TERM BORROWINGS		**3,869.37**		**7,351.01**
The above amount includes:				
Secured borrowings		3,041.13		4,355.45
Unsecured borrowings		828.24		2,995.56
		3,869.37		**7,351.01**

(a) Borrowings of ₹ 2,443.90 crore (Previous Year ₹ 3,856.07 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans & advances excluding investments in and other receivables from subsidiaries and affiliates of the Holding Company.

(b) Borrowings of ₹ 597.23 crore (Previous Year ₹ 499.38 crore) under CBLO is secured against investments in government securities.

(c) Unexpired discount on commercial papers is net of ₹ 32.25 crore (Previous Year ₹ 100.27 crore) towards interest accrued but not due.

13 Trade payables

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Payables against derivative contracts	81.05	45.95
Payables against purchase of investments	108.52	20.48
Other trade payables (see note 39)	11.81	32.14
Provision for expenses	147.77	153.44
TOTAL	**349.15**	**252.01**

14 Other current liabilities

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Current maturities of long-term borrowings (see note 9)	13,554.59	9,247.24
Interest accrued but not due on borrowings	1,710.25	1,217.55
Income and other amounts received in advance	31.10	52.12
Funds received for investor education	1.84	-
Unclaimed dividend	1.54	1.22
Unclaimed interest	3.78	5.22
Security deposit	10.83	8.33
Lease equalisation (see note 34)	1.66	1.60
Other payables		
Statutory dues	7.92	9.63
TOTAL	**15,323.51**	**10,542.91**

15 Short-term provisions

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Provision for employee benefits (see note 31)	0.18	3.30
Other provisions		
Provision for income tax (net of advance payment of tax)	87.13	38.36
Provision for wealth tax (net of advance payment of tax)	0.12	0.27
Provision for fringe benefit tax (net of advance payment of tax)	0.04	0.24
Proposed equity dividend [see note 6(b) & 7(*i*)(ii)]	393.84	347.87
Tax on proposed equity dividend	63.04	55.14
TOTAL	**544.35**	**445.18**

16 (a) Tangible assets

(₹ IN CRORE)

	GROSS BLOCK						ACCUMULATED DEPRECIATION						NET BLOCK	
	Balance as at April 1, 2012	Opening adjustment (See note 4)	Translation exchange difference	Additions	Disposals	Balance as at March 31, 2013	Balance as at April 1, 2012	Opening adjustment (see note 4)	Translation exchange difference	Depreciation charge for the year	On disposals	Balance as at March 31, 2013	Balance as at March 31, 2013	Balance as at March 31, 2012
Freehold land	5.07	5.07	-	-	-	-	-	-	-	-	-	-	-	5.07
Leasehold land	4.51	4.51	-	-	-	-	-	-	-	-	-	-	-	4.51
Buildings														
Own use	326.64	-	-	-	-	326.64	50.16	-	-	13.82	-	63.98	262.66	276.48
Under operating lease	18.81	-	-	-	-	18.81	9.67	-	-	0.46	-	10.13	8.68	9.14
Leasehold improvements	14.78	-	0.05	0.43	0.02	15.24	8.48	-	0.05	2.15	ß	10.68	4.56	6.30
Furniture and fixtures														
Own use	12.14	0.03	0.02	0.65	1.21	11.57	6.09	0.02	0.01	1.07	1.00	6.15	5.42	6.05
Under operating lease	0.42	-	-	-	-	0.42	0.13	-	-	0.02	-	0.15	0.27	0.29
Vehicles	1.08	-	-	0.21	-	1.29	0.46	-	-	0.17	-	0.63	0.66	0.62
Office equipment														
Own use	14.35	0.06	0.01	3.32	0.78	16.84	6.01	0.04	ß	1.88	0.62	7.23	9.61	8.34
Under operating lease	0.02	-	-	-	-	0.02	0.02	-	-	ß	-	0.02	-	-
Computers	20.02	0.05	0.02	1.61	0.94	20.66	14.59	0.03	0.02	2.58	0.88	16.28	4.38	5.43
Wind mills	101.25	-	-	-	-	101.25	48.91	-	-	8.02	-	56.93	44.32	52.34
TOTAL	**519.09**	**9.72**	**0.10**	**6.22**	**2.95**	**512.74**	**144.52**	**0.09**	**0.08**	**30.17**	**2.50**	**172.18**	**340.56**	**374.57**
Previous Year	516.26	-	0.22	5.59	2.98	519.09	112.71	-	0.15	33.64	1.98	144.52	374.57	

16 (b) Intangible assets

(₹ IN CRORE)

	GROSS BLOCK						ACCUMULATED AMORTISATION						NET BLOCK	
	Balance as at April 1, 2012	Opening adjustment (See note 4)	Translation exchange difference	Additions	Disposals	Balance as at March 31, 2013	Balance as at April 1, 2012	Opening adjustment (see note 4)	Translation exchange difference	Amortisation charge for the year	On disposals	Balance as at March 31, 2013	Balance as at March 31, 2013	Balance as at March 31, 2012
Computer software	17.68	0.04	ß	2.90	-	20.54	12.50	0.01	0.01	4.22	-	16.72	3.82	5.18
Tenancy rights	0.11	-	-	-	-	0.11	0.03	-	-	0.01	-	0.04	0.07	0.08
TOTAL	**17.79**	**0.04**	**-**	**2.90**	**-**	**20.65**	**12.53**	**0.01**	**0.01**	**4.23**	**-**	**16.76**	**3.89**	**5.26**
Previous Year	16.69	-	0.01	1.09	-	17.79	7.72	-	0.01	4.80	-	12.53	5.26	
TOTAL TANGIBLE AND INTANGIBLE ASSETS	**536.88**	**9.76**	**0.10**	**9.12**	**2.95**	**533.39**	**157.05**	**0.10**	**0.09**	**34.40**	**2.50**	**188.94**	**344.45**	**379.83**
Previous Year	532.95	-	0.23	6.68	2.98	536.88	120.43	-	0.16	38.44	1.98	157.05	379.83	

17 Non-current investments (at cost)

			(₹ IN CRORE)
		AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
INVESTMENT IN ASSOCIATES			
Equity shares	35.51		27.78
Add: Goodwill on acquisition	9.80		9.80
Add: Adjustment for post acquisition share of profit and reserve for associates	11.81		10.66
		57.12	48.24
INVESTMENT IN A SUBSIDIARY			
Equity shares [see note 3(c)]		13.00	8.05
OTHER INVESTMENTS			
Equity shares [see note (d)]		690.89	765.20
Preference shares		469.22	544.18
Venture capital units [see note (d)]		689.87	618.48
Debentures & bonds		64.94	563.14
Government securities		1,517.06	49.99
Mutual funds		5.00	-
Security receipts		21.24	21.38
TOTAL NON-CURRENT INVESTMENTS		**3,528.34**	**2,618.66**
Less: Provision for diminution in value of investments		218.83	178.24
Less: Premium amortised on debentures, bonds and government securities		0.26	7.31
NET NON-CURRENT INVESTMENTS		**3,309.25**	**2,433.11**
(a) Aggregate amount of quoted investments			
Cost		298.39	308.81
Market value		148.44	243.96
(b) Aggregate amount of investments in unquoted mutual funds			
Cost		5.00	-
Market value		5.06	-
(c) Aggregate amount of unquoted investments - cost		3,224.95	2,309.85

(d) Investments include ₹ 0.47 crore (Previous Year ₹ 0.47 crore) in respect of equity shares and ₹ 689.87 crore (Previous Year ₹ 618.48 crore) in respect of venture capital units which are subject to restrictive covenants.

18 Deferred tax

				(₹ IN CRORE)
	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	ASSETS	**LIABILITIES**	**ASSETS**	**LIABILITIES**
(a) Provisions	414.18	-	339.14	0.50
(b) Others	9.13	-	5.81	-
(c) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	(26.26)	(3.29)	(24.73)	(2.68)
DEFERRED TAX (NET)	**397.05**	**(3.29)**	**320.22**	**(2.18)**

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standards) Rules, 2006, the Company has taken credit of ₹ 75.72 crore (Previous Year ₹ 70.00 crore) in the Statement of Profit and Loss towards deferred tax assets (net) on account of timing differences.

19 Loans

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31,2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Rupee loans [see note (a), (c) & (d)]	47,643.27	7,627.71	41,652.36	6,147.05
Debentures & bonds [see note (a) & (d)]	1,298.77	24.80	1,086.34	0.83
	48,942.04	**7,652.51**	**42,738.70**	**6,147.88**
Less: Provision against non-performing loans [see note (c)]	13.33	42.88	29.73	47.16
Less: Provision for contingencies	801.88	-	626.76	-
TOTAL	**48,126.83**	**7,609.63**	**42,082.21**	**6,100.72**
(a) The above amount includes				
Secured [see note (b) & (c)]	44,699.73	7,306.49	38,019.43	5,865.38
Unsecured	4,242.31	346.02	4,719.27	282.50
	48,942.04	**7,652.51**	**42,738.70**	**6,147.88**

(b) Loans to the extent of ₹ 52,006.22 crore (Previous Year ₹ 43,884.81 crore) are secured by :
- (i) Hypothecation of assets and / or
- (ii) Mortgage of property and / or
- (iii) Trust and retention account and / or
- (iv) Bank guarantees, company guarantee, sponsor guarantee or personal guarantee and / or
- (v) Assignment of receivables or rights and / or
- (vi) Pledge of shares and / or
- (vii) Negative lien and / or
- (viii) Undertaking to create a security.

(c) Rupee loans - secured includes non-performing loans of ₹ 85.12 crore (Previous Year ₹ 148.32 crore) against which provisions of ₹ 56.21 crore (Previous Year ₹ 76.89 crore) has been made in accordance with the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012). [see note (d)]

(d) The classification of loans under the RBI guidelines is as under:

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
(i) Standard assets	56,509.43	48,738.26
(ii) Sub-standard assets	14.01	70.78
(iii) Doubtful assets	43.61	50.04
(iv) Loss assets	27.50	27.50
	56,594.55	**48,886.58**

20 Loans and advances - others (considered good, unless stated otherwise)

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31,2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
SECURED				
Lending in CBLO	-	-	-	49.95
UNSECURED				
Inter corporate deposits	-	175.00	-	412.65
Loans and advances to related parties (see note 32)	-	24.15	1.65	41.52
Loan to a financial institution	-	-	-	30.00
Receivables against derivative contracts	207.47	159.68	196.30	197.75
Receivable against retail infrastructure bonds	-	-	-	179.17
Loans and advances to employees	1.00	0.36	1.00	0.97
Carried forward	**208.47**	**359.19**	**198.95**	**912.01**

Loans and advances - others (considered good, unless stated otherwise) *(continued)*

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31,2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Brought forward	**208.47**	**359.19**	**198.95**	**912.01**
Advance against investments	-	ß	18.61	100.00
Security deposits	36.81	1.15	29.90	15.95
Other deposits	2.99	3.04	3.00	6.06
Advance payment of income tax (net of provision)	252.95	-	209.13	-
Advance payment of fringe benefit tax (net of provision)	0.53	-	0.53	-
Other loans and advances				
Supplier advances	-	2.21	-	2.25
Capital advance	0.62	-	1.67	-
Balance with defined benefit plan (see note 31)	-	-	-	0.11
Stamp paper on hand	-	0.05	-	0.12
Initial margin account - stock futures	4.50	-	5.00	-
Initial margin account - government securities & CBLO	6.52	-	-	-
Minimum alternate tax credit	0.17	-	0.31	-
Balances with government authorities - cenvat credit available	0.16	2.60	-	4.42
[includes ₹ 0.64 crore (Previous Year ₹ 0.64 crore), considered doubtful]				
Less: Provision against doubtful balances	-	0.64	-	0.64
TOTAL	**513.72**	**367.60**	**467.10**	**1,040.28**

21 Other assets (considered good, unless stated otherwise)

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other receivables [includes ₹ 1.17 crore (Previous Year ₹ 0.81 crore), considered doubtful]	3.02	4.81	0.01	7.86
Less: Provision against doubtful receivables	-	1.17	-	0.81
	3.02	**3.64**	**0.01**	**7.05**
Bank deposits [see note (a)]	3.09	-	2.08	-
Interest accrued on deposits & loan to financial institution	0.10	2.99	0.16	70.58
Income accrued on investments	-	136.00	-	67.28
Interest accrued on loans [see note (b)]	557.49	495.77	334.97	453.61
Unamortised expenses				
Prepaid expenses	3.31	10.43	3.07	10.09
Premium on forward contracts	-	24.37	-	5.30
Ancilliary borrowing costs	59.98	15.29	30.93	8.84
Mark - to - market margin - stock futures account	-	-	-	0.50
Less: Provision for loss - stock futures account	-	-	-	0.50
TOTAL	**626.99**	**688.49**	**371.22**	**622.75**

(a) Balances with banks include deposits under lien of ₹ 2.99 crore (Previous Year ₹ 1.09 crore) against bank guarantees.

(b) Interest accrued on loans - current is net of provision of ₹ 31.77 crore (Previous Year ₹ 20.71 crore).

22 Current investments (lower of cost and fair value / market value, unless stated otherwise)

(₹ IN CRORE)

		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
INVESTMENT IN A SUBSIDIARY [see note 3(d)]				
Equity shares	164.46			-
Preference shares	25.03			-
		189.49		-
INVESTMENT IN AN ASSOCIATE [see note 3(f)]				
Equity shares	73.81		73.81	
Preference shares	9.99		9.99	
		83.80		83.80
OTHER INVESTMENTS				
Equity shares [see note (a) & (d)]		78.29		81.83
Debentures & bonds		2,028.46		1,541.69
Pass through certificates		0.58		0.84
Certificate of deposits		2,213.57		1,147.90
Commercial papers		-		1,324.68
Convertible warrants		-		ß
Government securities		1,429.89		181.51
Treasury bills		613.15		354.66
Mutual funds [see note (b)]		530.36		264.79
CURRENT MATURITIES OF LONG-TERM INVESTMENTS				
Mutual funds [see note (b)]	1.20		-	
Debentures & bonds	-		116.37	
		1.20		116.37
CURRENT PORTION OF LONG-TERM INVESTMENTS				
Equity shares [see note (b)]	69.42		8.63	
Debentures & bonds	498.15		55.29	
Government securities	25.63		-	
		593.20		63.92
TOTAL CURRENT INVESTMENTS		**7,761.99**		**5,161.99**
Less: Provision for diminution in value of investments		56.64		60.86
Less: Premium amortised on current maturities of long-term debentures & bonds		10.43		0.38
NET CURRENT INVESTMENTS		**7,694.92**		**5,100.75**
(a) Aggregate amount of quoted investments				
Cost		78.29		81.83
Market value		35.84		40.38
(b) Aggregate amount of investments in unquoted mutual funds				
Cost		531.56		264.79
Market value (Net asset value)		542.12		275.35
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.				
(c) Aggregate amount of other unquoted investments - cost		7,152.14		4,815.37

(d) Investments include ₹ Nil (Previous Year ₹ 8.63 crore) in respect of equity shares which are subject to a lock-in-period.

23 Trade receivables (unsecured)

(₹ IN CRORE)

		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
CONSIDERED GOOD				
Outstanding for a period less than six months from the date they are due for payment	154.38		376.84	
Outstanding for a period exceeding six months from the date they are due for payment	6.19		6.33	
		160.57		383.17
CONSIDERED DOUBTFUL				
Outstanding for a period less than six months from the date they are due for payment	20.43		-	
Outstanding for a period exceeding six months from the date they are due for payment	89.04		1.95	
		109.47		1.95
Less: Provision against doubtful receivables		109.47		1.95
		-		-
TOTAL		**160.57**		**383.17**

24 Cash and bank balances

(₹ IN CRORE)

		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
CASH AND CASH EQUIVALENTS				
Cash on hand	0.02		0.02	
Cheques on hand	22.18		2.29	
Balances with banks:				
In current accounts	99.20		25.57	
In deposit accounts	68.14		76.24	
		189.54		104.12
OTHERS				
Balances with banks:				
In earmarked accounts				
- unclaimed dividend	1.54		1.22	
- unclaimed interest	3.78		5.22	
In deposit accounts [see note (a), (b) & (c)]	67.86		587.55	
		73.18		593.99
TOTAL		**262.72**		**698.11**

(a) Balances with banks include deposits under lien of ₹ 46.86 crore (Previous Year ₹ 50.44 crore) against bank guarantees and overdraft facility.

(b) Balances with banks in deposit accounts include deposits under lien of ₹ 21.00 crore (Previous Year ₹ 21.00 crore) to the National Securities Clearing Corporation Limited for meeting margin requirements.

(c) Balances with banks include deposits of ₹ 21.00 (Previous Year ₹ 501.00 crore) having original maturity of more than 12 months.

25 Revenue from operations

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest [see note (a)]	7,112.32	5,434.45
Other financial services [see note (b)]	555.57	421.57
Dividend income [see note (c)]	32.48	24.92
Net profit on sale of investments [see note (d)]	401.33	412.35
Brokerage	25.10	37.12
Other operating income [see note (e)]	11.79	11.72
TOTAL	**8,138.59**	**6,342.13**

(a) DETAILS OF INTEREST INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest on loans [see note (i) & (ii)]	6,367.80	4,793.71
Interest on deposits and loan to a financial institution	111.97	175.38
Interest on investments		
Current investments	506.44	402.46
Long-term investments	126.11	62.90
TOTAL	**7,112.32**	**5,434.45**

(i) Interest on loans includes interest on debentures & bonds of ₹ 243.36 crore (Previous Year ₹ 182.05 crore).

(ii) Interest on loans includes exchange gain of ₹ Nil (Previous Year ₹ 10.33 crore).

(b) DETAILS OF INCOME FROM OTHER FINANCIAL SERVICES

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Fees (net) [see note (i)]	554.64	418.10
Profit on assignment / sale of loans	0.93	3.47
TOTAL	**555.57**	**421.57**

(i) Fees income is net of fees shared on sell down of loans of ₹ 2.26 crore (Previous Year ₹ 7.87 crore).

(c) DETAILS OF DIVIDEND INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Current investments	10.54	8.98
Long-term investments	21.94	15.94
TOTAL	**32.48**	**24.92**

(d) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Current investments	219.06	82.58
Long-term investments [see note (i)]	182.27	329.77
TOTAL	**401.33**	**412.35**

(i) Profit on sale of long-term investments is net of loss of ₹ 17.01 crore (Previous Year ₹ Nil) on sale of Dheeru Powergen Limited. [see note 4(a)]

(e) DETAILS OF OTHER OPERATING INCOME

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Sale of power	11.79	11.72
TOTAL	**11.79**	**11.72**

26 Other income

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest on income tax refund	6.77	1.34
Other interest	0.07	0.14
Profit on sale of long-term investments [see note (a)]	-	83.82
Profit on sale of fixed assets (net)	-	4.30
Miscellaneous income [see note 34(iii)]	2.99	3.28
TOTAL	**9.83**	**92.88**

(a) Profit on sale of long-term investments for previous year includes ₹ 83.77 crore on sale of 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, wholly-owned subsidiaries of the Holding Company, to Natixis Global Asset Management Asia Pte. Limited and ₹ 0.05 crore on account of sale of equity investments in IDFC PPP Trusteeship Company Limited by the Holding Company to a wholly-owned subsidiary.

27 Employee benefits expense

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Salaries [see note 31 & 34(i)]	265.57	276.61
Contribution to provident and other funds [see note 31]	14.75	14.83
Expense under the ESOS [see note 7(b)]	0.21	4.31
Staff welfare expenses	11.11	9.11
TOTAL	**291.64**	**304.86**

28 Finance costs

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest expense *	4,615.11	3,369.03
Other borrowing costs *	57.70	54.43
Net loss on foreign currency transactions and translation	3.02	32.75
TOTAL	**4,675.83**	**3,456.21**

* excludes ₹ 13.35 crore (Previous Year ₹ 132.19 crore) charged to securities premium account. [see note 7(a)]

29 Provisions and contingencies

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Contingent provision against standard assets [see note 11(b)]	18.80	27.65
Provision for contingencies	175.13	104.91
Provision against non-performing loans, doubtful debts & advances (net)	119.34	52.02
Provision for diminution in value of investments (net)	36.36	100.16
Writeback of mark-to-market on stock futures account	-	(0.16)
TOTAL	**349.63**	**284.58**

30 Other expenses

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Rent [see note 34(ii)]	21.59	25.39
Rates and taxes	2.00	3.91
Electricity	3.80	3.34
Repairs and maintenance		
Buildings	2.33	1.62
Equipments	3.38	2.52
Others	4.40	3.83
Insurance charges	0.87	0.95
Travelling and conveyance	17.85	18.51
Printing and stationery	3.17	1.66
Communication costs	6.56	6.64
Advertising and publicity	8.58	5.64
Professional fees	51.70	48.58
Brokerage expenses	31.38	13.56
Loss on trading in stock futures	4.40	2.63
Loss on retirement of fixed assets	0.38	-
Loss on foreign exchange fluctuation (net)	0.38	0.31
Directors' sitting fees	0.48	0.61
Commission to directors	1.33	1.04
Bad debts written off	1.78	1.60
Other operating expenses	11.32	12.34
Miscellaneous expenses	25.15	21.18
Auditors' remuneration [see note (a)]	2.85	3.29
Shared service costs recovered [see note (b)]	(2.32)	(0.90)
TOTAL	**203.36**	**178.25**

(a) Break up of auditors' remuneration:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Audit fee	1.26	1.36
Tax audit fee	0.25	0.29
Taxation matters	0.30	0.43
Other services	0.93	1.07
Out of pocket expenses	0.01	0.01
Service tax	0.29	0.37
	3.04	3.53
Less: Service tax set off claimed	0.19	0.24
TOTAL	**2.85**	**3.29**

The above amount excludes professional fees of ₹ Nil (Previous Year ₹ 0.19 crore) debited to other accounts.

(b) Shared service costs recovery includes ₹ 0.60 crore (Previous Year ₹ 0.83 crore) recovered from an associate company under a shared service agreement.

31 In accordance with Accounting Standard 15 on 'Employee Benefits' as notified under the Companies (Accounting Standards) Rules, 2006 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, 2013		FOR THE YEAR ENDED MARCH 31, 2012	
	FUNDED	**NON FUNDED**	**FUNDED**	**NON FUNDED**
Provident fund	7.52	0.14	4.86	2.32
Pension fund	1.04	-	0.59	-
Superannuation fund	1.25	0.01	0.85	0.44

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, 2013		FOR THE YEAR ENDED MARCH 31, 2012	
	FUNDED	**NON FUNDED**	**FUNDED**	**NON FUNDED**
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:				
Liability at the beginning of the year	16.18	5.53	12.59	4.16
Converted from non funded to funded	5.14	(5.14)	-	-
Current service cost	4.68	0.10	2.93	1.39
Interest cost	2.08	0.03	1.25	0.44
Liabilities settled on divestiture	(0.05)	-	-	-
Benefits paid	(1.98)	(0.47)	(1.97)	(0.55)
Actuarial loss	0.70	0.04	1.38	0.09
Liability at the end of the year	26.75	0.09	16.18	5.53
FAIR VALUE OF PLAN ASSETS:				
Fair value of plan assets at the beginning of the year	13.87	-	11.96	-
Expected return on plan assets	1.10	-	0.96	-
Contributions	12.57	0.47	3.40	0.22
Benefits paid	(1.98)	(0.47)	(1.97)	(0.22)
Actuarial gain / (loss) on plan assets	1.03	-	(0.48)	-
Fair value of plan assets at the end of the year	26.59	-	13.87	-
Total actuarial loss / (gain) to be recognised	(0.33)	0.04	1.86	0.09
ACTUAL RETURN ON PLAN ASSETS:				
Expected return on plan assets	1.10	-	0.96	-
Actuarial gain / (loss) on plan assets	1.03	-	(0.48)	-
Actual return on plan assets	2.13	-	0.48	-
AMOUNT RECOGNISED IN THE BALANCE SHEET:				
Liability at the end of the year	26.75	0.09	16.18	5.53
Fair value of plan assets at the end of the year	26.59	-	13.87	-
Unrecognised past service cost	0.09	-	0.09	0.18
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	0.08	0.09	2.22	5.35
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:				
Current service cost	4.68	0.10	2.93	1.39
Interest cost	2.08	0.03	1.25	0.44
Expected return on plan assets	(1.10)	-	(0.96)	-
Net actuarial loss / (gain) to be recognised	(0.33)	0.04	1.86	0.09
Recovery of past service cost	0.19	-	0.10	0.12
Liabilities settled on divestiture	(0.05)	-	-	-
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	5.47	0.17	5.18	2.04

Employee Benefits Disclosures *(continued)*

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013		FOR THE YEAR ENDED MARCH 31, 2012	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:				
Opening net liability	7.18	0.39	0.62	3.88
Expense recognised	5.47	0.17	5.18	2.04
Contribution by the Group	(12.57)	(0.47)	(3.40)	(0.50)
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	0.08	0.09	2.22	5.35
Expected employer's contribution next year	4.48	0.01	1.70	0.36

(₹ IN CRORE)

	FOR THE YEAR ENDED				
EXPERIENCE ADJUSTMENTS:	MARCH 31, 2013	MARCH 31, 2012	MARCH 31, 2011	MARCH 31, 2010	MARCH 31, 2009
Defined benefit obligation	26.84	21.71	16.75	10.71	8.84
Plan assets	26.59	13.87	11.96	8.29	6.68
Deficit	(0.25)	7.84	4.79	2.42	2.16
Experience adjustments on plan liabilities	(0.12)	1.04	2.74	(0.27)	2.24
Experience adjustments on plan assets	1.03	(0.48)	(0.13)	1.30	(0.74)

	AS AT MARCH 31, 2013 (%)	AS AT MARCH 31, 2012 (%)
INVESTMENT PATTERN:		
Insurer managed funds	100.00	100.00
Government securities	26.30	18.64
Deposit and money market securities	6.61	33.53
Debentures / bonds	55.41	31.98
Equity shares	11.68	15.85
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	8.05	8.38
Expected rate of return on assets (p.a.)	8.00	8.00
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.

32 As per Accounting Standard 18 on 'Related Party Disclosures' as notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Group are as follows:

SUBSIDIARIES:

(a) **Direct**

IDFC Foundation [see note 3(c)]

Neopro Technologies Private Limited (with effect from March 30, 2013) [see note 3(d)]

(b) **Through subsidiary**

IDFC PPP Trusteeship Company Limited [see note 4(e)]

JOINTLY CONTROLLED ENTITIES OF IDFC FOUNDATION:

(a) Delhi Integrated Multi-Modal Transit System Limited (with effect from March 24, 2011)

(b) Infrastructure Development Corporation (Karnataka) Limited (with effect from March 24, 2011)

(c) Uttarakhand Infrastructure Development Company Limited (with effect from March 24, 2011)

ASSOCIATES:

(a) **Direct**

Galaxy Mercantiles Limited (with effect from December 2, 2011)

Feedback Infrastructure Services Private Limited

Related Party Disclosures *(continued)*

(b) Through subsidiary

Jetpur Somnath Tollways Private Limited (formerly known as Jetpur Somnath Tollways Limited) (with effect from August 12, 2011)

ENTITIES OVER WHICH CONTROL IS EXERCISED BY IDFC FOUNDATION:

(a) India Infrastructure Initiative Trust (up to June 30, 2012)

(b) India PPP Capacity Building Trust

KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:

(a) Dr. Rajiv B. Lall - Vice Chairman & Managing Director

(b) Mr. Vikram Limaye - Deputy Managing Director

The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

(₹ IN CRORE)

		FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP			
SUBSIDIARIES:			
IDFC Foundation	Fees paid	3.25	3.63
	Advances recovered during the year	19.00	4.00
	Sale of investments	-	0.05
	Advances to related parties - balance outstanding	22.50	41.50
	Donation	5.00	-
	Share subscription	4.95	8.00
	Trade payables - balance outstanding	2.21	0.52
Neopro Technologies Private Limited	Subscription to preference shares	25.03	-
IDFC PPP Trusteeship Company Limited	Advances given	-	0.02
	Advances - balance outstanding	-	0.02
	Advances - written off	0.02	-
JOINTLY CONTROLLED ENTITIES:			
Uttarakhand Infrastructure Development Company Limited	Fees paid	0.06	0.09
Infrastructure Development Corporation (Karnataka) Limited	Fees paid	0.29	0.04
	Rent paid	0.02	0.02
	Trade payables - balance outstanding	0.08	0.16
ASSOCIATES:			
Feedback Infrastructure Services Private Limited	Dividend received	0.70	0.81
	Miscellaneous income	0.01	ß
	Fees paid	0.18	0.25
	Fees received	0.11	-
	Subscription to redeemable debentures	12.00	28.00
	Interest on redeemable debentures	4.05	1.41
	Interest accrued on loans - balance outstanding	4.62	1.41
	Outstanding debentures	40.00	28.00
Galaxy Mercantiles Limited	Interest on Optionally Convertible Debentures (OCDs)	23.15	6.21
	Subscription to equity shares	-	73.81
	Subscription to cumulative preference shares	-	9.99
	Interest accrued on loans - balance outstanding	5.40	0.08
	Investment in OCDs	-	136.12
	Outstanding investment in OCDs	136.12	136.12
	Advances to related parties - balance outstanding	1.65	1.65
Jetpur Somnath Tollways Private Limited	Shared service costs recovered	0.60	-
	Advances - balance outstanding	0.09	-

Related Party Disclosures *(continued)*

(₹ IN CRORE)

		FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
ENTITIES OVER WHICH CONTROL IS EXERCISED:			
India PPP Capacity Building Trust	Fees paid	-	6.83
	Trade payables - balance outstanding	0.07	0.79
KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:			
Dr. Rajiv B. Lall	Remuneration paid	5.85	5.99
	80CCF bonds outstanding	ß	ß
	Interest on 80CCF bonds	ß	ß
Mr. Vikram Limaye	Remuneration paid	4.93	4.93
	80CCF bonds outstanding	0.01	0.01
	Interest on 80CCF bonds	ß	ß

33 The Group is engaged in financing by way of loans, asset management and investment banking. The Group does not have any reportable geographic segment. Since the revenues, profit or assets of the asset management segment, institutional broking segment 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 notified by the Companies (Accounting Standards) Rules, 2006. Segment information for asset management, investment banking and institutional broking is grouped under business segment 'Others'.

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
I SEGMENT OPERATING REVENUE		
(a) Financing	7,774.63	6,098.12
(b) Others	390.40	333.45
TOTAL	**8,165.03**	**6,431.57**
Less: Inter segment revenue	26.44	89.44
TOTAL OPERATING INCOME	**8,138.59**	**6,342.13**
II SEGMENT RESULTS		
(a) Financing	2,464.52	2,112.01
(b) Others	122.27	59.32
(c) Unallocated	6.77	1.34
PROFIT BEFORE TAX	**2,593.56**	**2,172.67**
Less: Provision for tax	751.13	621.86
PROFIT AFTER TAX	**1,842.43**	**1,550.81**

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
III SEGMENT ASSETS		
(a) Financing	68,886.68	59,141.13
(b) Others	1,522.63	1,331.85
(c) Unallocated	650.00	529.88
TOTAL	**71,059.31**	**61,002.86**
IV SEGMENT LIABILITIES		
(a) Financing	57,161.79	48,544.22
(b) Others	98.62	114.15
(c) Unallocated	90.59	41.07
TOTAL	**57,351.00**	**48,699.44**
V CAPITAL EMPLOYED		
(a) Financing	11,724.89	10,596.91
(b) Others	1,424.01	1,217.70
(c) Unallocated	559.41	488.81
TOTAL	**13,708.31**	**12,303.42**

Segment Reporting *(continued)*

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
		(₹ IN CRORE)
VI CAPITAL EXPENDITURE (INCLUDING CAPITAL WORK-IN-PROGRESS)		
(a) Financing	5.15	6.65
(b) Others	3.80	2.39
TOTAL	**8.95**	**9.04**
VII DEPRECIATION AND AMORTISATION		
(a) Financing	27.47	31.36
(b) Others	6.93	7.08
TOTAL	**34.40**	**38.44**
VIII SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
(a) Financing	409.14	323.41
(b) Others	(0.36)	9.35
TOTAL	**408.78**	**332.76**

34 In accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of operating leases are made:

i. The Group companies have taken vehicles for certain employees under operating leases, which expire between September 2013 to December 2016 (Previous Year April 2012 to March 2016). Salaries include gross rental expenses of ₹ 1.43 crore (Previous Year ₹ 1.40 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
		(₹ IN CRORE)
Not later than one year	1.16	1.43
Later than one year and not later than five years	1.39	2.14

ii The Group companies have taken office premises under operating leases, which expire between June 2015 to September 2018 (Previous Year April 2013 to September 2018). Rent includes gross rental expenses of ₹ 8.81 crore (Previous Year ₹ 20.92 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
		(₹ IN CRORE)
Not later than one year	17.17	13.98
Later than one year and not later than five years	33.89	36.37
Later than five years	0.57	1.89

iii The Holding Company has given office premises under non-cancellable operating lease, which expires in April 2013 (Previous Year October 2012). Miscellaneous income includes income from such leases of ₹ 2.06 crore (Previous Year ₹ 2.26 crore). The future minimum lease rentals is as follows:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
		(₹ IN CRORE)
Not later than one year	0.14	1.32

35 In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified under the Companies (Accounting Standards) Rules, 2006:

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

		(₹ IN CRORE)
	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Net profit after tax	1,836.20	1,554.01
Less: adjustment for dividend and dividend distribution tax on CCCPS	-	49.41
Net amount available for equity shareholders	1,836.20	1,504.60
Weighted average number of equity shares (Nos.)	1,513,583,202	1,469,679,676

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

		(₹)
	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Basic earnings per share	12.13	10.24
Effect of outstanding stock options	(0.07)	(0.04)
Diluted earnings per share	12.06	10.20

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 periods. Since, the effect of the conversion of CCCPS was anti-dilutive in the previous year, it has been ignored in the previous year. The relevant details as described above are as follows:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Weighted average number of shares for computation of basic earnings per share	1,513,583,202	1,469,679,676
Dilutive effect of outstanding stock options	9,446,844	4,741,438
Weighted average number of shares for computation of diluted earnings per share	1,523,030,046	1,474,421,114

36 Goodwill on consolidation

		(₹ IN CRORE)
	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Opening Balance	966.75	1,163.80
Add: On acquisition of subsidiaries during the year	-	-
Less: On disposal of subsidiaries during the year [see note 4(a) & 4(c)]	9.66	197.05
Closing Balance	**957.09**	**966.75**

37 Contingent liabilities and commitments (to the extent not provided for):

		(₹ IN CRORE)
	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
(a) CONTINGENT LIABILITIES		
(i) Claims not acknowledged as debts in respect of:		
Income-tax demands under appeal	**160.01**	111.18
Other claims	**8.88**	-
(ii) Guarantees issued:		
As a part of project assistance, the following guarantees have been issued:		
Financial guarantees	**1845.78**	2,168.97
Performance guarantees	**0.75**	227.01
Sponsors undertaking	**25.08**	25.08
Other financial guarantees [including ₹ 21.93 crore (Previous Year ₹ 19.84 crore) on account of proportionate share in an associate company]	**156.31**	185.24
(b) CAPITAL COMMITMENTS		
(i) Uncalled liability on shares and other investments partly paid [including ₹ 136.66 crore (Previous Year ₹ 214.52 crore) on account of proportionate share in associate companies]	**1,167.35**	1,227.76
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	**1.01**	1.56

38 The Holding Company has entered into interest rate swaps in the nature of 'fixed / floating' or 'floating / fixed' for notional principal of ₹ 3,696.00 crore outstanding as on March 31, 2013 (Previous Year ₹ 3,066.00 crore) for varying maturities linked to various benchmarks for asset liability management and hedging.

The Holding Company has foreign currency borrowings equivalent to ₹ 6,160.12 crore (Previous Year ₹ 4,152.99 crore), against which the Company has undertaken currency interest rate swaps and forward contracts of ₹ 6,160.12 crore (Previous Year ₹ 4,152.99 crore) to hedge foreign currency risk.

The Holding Company has also entered in to coupon only currency swaps for notional principal equivalent to ₹ 967.37 crore (Previous Year ₹ 430.26 crore) and forward contracts of ₹ 8.03 crore (Previous Year ₹ Nil) to hedge the foreign currency risk towards interest on the foreign currency borrowings.

39 No interest has been paid / payable by the group companies during the year to the 'Suppliers' covered under the Micro, Small and Medium Enterprises Development Act, 2006. Current liabilities - Trade payable include ₹ Nil (Previous Year ₹ ß) payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006 by one of the subsidiary company. The above information takes into account only those suppliers who have responded to inquiries made by the group companies for this purpose.

40 Interest and repayment terms of long-term borrowings - debentures & bonds (non convertible) (secured):

				(₹ IN CRORE)
	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
RESIDUAL MATURITY	**BALANCE OUTSTANDING**	**INTEREST RATE (%)**	**BALANCE OUTSTANDING**	**INTEREST RATE (%)**
FIXED RATE				
Above 5 years	**11,420.93**	**7.50 to 9.35**	12,402.92	7.50 to 9.91
3-5 years	**3,928.10**	**8.90 to 9.54**	1,880.00	7.45 to 9.40
1-3 years	**12,304.10**	**7.25 to 9.80**	8,975.00	6.00 to 11.66
FLOATING RATE				
3-5 years	**40.00**	**MIBOR+150 bps**	40.00	MIBOR+150 bps
TOTAL	**27,693.13**		**23,297.92**	

41 Interest and repayment terms of long-term borrowings - debentures & bonds (convertible) (unsecured):

(₹ IN CRORE)

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
1-3 years	-	NA	6.67	Zero coupon
TOTAL	**-**		**6.67**	

42 Interest and repayment terms of long-term loans from banks (secured):

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
3-5 years	200.00	10.25 to 10.50	255.74	7.41
1-3 years	2,805.74	7.41 to 10.60	1,441.67	8.35 to 10.65
FLOATING RATE				
1-3 years	-	NA	749.61	6M LIBOR + 300 bps to 345 bps
TOTAL	**3,005.74**		**2,447.02**	

43 Interest and repayment terms of long-term loans from others (secured):

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
1-3 years	-	NA	668.00	10.10
TOTAL	**-**		**668.00**	

44 Interest and repayment terms of external commercial borrowings from banks (secured):

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FLOATING RATE				
3-5 years	1,903.65	6M LIBOR + 235 bps to 275 bps	1,790.60	6M LIBOR + 175 bps to 275 bps
3-5 years	282.60	3M BBSY +270 bps	-	NA
1-3 years	1,196.58	6M LIBOR + 150 bps to 175 bps	-	NA
TOTAL	**3,382.83**		**1,790.60**	

45 Interest and repayment terms of external commercial borrowings from others (secured):

(₹ IN CRORE)

RESIDUAL MATURITY	AS AT MARCH 31, 2013 BALANCE OUTSTANDING	AS AT MARCH 31, 2013 INTEREST RATE (%)	AS AT MARCH 31, 2012 BALANCE OUTSTANDING	AS AT MARCH 31, 2012 INTEREST RATE (%)
FLOATING RATE				
Above 5 years	369.53	6M LIBOR + 225 bps to 235 bps	522.56	6M LIBOR + 60 bps to 235 bps
Above 5 years	1,359.75	3M LIBOR + 225 bps	-	NA
Above 5 years	346.80	INBMK + 184 bps	346.80	INBMK + 184 bps
3-5 years	310.80	6M LIBOR + 60 bps to 70 bps	299.19	6M LIBOR + 70 bps to 115 bps
1-3 years	50.99	6M LIBOR + 115 bps	-	NA
	2,437.87		**1,168.55**	

46 Interest and repayment terms of subordinated debt from the Government of India (unsecured):

(₹ IN CRORE)

REPAYMENT DATE	AS AT MARCH 31, 2013 BALANCE OUTSTANDING	AS AT MARCH 31, 2013 INTEREST RATE (%)	AS AT MARCH 31, 2012 BALANCE OUTSTANDING	AS AT MARCH 31, 2012 INTEREST RATE (%)
29-Sep-47	350.00	5 Year G-Sec + 25 bps	350.00	5 Year G-Sec + 25 bps
17-Mar-47	300.00	5 Year G-Sec + 25 bps	300.00	5 Year G-Sec + 25 bps
TOTAL	**650.00**		**650.00**	

47 Statement of information of Subsidiaries# in compliance with Section 212 of the Companies Act, 1956 as on March 31, 2013

(₹ IN CRORE)

Name of subsidiary companies	Capital	Reserves	Total Assets	Total Liabilities	Details of investment (excluding investment in subsidiary companies)							Turnover	Profit before tax	Provision for tax	Profit after tax	Proposed dividend
					Equity	MF units	Trust units	Govt. securities	Bonds	CDs	Venture capital units					
Dheeru Powergen Limited	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(Previous Year)	1.97	(2.08)	57.73	57.83	-	-	-	-	-	-	-	-	(0.20)	ß	(0.20)	-
IDFC Alternatives Limited(formerly known as IDFC Private Equity Company Limited)	0.05	47.67	78.95	31.23	-	-	-	-	-	-	1.39	56.66	36.66	9.48	27.18	11000%
(Previous Year)	0.05	53.52	82.81	29.24	-	-	-	-	-	-	1.29	62.02	31.54	9.91	21.63	-
IDFC AMC Trustee Company Limited	0.05	0.02	0.09	0.02	-	-	-	-	-	-	-	0.08	ß	ß	ß	-
(Previous Year)	0.05	0.02	0.08	0.01	-	-	-	-	-	-	-	0.06	(0.02)	-	(0.02)	-
IDFC Asset Management Company Limited	2.68	64.46	122.70	55.56	-	73.17	-	-	-	-	-	159.66	41.95	15.31	26.64	750%
(Previous Year)	2.68	61.33	92.59	28.59	-	26.22	-	-	-	-	-	110.00	15.72	5.35	10.37	75%
IDFC Capital Limited	6.04	124.92	267.46	136.51	2.06	61.91	-	-	-	-	-	41.88	21.61	5.86	15.75	-
(Previous Year)	6.04	109.17	148.66	33.46	2.06	-	-	-	-	-	-	27.77	1.19	0.35	0.85	-
IDFC Capital (Singapore) Pte. Limited *	56.38	(48.52)	10.17	2.31	-	-	-	-	-	-	-	-	(11.56)	0.06	(11.61)	-
(Previous Year)	39.25	(36.95)	5.73	3.43	-	-	-	-	-	-	-	7.16	(3.44)	0.54	(3.98)	-
IDFC Capital (USA) Inc *	4.62	0.01	5.35	0.72	-	-	-	-	-	-	-	4.79	0.27	(0.13)	0.40	-
(Previous Year)	4.62	(0.64)	4.66	0.67	-	-	-	-	-	-	-	2.78	(0.55)	(0.14)	(0.41)	-
IDFC Distribution Company Limited	1.50	0.66	2.28	0.12	-	1.12	-	-	-	-	-	0.32	0.42	0.11	0.31	-
(Previous Year)	1.50	0.35	1.98	0.13	-	0.79	-	-	-	-	-	0.23	0.10	0.02	0.08	-
IDFC Finance Limited	21.00	10.77	31.82	0.05	-	31.56	-	-	-	-	-	1.71	1.67	0.26	1.41	-
(Previous Year)	21.00	9.36	30.40	0.04	-	30.20	-	-	-	-	-	2.62	2.58	0.17	2.41	-
IDFC Foundation (unaudited)	13.00	2.32	40.74	25.41	30.68	-	2.05	-	-	-	-	9.13	0.11	-	0.11	-
Previous year	8.05	2.21	52.15	41.89	30.68	-	11.80	-	-	-	-	3.95	3.09	0.86	2.23	-
IDFC Fund of Funds Limited *	96.48	(6.87)	89.77	0.16	-	-	-	-	-	-	89.57	0.96	0.53	-	0.53	-
(Previous Year)	77.18	(11.57)	65.71	0.10	-	-	-	-	-	-	63.70	-	(16.02)	-	(16.02)	-
IDFC General Partners Limited *	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(Previous Year)	0.08	0.01	0.08	-	-	-	-	-	-	-	-	-	-	-	-	-
IDFC Investment Advisors Limited	10.00	10.26	26.72	6.45	-	16.99	-	-	-	-	ß	19.79	10.17	4.17	6.00	-
(Previous Year)	10.00	4.26	26.75	12.48	-	18.38	-	-	-	-	ß	11.57	3.99	1.29	2.70	-
IDFC Investment Managers (Mauritius) Limited *	0.26	0.39	0.70	0.05	-	-	-	-	-	-	-	0.23	(0.30)	-	(0.30)	-
(Previous Year)	0.26	0.63	0.99	0.10	-	-	-	-	-	-	-	2.00	0.57	0.02	0.55	-
IDFC Pension Fund Management Company Limited	12.00	0.34	12.41	0.07	-	11.79	-	-	-	-	-	ß	0.05	0.02	0.03	-
(Previous Year)	12.00	0.31	12.67	0.36	-	12.51	-	-	-	-	-	ß	0.17	0.02	0.15	-
IDFC Primary Dealership Company Limited	200.00	9.45	917.26	707.81	-	-	-	669.87	82.42	73.61	-	33.35	16.04	5.18	10.86	-
(Previous Year)	5.00	(1.42)	5.00	1.42	-	-	-	-	-	-	-	-	(1.42)	-	(1.42)	-
IDFC PPP Trusteeship Company Limited	0.05	(0.05)	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-
(Previous Year)	0.05	(0.07)	ß	0.03	-	-	-	-	-	-	-	ß	(0.02)	-	(0.02)	-
IDFC Project Equity Company Limited	0.05	7.37	33.38	25.96	-	-	-	-	-	-	-	57.55	22.32	7.04	15.29	16000%
(Previous Year)	0.05	3.72	29.28	25.51	-	-	-	-	-	-	-	57.55	18.75	5.61	13.14	-
IDFC Projects Limited	34.05	(52.75)	43.06	61.76	26.52	-	-	-	-	-	-	-	(22.62)	-	(22.62)	-
(Previous Year)	34.05	(30.13)	80.14	76.22	17.49	-	-	-	-	-	-	1.87	(5.04)	-	(5.04)	-
IDFC Securities Limited	14.14	99.62	246.04	132.29	ß	33.82	-	-	-	-	-	35.94	0.66	0.61	0.05	-
(Previous Year)	14.14	99.56	127.03	13.33	ß	-	-	-	-	-	-	40.85	1.11	0.17	0.94	-
IDFC Securites (Singapore) Pte Limited *	1.35	(0.60)	1.48	0.73	-	-	-	-	-	-	-	0.43	(0.59)	-	(0.59)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
IDFC Trustee Company Limited	0.05	2.22	2.28	0.01	-	2.25	-	-	-	-	-	0.55	0.60	0.17	0.43	-
(Previous Year)	0.05	1.79	1.85	0.01	-	1.69	-	-	-	-	-	0.55	0.56	0.16	0.40	-
Neopro Technologies Private Limited (unaudited)	0.47	76.86	289.39	212.06	-	-	-	-	-	-	-	45.07	(17.58)	3.04	(20.62)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Subsidiary as defined under Section 4 of the Companies Act, 1956.

* Exchange Rate:

Closing Rate: 1USD = ₹ 54.39

Average Rate: 1USD = ₹ 54.32

48 Figures of ₹ 50,000 or less have been denoted by ß.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

Mumbai | May 1, 2013

Independent Auditors' Report

TO THE MEMBERS OF IDFC LIMITED (formerly Infrastructure Development Finance Company Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **IDFC LIMITED (formerly Infrastructure Development Finance Company Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and 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 Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards 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.

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 auditor's 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 controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
   (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

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

Mumbai,
May 1, 2013

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (viii), (x), (xiii) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) During the year, the fixed assets have not been physically verified by the Management. However, the Company has a regular programme of physical verification of its fixed assets whereby all fixed assets are verified in a phased manner at regular intervals. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its business.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted short term loans aggregating ₹ 3,003.25 crores to four parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ Nil and the maximum amount involved during the year was ₹ 650.00 crores.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been regular.

(iv) In case of loans, secured or unsecured, taken by the Company from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) At the year-end, the outstanding balance of infrastructure bonds aggregated ₹ 0.04 crores (number of parties eleven) and the maximum amount involved during the year was ₹ 0.04 crores.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The payments of principal amounts and interest have been regular / as per stipulations.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transactions (excluding loans reported under paragraph (iii) and (iv) above) is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices wherever applicable, at the relevant time.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of Sections 58A & 58AA of the Companies Act, 1956.

(viii) In our opinion, the internal audit functions carried out during the year by a firm appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2013 on account of disputes are given below:

NATURE OF STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED (₹ IN CRORE)
Income-tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	A.Y. 2007-08	26.15
		Commissioner of Income Tax (Appeals)	A.Y. 2008-09	0.80
		Commissioner of Income Tax (Appeals)	A.Y. 2010-11	49.95

Annexure to the Independent Auditors' Report

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(xi) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xii) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, other than those securities for which exemption has been granted under Section 49 of the Companies Act, 1956.

(xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investments.

(xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvii) According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of all debentures issued during the year.

(xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

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

Mumbai,
May 1, 2013

Balance Sheet

AS AT MARCH 31, 2013

(₹ IN CRORE)

	NOTES	AS AT MARCH 31, 2013	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
(a) Share capital	4	1,514.73		1,512.36
(b) Reserves and surplus	5	11,942.58		10,627.61
			13,457.31	12,139.97
SHARE APPLICATION MONEY PENDING ALLOTMENT	6		0.30	0.60
NON-CURRENT LIABILITIES				
(a) Long-term borrowings	7	36,803.33		29,830.53
(b) Other long-term liabilities	8	314.70		136.12
(c) Long-term provisions	9	143.20		124.40
			37,261.23	30,091.05
CURRENT LIABILITIES				
(a) Short-term borrowings	10	3,272.14		7,351.01
(b) Trade payables	11	169.52		187.72
(c) Other current liabilities	12	15,292.62		10,518.62
(d) Short-term provisions	13	541.13		441.18
			19,275.41	18,498.53
TOTAL			**69,994.25**	**60,730.15**
ASSETS				
NON-CURRENT ASSETS				
(a) Fixed assets				
(i) Tangible assets	14(a)	289.25		309.93
(ii) Intangible assets	14(b)	2.41		4.26
(iii) Capital work-in-progress		-		0.16
			291.66	314.35
(b) Non-current investments	15		4,630.99	3,474.75
(c) Deferred tax assets (net)	16		393.20	314.90
(d) Long-term loans and advances				
(i) Loans	17	48,126.83		42,082.21
(ii) Others	18	456.67		397.78
			48,583.50	42,479.99
(e) Other non-current assets	19		617.47	365.90
			54,516.82	46,949.89
CURRENT ASSETS				
(a) Current investments	20		6,641.41	5,010.96
(b) Trade receivables	21		50.76	371.46
(c) Cash and bank balances	22		127.52	589.82
(d) Short-term loans and advances				
(i) Loans	17	7,609.63		6,100.72
(ii) Others	18	379.84		1,100.83
			7,989.47	7,201.55
(e) Other current assets	19		668.27	606.47
			15,477.43	13,780.26
TOTAL			**69,994.25**	**60,730.15**

See accompanying notes forming part of the financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. RAMESH
Partner

Mumbai | May 1, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2013

(₹ IN CRORE)

		NOTES	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
I	**INCOME**			
	Revenue from operations	23	7,765.30	6,099.98
	Other income	24	11.19	96.03
	TOTAL INCOME (I)		**7,776.49**	**6,196.01**
II	**EXPENSES**			
	Employee benefits expense	25	136.99	152.39
	Finance costs	26	4,665.19	3,455.23
	Provisions and contingencies	27	394.11	283.85
	Other expenses	28	84.77	71.90
	Depreciation and amortisation expense	14(a)&(b)	27.45	31.28
	TOTAL EXPENSES (II)		**5,308.51**	**3,994.65**
III	**PROFIT BEFORE TAX (I - II)**		**2,467.98**	**2,201.36**
IV	**TAX EXPENSE**			
	Current tax		781.50	668.70
	Current tax expense relating to prior years		(0.20)	(0.30)
	Deferred tax	16	(78.30)	(70.00)
	TOTAL TAX EXPENSE (IV)		**703.00**	**598.40**
V	**PROFIT FOR THE YEAR (III - IV)**		**1,764.98**	**1,602.96**
VI	**EARNINGS PER EQUITY SHARE (Nominal value of share ₹ 10 each)**	36		
	Basic (₹)		**11.66**	**10.57**
	Diluted (₹)		**11.59**	**10.54**

See accompanying notes forming part of the financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. RAMESH
Partner

Mumbai | May 1, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

Cash Flow Statement

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX			2,467.98	2,201.36
Adjustments for:				
Depreciation and amortisation expense	14(a)&(b)	27.45		31.28
Provision for employee benefits		0.14		-
Expense under the ESOS	25	0.21		4.31
Provisions and contingencies	27	394.11		283.85
Provision / (utilisation) against stock futures		(0.50)		0.50
Provision utilised against sale of a non-performing loan		(21.28)		-
(Gain) / loss on foreign currency revaluation		57.22		31.82
Profit on sale of investments in group companies	24	(3.73)		(89.00)
Profit on sale of other investments (net)	23(d)	(401.60)		(408.41)
Utilisation of securities premium account (gross of tax)		(13.35)		(146.41)
Amortisation of premium on investments		3.01		3.32
(Profit) / loss on sale of fixed assets (net)		0.36		(4.38)
Profit on buy back of debentures & bonds (net)		(0.55)		-
			41.49	(293.12)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			**2,509.47**	**1,908.24**
CHANGES IN WORKING CAPITAL:				
Adjustments for (increase) / decrease in operating assets				
Trade receivables		(100.82)		(3.25)
Long-term loans and advances		(12.71)		143.43
Short-term loans and advances		5.80		(49.90)
Other current assets		(72.49)		(371.14)
Other non-current assets		(251.57)		20.00
Adjustments for increase / (decrease) in operating liabilities				
Trade payable		13.11		(5.40)
Other current liabilities		466.65		355.74
Other long-term liabilities		173.35		87.04
			221.32	176.52
Direct taxes paid			(790.86)	(630.26)
CASH GENERATED FROM OPERATIONS			**1,939.93**	**1,454.50**
Loans disbursed (net of repayments)			(7,707.98)	(10,677.81)
NET CASH USED IN OPERATING ACTIVITIES			**(5,768.05)**	**(9,223.31)**

(₹ IN CRORE)

	NOTES	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work-in progress)		(5.13)	(3.88)
Sale of fixed assets		ß	5.24
Bank deposits matured / (placed)		501.00	225.00
Investments in subsidiaries		(514.44)	(11.57)
Investments in associates		-	(83.80)
Purchase of other investments		(240,755.37)	(179,783.97)
Proceeds from sale of investments in a subsidiary		3.78	297.79
Proceeds from sale of other investments		239,575.71	179,316.22
NET CASH USED IN INVESTING ACTIVITIES		**(1,194.45)**	**(38.97)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from fresh issue of shares		19.04	15.63
Proceeds from borrowings (net of repayments)		10,167.61	9,494.41
Buy back of debentures & bonds		(2,781.49)	-
Dividend paid (including dividend distribution tax)		(402.84)	(410.96)
NET CASH FROM FINANCING ACTIVITIES		**7,002.32**	**9,099.08**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		39.82	(163.20)
Cash and cash equivalents as at the beginning of the year	22	61.38	224.58
Cash and cash equivalents as at the end of the year	22	101.20	61.38
		39.82	**(163.20)**

See accompanying notes forming part of the financial statements.

IN TERMS OF OUR REPORT ATTACHED.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

P. R. RAMESH
Partner

Mumbai | May 1, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

01 Corporate information

IDFC Limited (formerly Infrastructure Development Finance Company Limited ('the Company') is a public company incorporated in India and regulated by the Reserve Bank of India (RBI) as an Infrastructure Finance Company - Non Banking Finance Company (IFC-NBFC) engaged in financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, tourism and hotels.

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). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by the RBI. 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.

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 the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

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 Standard 13 on 'Accounting for Investments' as notified under the Companies (Accounting Standards) Rules, 2006. 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.
- Current investments are individually carried at the lower of cost and fair value / market value. 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.
- 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) Repurchase and resale transactions (Repo)

Repo transactions are treated as collateralised lending and borrowing transactions, with an agreement to repurchase, on the agreed terms, as per the RBI guidelines and accordingly disclosed in the financial statements. The difference between consideration amounts of the first leg and second leg of the repo are reckoned as Repo Interest. As regards repo / reverse repo transactions outstanding on the balance sheet date, only the accrued income / expenditure till the balance sheet date is taken to the Statement of Profit and Loss. Any repo income / expenditure for the remaining period is reckoned for the next accounting period. The securities sold under repo transactions are continued to marked-to-market as per the investment classification of the security.

f) 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.

g) 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.

h) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets, excluding certain electronic items and leasehold improvements, is provided on the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. Certain electronic items are depreciated over a period of two years on a straight-line method based on the Management's estimate of the useful life of these assets. 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 primary period of the lease.

i) 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 three years on a straight-line method.

j) 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.

k) 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 and other dues are accounted on accrual basis except in the case of non-performing loans 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.
- Front end fees on processing of loans are recognised upfront as income.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due except commission income on guarantees 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 / loss on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- 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 on sale.
- Revenue from power supply is accounted on accrual basis.
- Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

l) 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.

m) 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.

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.

n) 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. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account as stated in note 3(v).

o) Segment reporting

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

p) 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 notified under the Companies (Accounting Standards) Rules, 2006. Initial direct costs incurred specifically for operating leases are recognised as expense in the year in which they are incurred.

Where the Company is lessor

Leases under which the Company does not transfer substantially all the risks and benefits of ownership of the asset 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 notified under the Companies (Accounting Standards) Rules, 2006. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

q) 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.

r) 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 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 it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

s) Derivative contracts

Interest rate swaps

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying asset / liability, whichever is shorter.

Currency interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying asset / liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

Stock futures

- Stock futures are marked-to-market on a daily basis. The debit or credit balance in the 'Mark-to-market margin – stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.
- Credit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated profit is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.
- On final settlement or squaring-up of contracts for stock futures, the profit / loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in 'Mark-to-market margin – stock futures account' is recognised in the Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of stock futures contract, to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of such contract is determined using the weighted average method for calculating profit / loss on squaring-up.
- Initial margin account – stock futures' representing initial margin paid is disclosed under loans and advances.

t) 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.

u) Provisions and contingencies

Provision against loans and advances

- The policy of provisioning against non performing loans and advances has been decided by the Management considering norms prescribed by the RBI under Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. As per the policy adopted, the provision against sub standard assets are created on a conservative basis, taking into account Management's perception of the higher risk associated with the business of the Company. Certain non performing loans and advances are considered as loss assets and full provision has been made against such assets.
- Provision against restructured loans is computed in accordance with the RBI guidelines.
- In addition to the specific provision on non performing loans and advances, the Company maintains a general provision on performing loans as provision for contingencies. Provision for contingencies is made as per the provisioning policy of the Company which also includes provision under Section 36(1)(viia) of the Income-tax Act, 1961.
- Contingent provision against standard assets is made at 0.25% of the outstanding standard assets in accordance with the RBI guidelines.

Other provisions

- 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.

v) Securities issue expenses

Securities issue expenses and redemption premium on certain bonds are adjusted against the securities premium account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the securities premium account.

W) Service tax input credit

Service tax 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.

04 Share capital

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	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	1,514,727,629	1,514.73	1,512,362,768	1,512.36
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		**1,514.73**		**1,512.36**

(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, 2013		AS AT MARCH 31, 2012	
EQUITY SHARES	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	1,512,362,768	1,512.36	1,460,947,548	1,460.95
Issued during the year - stock options exercised under the ESOS	2,364,861	2.37	3,687,948	3.69
Issued during the year - conversion of CCCPS into equity shares [see note (c)]	-	-	47,727,272	47.72
Outstanding as at the end of the year	**1,514,727,629**	**1,514.73**	**1,512,362,768**	**1,512.36**

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
PREFERENCE SHARES	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	-	-	84,000,000	840.00
Issued during the year	-	-	-	-
Converted to equity shares during the year [see note (c)]	-	-	84,000,000	840.00
Outstanding as at the end of the year	**-**	**-**	**-**	**-**

(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 is subject to approval of the shareholders at the ensuing Annual General Meeting. During the year ended March 31, 2013, dividend of ₹ 2.60 per share (Previous Year ₹ 2.30 per share) is recognised as amount distributable to equity shareholders.
- 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms / rights attached to preference shares

The Company had raised ₹ 840.00 crore through the issue of CCCPS during the year ended March 31, 2011. The preference shares were convertible at any time into equity shares of face value of ₹ 10 each until the date falling 18 months from the date of issuance of the preference shares, at the option of the holders, at ₹ 176 per equity share and carry dividend @ 6% p.a. During the year ended March 31, 2012, the preference shares were converted into 47,727,272 equity shares of ₹ 10 each at a premium of ₹ 166 per equity share.

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

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
EQUITY SHARES	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
President of India	261,400,000	17.26	261,400,000	17.28
Sipadan Investments (Mauritius) Limited	151,145,989	9.98	151,145,989	9.99

(e) Shares reserved for issue under stock options

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

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

	FOR THE YEAR ENDED MARCH 31, 2013 NUMBER	FOR THE YEAR ENDED MARCH 31, 2012 NUMBER
Outstanding as at beginning of the year	37,970,105	20,750,721
Add: Granted during the year	883,000	22,248,000
Less: Exercised during the year	2,364,861	3,687,948
Less: Lapsed / forfeited during the year	919,304	1,340,668
Outstanding as at the end of the year	**35,568,940**	**37,970,105**

05 Reserves and surplus

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
(a) SECURITIES PREMIUM ACCOUNT		
Opening balance	5,216.97	4,515.93
Add: premium on conversion of CCCPS into equity shares [see note 4(c)]	-	792.27
Add: premium on exercise of stock options under the ESOS	21.65	17.18
Less: premium utilised during the year [see note 3(v)]	10.15	108.41
[net of current tax of ₹ 3.20 crore (Previous year ₹ 38.00 crore)]		
Closing balance	**5,228.47**	**5,216.97**
(b) STOCK OPTIONS OUTSTANDING [see note 4(f)]		
Opening balance	33.90	31.29
Add: Net charge for the year (see note 25)	0.21	4.31
Less: Transferred to general reserve	0.57	-
Less: Stock options exercised / cancelled	4.68	1.70
Closing balance	**28.86**	**33.90**
(c) DEBENTURE REDEMPTION RESERVE		
Opening balance	214.60	72.60
Add: Transfer from surplus in the Statement of Profit and Loss	150.00	142.00
Closing balance	**364.60**	**214.60**
Debenture redemption reserve has been created in accordance with Section 117C of the Companies Act, 1956 in respect of the public issues of long-term Infrastructure Bonds. The Company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue plus accrued interest thereon over the expected life of such debentures in accordance with circular no. 4/2013 dated February 11, 2013 issued by the Ministry of Corporate Affairs. The Company is not required to create DRR in respect of privately placed debentures.		
(d) SPECIAL RESERVE u/s. 36(1)(viii) OF THE INCOME-TAX ACT, 1961 [see note 3(r)]		
Opening balance	1,550.25	1,160.25
Add: Transfer from surplus in the Statement of Profit and Loss	400.00	390.00
Closing balance	**1,950.25**	**1,550.25**
(e) SPECIAL RESERVE u/s. 45-IC OF THE RBI ACT, 1934		
Opening balance	1,514.60	1,193.50
Add: Transfer from surplus in the Statement of Profit and Loss	353.00	321.10
Closing balance	**1,867.60**	**1,514.60**
(f) GENERAL RESERVE		
Opening balance	451.67	291.37
Add: Transfer from surplus in the Statement of Profit and Loss	176.50	160.30
Add: Transfer from stock options outstanding	0.57	-
Closing balance	**628.74**	**451.67**

(₹ IN CRORE)

		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
(g) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS				
Opening balance		1,645.62		1,500.11
Profit for the year		1,764.98		1,602.96
LESS: APPROPRIATIONS				
TRANSFER TO RESERVES:				
Debenture redemption reserve	150.00		142.00	
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	400.00		390.00	
Special reserve u/s. 45-IC of the RBI Act, 1934	353.00		321.10	
General reserve	176.50		160.30	
DIVIDEND & DIVIDEND DISTRIBUTION TAX:				
Proposed dividend on equity shares [₹ 2.60 per share (Previous Year ₹ 2.30 per share)]	393.84		347.87	
Dividend paid on preference shares [₹ Nil per share (Previous Year ₹ 5.19 per share)]	-		43.63	
Dividend on equity shares pertaining to previous year [see note (i)]	0.20		0.24	
Tax on proposed equity dividend [see note (ii)]	63.04		46.49	
Tax on equity dividend for previous year [see note (i) & (ii)]	(0.04)		0.04	
Tax on preference dividend [see note (ii)]	-		5.78	
Total appropriations		1,536.54		1,457.45
Closing balance		**1,874.06**		**1,645.62**
TOTAL RESERVES AND SURPLUS		**11,942.58**		**10,627.61**

(i) In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Company paid dividend of ₹ 0.20 crore for the year 2011-12 (Previous Year ₹ 0.24 crore for the year 2010-11) as approved by the shareholders at the respective Annual General Meetings and tax on dividend of ₹ 0.03 crore (Previous Year ₹ 0.04 crore) as approved by the shareholders at the respective Annual General Meetings.

(ii) Tax on dividend is net of dividend distribution tax of ₹ 4.14 crore (Previous Year ₹ 11.24 crore) paid by the subsidiary companies under Section 115-O of the Income-tax Act, 1961.

06 Share application money pending allotment

Share application money pending allotment represents applications received from employees on exercise of stock options granted and vested under the ESOS.

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Equity shares of face value ₹ 10 each proposed to be issued	44,799	0.04	103,682	0.10
Total amount of securities premium		0.26		0.50
		0.30		**0.60**

The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date.

07 Long-term borrowings

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
DEBENTURES & BONDS (NON CONVERTIBLE) (SECURED) [see note (a) & 45]				
Face value	27,693.13	11,522.00	23,297.92	7,844.00
Less: Unexpired discount on zero percent debentures & bonds [see note (c)]	366.24	27.73	191.57	17.26
	27,326.89	11,494.27	23,106.35	7,826.74
TERM LOANS (SECURED) [see note (a)]				
From banks (see note 46)	3,005.74	1,000.00	2,447.02	785.57
From others (see note 47)	-	918.00	668.00	-
	3,005.74	1,918.00	3,115.02	785.57
EXTERNAL COMMERCIAL BORROWINGS (SECURED) [see note (a)]				
From banks (see note 48)	3,382.83	-	1,790.60	-
From others (see note 49)	2,437.87	142.32	1,168.56	634.93
	5,820.70	142.32	2,959.16	634.93
SUBORDINATED DEBT FROM THE GOVERNMENT OF INDIA (UNSECURED) (see note 50)	650.00	-	650.00	-
Amount disclosed under 'other current liabilities' (see note 12)	-	(13,554.59)	-	(9,247.24)
TOTAL LONG-TERM BORROWINGS	**36,803.33**	**-**	**29,830.53**	**-**
The above amount includes:				
Secured borrowings	36,153.33	13,554.59	29,180.53	9,247.24
Unsecured borrowings	650.00	-	650.00	-
	36,803.33	**13,554.59**	**29,830.53**	**9,247.24**

(a) Borrowings of ₹ 49,707.92 crore (Previous Year ₹ 38,427.77 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans & advances excluding investments in and other receivables from subsidiaries and affiliates.

(b) In terms of the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012) no borrowings remained overdue as on March 31, 2013 (Previous Year ₹ Nil).

(c) Unexpired discount is net of ₹ 154.46 crore (Previous Year ₹ 117.72 crore) towards interest accrued but not due.

08 Other long-term liabilities

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Lease equalisation (see note 35)	3.67	3.98
Interest accrued but not due on borrowings	301.27	126.67
Income received in advance (unearned revenue)	3.22	4.83
Debenture application money	1.30	-
Security deposit	-	0.64
Payable against derivative contracts	5.24	-
TOTAL	**314.70**	**136.12**

09 Long-term provisions

		(₹ IN CRORE)
	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Contingent provision against standard assets	143.20	124.40
TOTAL	**143.20**	**124.40**

(a) A contingent provision against standard assets has been created at 0.25% of the outstanding standard assets in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012).

(b) Movement in contingent provision against standard assets during the year is as under:

		(₹ IN CRORE)
	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Opening balance	124.40	96.75
Additions during the year	18.80	27.65
Closing balance	**143.20**	**124.40**

10 Short-term borrowings

				(₹ IN CRORE)
		AS AT MARCH 31, 2013		AS AT MARCH 31, 2012
TERM LOANS (SECURED) [see note (a)]				
From banks		1,218.90		3,606.09
TERM LOANS (UNSECURED)				
From others		3.38		-
COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO) (SECURED) [see note (b)]		-		499.38
COMMERCIAL PAPERS (UNSECURED)				
Face value	857.00		3,132.00	
Less: Unexpired discount [see note (c)]	32.14		136.44	
		824.86		2,995.56
CASH CREDIT / BANK OVERDRAFT (SECURED) [see note (a)]		1,225.00		249.98
TOTAL SHORT-TERM BORROWINGS		**3,272.14**		**7,351.01**
The above amount includes:				
Secured borrowings		2,443.90		4,355.45
Unsecured borrowings		828.24		2,995.56
		3,272.14		**7,351.01**

(a) Borrowings of ₹ 2,443.90 crore (Previous Year ₹ 3,856.07 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans & advances excluding investments in and other receivables from subsidiaries and affiliates.

(b) Borrowings of ₹ Nil (Previous Year ₹ 499.38 crore) under CBLO is secured against investments in government securities.

(c) Unexpired discount on commercial papers is net of ₹ 32.25 crore (Previous Year ₹ 100.27 crore) towards interest accrued but not due.

(d) In terms of the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012) no borrowings remained overdue as on March 31, 2013 (Previous Year ₹ Nil).

11 Trade payables

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Payables against derivative contracts	81.05	45.95
Payables against purchase of investments	-	20.48
Other trade payables (see note 39)	2.70	1.93
Provision for expenses	85.77	119.36
TOTAL	**169.52**	**187.72**

12 Other current liabilities

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Current maturities of long-term borrowings (see note 7)	13,554.59	9,247.24
Interest accrued but not due on borrowings	1,709.47	1,217.55
Income and other amounts received in advance	8.54	21.76
Unclaimed dividend [see note (a)]	1.54	1.22
Unclaimed interest [see note (a)]	3.78	5.22
Security deposit	10.83	8.33
Lease equalisation	0.53	-
Other payables		
Intercompany payables	0.05	13.09
Statutory dues	3.29	4.21
TOTAL	**15,292.62**	**10,518.62**

(a) No amount of unclaimed dividend and unclaimed interest was due for transfer to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the Balance Sheet date.

13 Short-term provisions

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Provision for employee benefits (see note 32)	0.14	-
Provision for income tax	83.99	38.03
[Net of advance payment of tax of ₹ 1,227.67 crore		
(Previous year ₹ 1,148.53 crore)]		
Provision for wealth tax	0.12	0.27
[Net of advance payment of tax of ₹ 0.40 crore		
(Previous year ₹ 1.57 crore)]		
Provision for fringe benefit tax	-	0.20
[Net of advance payment of tax of ₹ Nil		
(Previous year ₹ 11.10 crore)]		
Proposed equity dividend [see note 4(b)]	393.84	347.87
Tax on proposed equity dividend [see note 4(b) & 5(g)(ii)]	63.04	54.81
TOTAL	**541.13**	**441.18**

14 (a) Tangible assets

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at April 1, 2012	Additions	Disposals	Balance as at March 31, 2013	Balance as at April 1, 2012	Depreciation charge for the year	On disposals	Balance as at March 31, 2013	Balance as at March 31, 2013	Balance as at March 31, 2012
Buildings										
Own use	274.28	-	-	274.28	42.60	11.58	-	54.18	220.10	231.68
Under operating lease	18.81	-	-	18.81	9.67	0.46	-	10.13	8.68	9.14
Leasehold improvements	6.49	0.22	-	6.71	3.77	0.53	-	4.30	2.41	2.72
Furniture and fixtures										
Own use	9.64	0.33	1.21	8.76	4.91	0.79	1.00	4.70	4.06	4.73
Under operating lease	0.42	-	-	0.42	0.13	0.02	-	0.15	0.27	0.29
Vehicles	0.93	0.13	-	1.06	0.38	0.15	-	0.53	0.53	0.55
Office equipment										
Own use	8.95	2.19	0.67	10.47	3.63	1.05	0.53	4.15	6.32	5.32
Under operating lease	0.02	-	-	0.02	0.02	ß	-	0.02	-	-
Computers	11.00	0.93	0.74	11.19	7.84	1.51	0.72	8.63	2.56	3.16
Wind mills	101.25	-	-	101.25	48.91	8.02	-	56.93	44.32	52.34
TOTAL	**431.79**	**3.80**	**2.62**	**432.97**	**121.86**	**24.11**	**2.25**	**143.72**	**289.25**	**309.93**
Previous Year	430.05	3.75	2.01	431.79	95.47	27.53	1.14	121.86	309.93	

Buildings include ₹ 500 (Previous year ₹ 500) being the cost of unquoted fully paid shares held in co-operative housing societies.

14 (b) Intangible assets

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED AMORTISATION				NET BLOCK	
	Balance as at April 1, 2012	Additions	Disposals	Balance as at March 31, 2013	Balance as at April 1, 2012	Amortisation charge for the year	On disposals	Balance as at March 31, 2013	Balance as at March 31, 2013	Balance as at March 31, 2012
Computer software	12.25	1.49	-	13.74	7.99	3.34	-	11.33	2.41	4.26
TOTAL	**12.25**	**1.49**	**-**	**13.74**	**7.99**	**3.34**	**-**	**11.33**	**2.41**	**4.26**
Previous Year	11.62	0.63	-	12.25	4.24	3.75	-	7.99	4.26	
TOTAL TANGIBLE AND INTANGIBLE ASSETS	**444.04**	**5.29**	**2.62**	**446.71**	**129.85**	**27.45**	**2.25**	**155.05**	**291.66**	**314.19**
Previous Year	441.67	4.38	2.01	444.04	99.71	31.28	1.14	129.85	314.19	

15 Non-current investments (at cost)

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY	AS AT MARCH 31, 2013 (₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY	AS AT MARCH 31, 2012 (₹ IN CRORE)
TRADE INVESTMENTS					
EQUITY SHARES (FULLY PAID) [see note (c) & (d)]					
INVESTMENT IN SUBSIDIARIES (UNQUOTED)					
IDFC Alternatives Limited	10	50,000	0.05	50,000	0.05
(formerly IDFC Private Equity Company Limited)					
IDFC Asset Management Company Limited	10	2,009,283	629.49	2,009,283	629.49
IDFC AMC Trustee Company Limited	10	37,499	0.05	37,499	0.05
IDFC Finance Limited	10	21,000,200	21.00	21,000,200	21.00
IDFC Foundation	10	13,000,000	13.00	8,050,000	8.05
IDFC Pension Fund Management Company Limited	10	5,999,999	6.00	5,999,999	6.00
IDFC Primary Dealership Company Limited	10	200,000,000	200.00	5,000,000	5.00
IDFC Project Equity Company Limited	10	-	-	50,000	0.05
IDFC Projects Limited	10	34,050,000	34.07	34,050,000	34.07
IDFC Securities Limited	10	14,137,200	440.10	14,137,200	440.10
IDFC Trustee Company Limited	10	50,000	0.05	50,000	0.05
INVESTMENT IN AN ASSOCIATE (UNQUOTED)					
Feedback Infrastructure Services Private Limited	10	4,026,689	20.09	4,026,689	20.09
			1,363.90		**1,164.00**
NON-TRADE INVESTMENTS					
INVESTMENT IN EQUITY SHARES (QUOTED)(FULLY PAID)					
Adani Port and Special Economic Zone Limited	2	124,068	1.69	86,014	1.21
Andhra Cements Limited	10	28,784,722	55.03	28,784,722	55.03
Bharti Airtel Limited	5	269,800	0.61	466,800	1.05
DQ Entertainment (International) Limited	10	258,097	1.76	258,097	1.76
Gateway Distriparks Limited	10	80,946	1.20	46,519	0.70
IRB Infrastructure Developers Limited	10	162,546	2.37	82,683	1.33
Jaypee Infratech Limited	10	3,791,842	38.68	3,791,842	38.68
JSW Energy Limited	10	2,394,595	23.94	2,394,595	23.94
KSK Energy Ventures Limited	10	3,125,000	75.00	3,125,000	75.00
Lanco Infratech Limited	1	6,200,000	11.90	4,600,000	9.92
Larsen & Toubro Limited	2	112,912	13.65	84,678	10.29
Nava Bharat Ventures Limited	2	77,247	1.51	61,838	1.20
PTC India Limited	10	470,000	2.49	470,000	2.49
Sanghvi Movers Limited	2	80,813	0.85	76,695	0.81
Sarda Energy & Minerals Limited	10	1,842,105	35.00	1,842,105	35.00
SJVN Limited	10	6,447,279	16.76	6,447,279	16.76
Torrent Power Limited	10	1,056,220	10.39	3,900,000	28.08
Tulip Telecom Ltd	2	56,075	0.83	56,075	0.83
VA Tech Wabag Limited	2	95,975	4.73	95,975	4.73
			298.39		**308.81**
INVESTMENT IN EQUITY SHARES (UNQUOTED)(FULLY PAID)					
Asset Reconstruction Company (India) Limited	10	27,197,743	113.77	27,197,743	113.77
Asia Bio Energy (India) Limited	10	2,500,000	2.50	2,500,000	2.50
Athena Energy Ventures Private Limited	10	-	-	50,000,000	50.00
[disclosed under Current portion of long term investments (see note 20)]					
Avantika Gas Limited	10	3,500	ß	3,500	ß
BSCPL Infrastructure Limited	10	436,300	25.00	436,300	25.00
Carried forward			**141.27**		**191.27**

Non-current investments (at cost) *(continued)*

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY	AS AT MARCH 31, 2013 (₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY	AS AT MARCH 31, 2012 (₹ IN CRORE)
INVESTMENT IN EQUITY SHARES (UNQUOTED)(FULLY PAID) *(continued)*					
Brought forward			**141.27**		**191.27**
Ennore SEZ Company Limited	10	25,000	0.03	25,000	0.03
GMR Kamalanga Energy Limited	10	56,750,000	56.75	31,060,180	31.06
GR Infraprojects Limited	10	132,635	2.72	132,304	2.71
Green Gas Limited	10	10,000	0.01	10,000	0.01
Indian Commodity Exchange Limited	5	10,000,000	5.00	10,000,000	5.00
Indian Energy Exchange Limited	10	1,250,000	1.25	1,250,000	1.25
Indu Projects Limited	10	2,053,480	26.70	2,053,480	26.70
Intarvo Technologies Limited	10	71,320	1.41	71,105	1.41
KMC Constructions Limited	10	542,977	23.90	542,977	23.90
MVR Infrastructure and Tollways Private Limited	10	-	-	1,200,000	12.00
National Stock Exchange of India Limited [775,000 shares disclosed under Current portion of long term investments (see note 20)]	10	1,846,410	46.27	2,947,990	73.88
One 97 Communication Limited	10	121,682	3.02	121,682	3.02
Petronet CCK Limited	10	19,973,332	19.97	19,973,332	19.97
Pipal Tree Ventures Private Limited	10	192,885	2.25	192,885	2.25
STCI Finance Limited (formerly Securities Trading Corporation of India Limited)	10	3,530,136	54.04	3,530,136	54.04
SSIPL Retail Limited (formerly SSIPL Retail Private Limited)	10	304,599	5.00	304,599	5.00
Uniquest Infra Ventures Private Limited	10	298,500	0.30	298,500	0.30
			389.89		**453.80**
INVESTMENT IN PREFERENCE SHARES (UNQUOTED) (FULLY PAID)					
0.10% GMR Energy Limited (convertible)	1,000	541,136	54.14	541,033	54.12
0% Human Value Developers Private Limited (convertible)	10	23,749,200	23.75	23,749,200	23.75
0% Intarvo Technologies Limited (convertible)	10	26,595	0.18	26,515	0.18
0% Moser Baer Solar Limited (optionally convertible)	10	61,290,000	61.29	61,290,000	61.29
0% Regen Powertech Private Limited (convertible)	10	62,190	4.39	61,974	4.37
0% TRIL Infopark Limited (convertible)	100	7,500,000	75.00	15,000,000	150.00
13.50% Viom Networks Limited (optionally partially convertible)	10	250,000,000	250.00	250,000,000	250.00
0.02% Ziqitza Healthcare Limited (convertible)	10	2,209	0.47	2,209	0.47
			469.22		**544.18**
INVESTMENT IN GOVERNMENT SECURITIES (UNQUOTED)			**1,517.07**		**49.99**
INVESTMENT IN DEBENTURES & BONDS (UNQUOTED)(FULLY PAID)					
SUBSIDIARY					
0% IDFC Securities Limited (optionally convertible)	1,000,000	1,250	125.00	-	-
OTHERS					
8.25% Corporation Bank Limited	1,000,000	-	-	250	24.97
10.25% Future Capital Holdings Limited	1,000,000	-	-	500	49.49
8.95% Infotel Broadband Services Private Limited	1,000,000	-	-	500	48.24
8.91% L&T Infrastructure Finance Company Limited	1,000,000	-	-	250	24.51
8.60% Power Finance Corporation Limited	1,000,000	-	-	250	25.00
11.00% Power Finance Corporation Limited	1,000,000	-	-	700	78.59
10.90% Power Grid Corporation Limited	300,000	-	-	90	2.88
10.90% Reliance Gas Transportation Infrastructure Limited	1,000,000	-	-	100	10.75
Carried forward			**125.00**		**264.43**

Non-current investments (at cost) *(continued)*

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY	AS AT MARCH 31, 2013 (₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY	AS AT MARCH 31, 2012 (₹ IN CRORE)
Brought forward			125.00		264.43
10.95% Reliance Gas Transportation Infrastructure Limited	1,000,000	-	-	1,324	147.51
9.20% Reliance Utilities and Power Private Limited	1,000,000	-	-	500	50.96
0% Sharekhan Limited (convertible)	145.35	3,435,527	49.94	3,435,527	49.94
0% Sharekhan Limited (convertible)	264.27	567,601	15.00	567,601	15.00
10.60% Shriram Transport Finance Company Limited	1,000,000	-	-	100	10.00
11.00% Shriram Transport Finance Company Limited	1,000,000	-	-	250	25.30
			189.94		563.14
INVESTMENT IN VENTURE CAPITAL UNITS (UNQUOTED) [see note (c)]					
Faering Capital India Evolving Fund (fully paid)	1,000	115,351	11.54	72,000	7.20
LICHFL Urban Development Fund (₹ 2,000 paid)	10,000	20,000	4.00	-	-
India Development Fund - Class A (₹ 99.79 paid)	100	10,000,000	0.10	10,000,000	0.10
India Development Fund - Class B (fully paid)	100	700	0.01	700	0.01
India Infrastructure Fund - Class B (fully paid)	1	4,070	ß	4,070	ß
IDFC Project Equity Domestic Investors Trust I (fully paid)	100	25,758,480	257.58	23,415,280	234.15
IDFC Project Equity Domestic Investors Trust II (fully paid)	100	446,031	4.46	371,411	3.71
IDFC Private Equity Fund II - Class A (₹ 9.20 paid) (Previous Year ₹ 9.15 paid)	9	135,000,000	85.05	135,000,000	92.18
IDFC Private Equity Fund II - Class C (fully paid)	10	6,621	0.01	6,621	0.01
IDFC Private Equity Fund III - Class A (₹ 5.93 paid) (Previous Year ₹ 5.46 paid) (commitment restricted to ₹ 7.14 per unit)	10	280,000,000	151.86	280,000,000	152.85
IDFC Private Equity Fund III - Class B (fully paid)	10	3,571	ß	3,571	ß
IDFC Private Equity Fund III - Class C (₹ 5.43 paid) (Previous Year ₹ 4.94 paid) (commitment restricted to ₹ 7.14 per unit)	10	1,350,000	0.66	1,350,000	0.67
IDFC Private Equity Fund III - Class D (₹ 5.24 paid) (Previous Year ₹ 3.81 paid)	10	79,996,000	41.95	79,996,000	30.49
IDFC Private Equity Fund III - Class E (fully paid)	10	1,429	ß	1,429	ß
IDFC Private Equity Fund III - Class F (₹ 5.13 paid) (Previous Year ₹ 3.74 paid)	10	385,695	0.20	385,695	0.14
IDFC Spice Fund (fully paid)	1	174,637,525	17.46	68,676,350	6.87
Urban Infrastructure Opportunities Fund - Class A (fully paid) (Previous Year: face value ₹ 91,500)	87,500	2,700	24.03	2,700	25.11
			598.91		553.49
INVESTMENT IN SECURITY RECEIPTS (UNQUOTED)					
Asset Reconstruction Company (India) Limited			21.24		21.38
TOTAL NON-CURRENT INVESTMENTS			4,848.56		3,658.79
Less: Provision for diminution in value of investments			217.31		176.73
Less: Premium amortised on debentures, bonds and government securities			0.26		7.31
NET NON-CURRENT INVESTMENTS			4,630.99		3,474.75
(a) Aggregate amount of quoted investments					
Cost			298.39		308.81
Market value			148.44		243.96
(b) Aggregate amount of unquoted investments - cost			4,550.17		3,349.98

(c) Investments include ₹ 0.47 crore (Previous Year ₹ 0.47 crore) in respect of equity shares and ₹ 598.91 crore (Previous Year ₹ 553.49 crore) in respect of venture capital units which are subject to restrictive covenants.

(d) Investments exclude equity shares held by the Company having face value ₹ 10.42 crore (Previous Year ₹ 13.58 crore), where the Company has no beneficial interest.

16 Deferred tax assets (net)

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
DEFERRED TAX ASSETS		
(a) Provisions	413.09	336.58
(b) Others	8.85	4.99
	421.94	341.57
DEFERRED TAX LIABILITY		
(a) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	28.74	26.67
DEFERRED TAX ASSETS (NET)	**393.20**	**314.90**

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standards) Rules, 2006, the Company has taken credit of ₹ 78.30 crore (Previous year ₹ 70.00 crore) in the Statement of Profit and Loss towards deferred tax assets (net) on account of timing differences.

17 Loans

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT	**CURRENT**	**NON-CURRENT**	**CURRENT**
Rupee loans [see note (a), (d) & (e)]	47,643.27	7,627.71	41,652.36	6,147.05
Debentures & bonds [see note (a), (c) & (e)]	1,298.77	24.80	1,086.34	0.83
	48,942.04	**7,652.51**	**42,738.70**	**6,147.88**
Less: Provision against non-performing loans [see note (d)]	13.33	42.88	29.73	47.16
Less: Provision for contingencies	801.88	-	626.76	-
TOTAL	**48,126.83**	**7,609.63**	**42,082.21**	**6,100.72**
(a) The above amount includes:				
Secured [see note (b) & (d)]	44,699.73	7,306.49	38,019.43	5,865.38
Unsecured	4,242.31	346.02	4,719.27	282.50
	48,942.04	**7,652.51**	**42,738.70**	**6,147.88**

(b) Loans to the extent of ₹ 52,006.22 crore (Previous Year ₹ 43,884.81 crore) are secured by :

(i) Hypothecation of assets and / or
(ii) Mortgage of property and / or
(iii) Trust and retention account and / or
(iv) Bank guarantees, company guarantee, sponsor guarantee or personal guarantee and / or
(v) Assignment of receivables or rights and / or
(vi) Pledge of shares and / or
(vii) Negative lien and / or
(viii) Undertaking to create a security.

(c) Loans includes debentures and bonds of ₹ 1,323.57 crore (Previous Year ₹ 1,087.17 crore) as detailed below:

	FACE VALUE (₹)	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
		QUANTITY	(₹ IN CRORE)	QUANTITY	(₹ IN CRORE)
DEBENTURES & BONDS (REDEEMABLE)					
Associate					
Feedback Infrastructure Services Private Limited	1,000	400,000	40.00	280,000	28.00
Others					
Andhra Cements Limited	100	-	-	500,000	5.00
Asianet Satellite Communications Limited	1,000,000	148	14.80	148	14.80
DEBENTURES & BONDS (CONVERTIBLE)					
Associate					
Galaxy Mercantiles Limited	20,000	68,060	136.12	68,060	136.12
Others					
Coastal Projects Limited	1,000,000	1,000	100.00	1,000	100.00
Gati Infrastructure Limited	100	2,000,000	20.00	-	-
Greenko Energies Private Limited	100	-	-	1,875,000	18.75
Green Infra Limited	1,000	2,281,477	228.15	-	-
Mytrah Energy (India) Limited	300	5,000,000	150.00	5,000,000	150.00
Regen Powertech Private Limited	100,000	10,000	100.00	10,000	100.00
Simpson Unitech Wireless Private Limited	10	534,500,000	534.50	534,500,000	534.50
TOTAL			**1,323.57**		**1,087.17**

(d) Rupee loans - secured includes non-performing loans of ₹ 85.12 crore (Previous Year ₹ 148.32 crore) against which provisions of ₹ 56.21 crore (Previous Year ₹ 76.89 crore) has been made in accordance with the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012). [see note (e) & 40(f)]

(e) The classification of loans under the RBI guidelines is as under:

	AS AT MARCH 31, 2013	(₹ IN CRORE) AS AT MARCH 31, 2012
(i) Standard assets	56,509.43	48,738.26
(ii) Sub-standard assets	14.01	70.78
(iii) Doubtful assets	43.61	50.04
(iv) Loss assets	27.50	27.50
	56,594.55	**48,886.58**

18 Loans and advances - others (considered good, unless stated otherwise)

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
SECURED				
Lending in CBLO	-	-	-	49.95
UNSECURED				
Inter corporate deposits	-	175.00	-	412.65
Loans and advances to related parties [includes ₹ 45.22 crore (Previous year ₹ Nil) considered doubtful]	-	84.38	1.65	117.36
Loan to a financial institution	-	-	-	30.00
Receivables against derivative contracts	207.47	159.68	196.30	197.75
Receivable against retail infrastructure bonds (see note 51)	-	-	-	179.17
Loans and advances to employees	1.00	0.24	1.00	0.21
Advance against investments	-	ß	18.61	100.00
Security deposits	25.30	0.61	22.04	4.38
Other deposits	-	3.03	0.03	6.00
Advance payment of income tax [net of provision of ₹ 1,925.87 crore (Previous year ₹ 1,147.57 crore)]	211.52	-	153.15	-
Other loans and advances				
Supplier advances	-	1.72	-	2.20
Capital advances	0.37	-	-	-
Balances with government authorities - Cenvat credit available	-	0.35	-	0.93
Balance with defined benefit plan	-	-	-	0.11
Stamp paper on hand	-	0.05	-	0.12
Initial margin account - stock futures	4.50	-	5.00	-
Initial margin account - government securities	6.51	-	-	-
	456.67	425.06	397.78	1,100.83
Less: Provision against doubtful advances	-	45.22	-	-
TOTAL	**456.67**	**379.84**	**397.78**	**1,100.83**

19 Other assets (considered good, unless stated otherwise)

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other receivables [includes ₹ 0.66 crore (Previous year ₹ 0.53 crore) considered doubtful]	-	2.67	-	5.03
Less: Provision against doubtful receivables	-	0.66	-	0.53
	-	**2.01**	**-**	**4.50**
Interest accrued on deposits & loan to financial institution	-	1.13	-	65.00
Interest accrued on investments	-	128.91	-	67.28
Interest accrued on loans [see note (a)]	557.49	495.77	334.97	453.61
Unamortised expenses				
Prepaid expenses	-	0.79	-	1.94
Premium on forward contracts	-	24.37	-	5.30
Ancilliary borrowing costs	59.98	15.29	30.93	8.84
Mark-to-market margin - stock futures account	-	-	-	0.50
Less: Provision for loss - stock futures account	-	-	-	0.50
TOTAL	**617.47**	**668.27**	**365.90**	**606.47**

(a) Interest accrued on loans - current is net of provision of ₹ 31.77 crore (Previous year ₹ 20.71 crore).

20 Current investments

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY	(₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY	(₹ IN CRORE)
CURRENT PORTION OF LONG-TERM INVESTMENTS (AT COST)					
NON-TRADE INVESTMENTS					
INVESTMENT IN EQUITY SHARES (UNQUOTED) (FULLY PAID)					
Athena Energy Ventures Private Limited	10	50,000,000	50.00	-	-
National Stock Exchange of India Limited	10	775,000	19.42	-	-
Orbis Capital Limited	10	-	-	7,500,000	8.63
INVESTMENT IN DEBENTURES & BONDS (UNQUOTED) (FULLY PAID)					
10.05% Axis Bank Limited	1,000,000	-	-	250	25.00
9.92% HDFC Bank Limited	1,000,000	-	-	59	5.90
9.98% ICICI Bank Limited	1,000,000	-	-	200	20.00
6.25% ING Vysya Bank Limited	100,000	-	-	500	4.39
8.25% Corporation Bank Limited	1,000,000	250	24.97	-	-
10.25% Future Capital Holdings Limited	1,000,000	500	49.49	-	-
8.95% Infotel Broadband Services Private Limited	1,000,000	500	48.24	-	-
8.91% L&T Infrastructure Finance Company Limited	1,000,000	250	24.51	-	-
8.60% Power Finance Corporation Limited	1,000,000	250	25.00	-	-
11.00% Power Finance Corporation Limited	1,000,000	700	78.59	-	-
10.90% Power Grid Corporation Limited	300,000	90	2.83	-	-
10.90% Reliance Gas Transportation Infrastructure Limited	1,000,000	100	10.75	-	-
10.95% Reliance Gas Transportation Infrastructure Limited	1,000,000	1,324	147.51	-	-
9.20% Reliance Utilities and Power Private Limited	1,000,000	500	50.96	-	-
10.60% Shriram Transport Finance Company Limited	1,000,000	100	10.00	-	-
11.00% Shriram Transport Finance Company Limited	1,000,000	250	25.30	-	-
INVESTMENT IN GOVERNMENT SECURITIES (UNQUOTED)			25.63		-
CURRENT MATURITIES OF INVESTMENTS IN DEBENTURES & BONDS (UNQUOTED) (FULLY PAID)					
10.90% Power Grid Corporation Limited (part redemption)			-		0.90
7.15% Rural Electrification Corporation Limited	1,000,000	-	-	500	50.00
7.90% Rural Electrification Corporation Limited	1,000,000	-	-	650	65.47
			593.20		**180.29**
CURRENT INVESTMENTS (LOWER OF COST AND FAIR VALUE / MARKET VALUE)					
TRADE INVESTMENTS					
INVESTMENT IN EQUITY SHARES (UNQUOTED) (FULLY PAID)					
Investment in a subsidiary					
Neopro Technologies Private Limited - Class A	10	259,504	137.88	-	-
Neopro Technologies Private Limited - Class B	10	10	0.01	-	-
Neopro Technologies Private Limited - Ordinary shares	10	50,162	26.57	-	-
Investment in an associate					
Galaxy Mercantiles Limited - Class A	100	35,048	73.60	35,048	73.60
Galaxy Mercantiles Limited - Class C	100	100	0.21	100	0.21
			238.27		**73.81**
INVESTMENT IN PREFERENCE SHARES (UNQUOTED) (FULLY PAID)					
Investment in a subsidiary					
0% Neopro Technologies Private Limited (redeemable)	10	42,000	25.03	-	-
Investment in an associate					
0.01% Galaxy Mercantiles Limited (redeemable)	100	999,426	9.99	999,426	9.99
			35.02		**9.99**

Current investments *(continued)*

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY	AS AT MARCH 31, 2013 (₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY	AS AT MARCH 31, 2012 (₹ IN CRORE)
NON-TRADE INVESTMENTS *(continued)*					
INVESTMENT IN EQUITY SHARES (QUOTED) (FULLY PAID)					
Hathway Cable & Datacom Limited	10	268,840	6.46	416,650	10.00
Indiabulls Power Limited	10	3,423,184	15.40	3,423,184	15.40
NHPC Limited	10	10,555,729	38.00	10,555,729	38.00
Vascon Engineers Limited	10	864,225	14.26	864,225	14.26
Engineers India Limited	5	143,961	4.17	143,961	4.17
Deccan Chronicle Holdings Limited	2	1,000	ß	-	-
			78.29		**81.83**
INVESTMENT IN CONVERTIBLE WARRANTS (QUOTED)					
Housing Development Finance Corporation Limited	55	-	-	850	ß
INVESTMENT IN DEBENTURES & BONDS (UNQUOTED) (FULLY PAID)					
Floating Rate Bond Advanta India Limited	1,000,000	-	-	1,540	148.23
10.05% Axis Bank Limited	1,000,000	250	25.00	-	-
10.10% First Blue Home Finance Limited	1,000,000	150	15.00	150	15.00
9.25% Fullerton India Credit Company Limited	1,000,000	850	85.07	850	85.07
9.75% Gruh Finance Limited	1,000,000	250	24.89	-	-
9.92% HDFC Bank Limited	1,000,000	59	5.90	-	-
9.55% Hindalco Industries Limited	1,000,000	300	30.85	-	-
7.70% Hindustan Petroleum Corporation Limited	1,000,000	300	29.94	-	-
9.20% Housing Development Finance Corporation Limited	1,000,000	1,250	125.00	-	-
8.10% Housing and Urban Development Corporation Limited	1,000	-	-	247,814	24.78
8.20% Housing and Urban Development Corporation Limited	1,000	-	-	83,851	8.39
9.98% ICICI Bank Limited	1,000,000	200	20.00	-	-
9.29% ICICI Home Finance Limited	200,000	88	8.80	88	8.80
6.86% India Infrastructure Finance Company Limited	1,000	250,000	25.00	-	-
7.19% India Infrastructure Finance Company Limited	1,000	500,000	50.00	-	-
8.83% Indian Railways Finance Corporation Limited	1,000,000	1,000	100.00	-	-
6.25% ING Vysya Bank Limited	100,000	500	4.39	-	-
10.24% L&T Finance Limited	1,000	821,491	82.15	821,491	82.15
9.56% LIC Housing Finance Limited	1,000,000	-	-	350	35.00
9.40% LIC Housing Finance Limited	1,000,000	200	20.00	-	-
9.00% LIC Housing Finance Limited	1,000,000	500	50.06	-	-
9.48% Mahindra & Mahindra Financial Services Limited	1,000,000	250	24.89	-	-
9.80% Mahindra & Mahindra Financial Services Limited	1,000,000	100	9.97	-	-
12.20% Mannappuram Finance Limited (formerly Mannappuram General Finance & Leasing Limited)	1,000	227,519	22.81	250,000	25.06
12.50% Mannappuram Finance Limited (formerly Mannappuram General Finance & Leasing Limited)	1,000,000	-	-	1,000	99.35
13.25% MGM Consulting Services Private Limited	10,000,000	-	-	150	150.00
8.20% National Highway Authority of India	1,000	-	-	941,714	94.64
8.95% National Bank for Agriculture and Rural Development	1,000,000	500	50.00	-	-
9.65% National Bank for Agriculture and Rural Development	1,000,000	250	25.37	-	-
8.79% National Bank for Agriculture and Rural Development	1,000,000	250	25.00	-	-
9.18% National Bank for Agriculture and Rural Development	1,000,000	-	-	350	35.00
8.73% NTPC Limited	1,000,000	250	25.00	-	-
8.20% Power Finance Corporation Limited	1,000	-	-	848,051	86.24
8.72% Power Finance Corporation Limited	1,000,000	450	45.00	-	-
8.80% Power Finance Corporation Limited	1,000,000	400	40.00	400	40.00
8.82% Power Finance Corporation Limited	1,000,000	500	50.00	-	-
Carried forward			**1,020.09**		**937.71**

Current investments *(continued)*

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY	(₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY	(₹ IN CRORE)
INVESTMENT IN DEBENTURES & BONDS (UNQUOTED) (FULLY PAID) *(continued)*					
Brought forward			**1,020.09**		**937.71**
8.84% Power Finance Corporation Limited	1,000,000	100	10.00	-	-
8.90% Power Finance Corporation Limited	1,000,000	851	85.12	-	-
8.94% Power Finance Corporation Limited	1,000,000	743	74.17	500	49.99
8.95% Power Finance Corporation Limited	1,000,000	850	85.09	-	-
9.27% Power Finance Corporation Limited	1,000,000	500	50.55	-	-
9.40% Power Finance Corporation Limited	1,000,000	50	5.12	-	-
8.64% Power Grid Corporation of India Limited	1,250,000	20	2.50	80	10.00
8.84% Power Grid Corporation of India Limited	1,250,000	560	70.00	560	70.00
8.85% Power Grid Corporation of India Limited	1,250,000	80	10.03	-	-
8.80% Power Grid Corporation of India Limited	1,250,000	1,250	125.00	-	-
9.22% Reliance Capital Limited	-	-	-	250	25.28
9.25% Reliance Capital Limited	-	-	-	450	45.49
10.90% Reliance Gas Transportation Infrastructure Limited	1,000,000	650	69.20	650	69.20
10.95% Reliance Gas Transportation Infrastructure Limited	1,000,000	500	55.48	500	55.48
8.45% Rural Electrification Corporation Limited	10,000,000	100	9.95	-	-
8.70% Rural Electrification Corporation Limited	10,000,000	1,250	124.94	-	-
8.84% Rural Electrification Corporation Limited	10,000,000	350	35.05	-	-
8.87% Rural Electrification Corporation Limited	10,000,000	250	25.00	-	-
9.02% Rural Electrification Corporation Limited	10,000,000	50	5.12	-	-
10.90% Shriram Transport Finance Company Limited	1,000,000	195	19.52	195	19.52
9.05% State Bank of India	10,000	190	19.00	190	19.00
10.00% Sundaram Finance Limited	1,000,000	250	25.00	250	25.00
10.30% Tata Sons Limited	1,000,000	50	5.00	50	5.00
9.60% The Great Eastern Shipping Company Limited	1,000,000	100	10.09	100	10.09
9.20% United Bank of India	1,000,000	-	-	2,000	199.93
10.05% Yes Bank Limited	1,000,000	50	5.00	-	-
			1,946.02		**1,541.69**
INVESTMENT IN PASS THROUGH CERTIFICATES (UNQUOTED)					
India MBS 2002 Certificates Series I D			0.58		0.84
INVESTMENT IN CERTIFICATE OF DEPOSITS WITH SCHEDULED BANKS (UNQUOTED)			2,139.95		1,147.90
INVESTMENT IN COMMERCIAL PAPERS (UNQUOTED)			-		1,324.68
INVESTMENT IN GOVERNMENT SECURITIES (UNQUOTED)			1,052.21		181.51
INVESTMENT IN TREASURY BILLS (UNQUOTED)			320.35		354.66
INVESTMENT IN MUTUAL FUNDS (UNQUOTED)					
IDFC Banking Debt Fund - Direct Plan - Growth	10	300,000,000.000	300.00	-	-
IDFC Money Manager Fund - Treasury - Daily Dividend	10	3,929,035.060	3.96	-	-
IDFC SSIF Short Term Plan C - Growth	10	-	-	149,757,970.586	175.00
			303.96		**175.00**
TOTAL CURRENT INVESTMENTS			**6,707.85**		**5,072.20**
Less: Provision for diminution in value of investments			56.01		60.86
Less: Premium amortised on current maturities of long-term debentures & bonds			10.43		0.38
NET CURRENT INVESTMENTS			**6,641.41**		**5,010.96**

Current investments *(continued)*

	FACE VALUE (₹)	AS AT MARCH 31, 2013 QUANTITY (₹ IN CRORE)	AS AT MARCH 31, 2012 QUANTITY (₹ IN CRORE)
(a) Aggregate amount of quoted investments			
Cost		78.29	81.83
Market value		35.84	40.38
(b) Aggregate amount of investments in unquoted mutual funds			
Cost		303.96	175.00
Market value		306.16	184.74
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.			
(c) Aggregate amount of other unquoted investments - cost		6,325.60	4,815.37
(d) Investments include ₹ Nil (Previous Year ₹ 8.63 crore) in respect of equity shares which are subject to a lock-in-period.			

21 Trade receivables (unsecured)

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
CONSIDERED GOOD				
Outstanding for a period less than six months from the date they are due for payment [see note (a)]		50.76		371.46
CONSIDERED DOUBTFUL				
Outstanding for a period less than six months from the date they are due for payment	20.43		-	
Outstanding for a period exceeding six months from the date they are due for payment	88.89		1.86	
		109.32		**1.86**
Less: Provision against doubtful receivables		109.32		1.86
		-		-
TOTAL		**50.76**		**371.46**

(a) Trade receivables include debts of ₹ Nil (Previous Year ₹ 0.28 crore) due from a private company in which a director of the Company is a director.

22 Cash and bank balances

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
CASH AND CASH EQUIVALENTS				
Cash on hand	0.01		0.01	
Cheques on hand	4.27		1.90	
Balances with banks:				
In current accounts	69.92		9.47	
In deposit accounts	27.00		50.00	
		101.20		**61.38**
OTHERS				
Balances with banks:				
In earmarked accounts:				
- unclaimed dividend	1.54		1.22	
- unclaimed interest	3.78		5.22	
In deposit accounts [see note (a) & (b)]	21.00		522.00	
		26.32		**528.44**
		127.52		**589.82**

(a) Balances with banks in deposit accounts include deposits under lien of ₹ 21.00 crore (Previous Year ₹ 21.00 crore) to the National Securities Clearing Corporation Limited for meeting margin requirements.

(b) Balances with banks include deposits of ₹ 21.00 crore (Previous Year ₹ 501.00 crore) having original maturity of more than 12 months.

23 Revenue from operations

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31 2013	FOR THE YEAR ENDED MARCH 31 2012
Interest [see note (a)]	7,091.82	5,428.87
Other financial services [see note (b)]	209.24	163.19
Dividend income [see note (c)]	50.85	87.79
Net profit on sale of investments [see note (d)]	401.60	408.41
Other operating income [see note (e)]	11.79	11.72
TOTAL	**7,765.30**	**6,099.98**
(a) DETAILS OF INTEREST INCOME		
Interest on loans [see note (i) & (ii)]	6,367.80	4,793.71
Interest on deposits and loan to a financial institution	111.30	169.80
Interest on investments		
Current investments	486.61	402.46
Long-term investments	126.11	62.90
TOTAL	**7,091.82**	**5,428.87**

(i) Interest on loans includes interest on debentures & bonds of ₹ 243.36 crore (Previous Year ₹ 182.05 crore).

(ii) Interest on loans includes exchange gain of ₹ Nil (Previous Year ₹ 10.33 crore).

(b) DETAILS OF INCOME FROM OTHER FINANCIAL SERVICES		
Fees (net) [see note (i)]	208.31	159.72
Profit on assignment / sale of loans	0.93	3.47
TOTAL	**209.24**	**163.19**

(i) Fees income is net of fees shared on sell down of loans of ₹ 2.26 crore (Previous year ₹ 7.87 crore).

(c) DETAILS OF DIVIDEND INCOME		
Current investments	2.77	1.82
Long-term investments		
Subsidiary companies	25.51	69.27
Associate company	0.70	0.81
Others	21.87	15.89
TOTAL	**50.85**	**87.79**
(d) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS		
Current investments	202.32	78.70
Long-term investments	199.28	329.71
TOTAL	**401.60**	**408.41**
(e) DETAILS OF OTHER OPERATING INCOME		
Sale of power	11.79	11.72
TOTAL	**11.79**	**11.72**

24 Other income

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest on income tax refund	5.09	-
Other interest	0.07	0.13
Profit on sale of long-term investments [see note(a)]	3.73	89.00
Profit on sale of fixed assets (net)	-	4.38
Miscellaneous income [see note 35(iii)]	2.30	2.52
TOTAL	**11.19**	**96.03**

(a) Profit on sale of long-term investments of ₹ 3.73 crore for the year ended March 31, 2013 is the profit on sale of 100% stake in IDFC Project Equity Company Limited, wholly-owned subsidiary of the Company to IDFC Alternatives Limited. Profit on sale of long-term investments of ₹ 89.00 crore for the year ended March 31, 2012 is the profit on sale of 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, wholly-owned subsidiaries of the Company, to Natixis Global Asset Management Asia Pte. Limited.

25 Employee benefits expense

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Salaries [see note 35(i)]	123.10	136.67
Contribution to provident and other funds [see note 32]	7.40	7.46
Expense under the ESOS [see note 5(b)]	0.21	4.31
Staff welfare expenses	6.28	3.95
TOTAL	**136.99**	**152.39**

26 Finance costs

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest expense *	4,605.50	3,370.00
Other borrowing costs *	56.67	52.48
Net loss on foreign currency transactions and translation	3.02	32.75
TOTAL	**4,665.19**	**3,455.23**

* excludes ₹ 13.35 crore (Previous year ₹ 146.41 crore) charged to securities premium account. [see note 5(a)]

27 Provisions and contingencies

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Contingent provision against standard assets [see note 9(b)]	18.80	27.65
Provision for contingencies	175.13	104.91
Provision against non-performing loans, doubtful debts & advances (net)	164.45	51.76
Provision for diminution in value of investments (net)	35.73	99.69
Writeback of mark-to-market on stock futures account	-	(0.16)
TOTAL	**394.11**	**283.85**

28 Other expenses

		(₹ IN CRORE)
	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Rent [see note 35(ii)]	11.01	11.81
Rates and taxes [see note (a)]	2.67	2.76
Electricity	2.55	2.24
Repairs and maintenance		
Buildings	2.32	1.59
Equipments	2.92	2.17
Others	1.80	1.29
Insurance charges	0.33	0.55
Travelling and conveyance	7.82	7.68
Printing and stationery	1.10	0.77
Communication costs	3.29	3.69
Advertising and publicity	3.47	1.65
Professional fees	26.92	25.36
Loss on foreign exchange fluctuation (net)	0.05	0.11
Loss on trading in stock futures	4.44	2.63
Directors' sitting fees	0.26	0.28
Commission to directors	1.33	1.04
Bad debts written off	1.49	0.78
Loss on retirement of fixed assets	0.36	-
Brokerage	2.78	3.84
Miscellaneous expenses	18.02	14.46
Auditors' remuneration [see note (b)]	1.49	1.81
Shared service costs recovered [see note (c)]	(11.65)	(14.61)
TOTAL	**84.77**	**71.90**

(a) Rates and taxes include provision for wealth tax for the current year amounting to ₹ 0.13 crore (Previous year ₹ 0.13 crore) and securities transaction tax amounting to ₹ 0.86 crore (Previous year ₹ 1.01 crore).

(b) Break up of auditors' remuneration:

		(₹ IN CRORE)
	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Audit fees	0.40	0.40
Tax audit fees	0.12	0.12
Taxation matters	0.26	0.40
Other services	0.61	0.75
Out-of-pocket expenses	0.01	0.01
Service tax	0.18	0.26
	1.58	1.94
Less: Service tax set off claimed	0.09	0.13
TOTAL	**1.49**	**1.81**

The above amounts excludes professional fees of ₹ Nil (Previous year ₹ 0.19 crore) debited to other accounts.

(c) Shared service costs recovery includes ₹ 9.32 crore (Previous Year ₹ 13.78 crore) recovered from subsidiary companies and ₹ 0.60 crore (Previous Year ₹ Nil) recovered from an associate company under a shared service agreement.

29 Expenditure in foreign currencies

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Interest expense	2.63	24.34
Other borrowing costs	11.03	7.11
Travelling expenses	0.57	0.25
Professional fees	0.52	2.04
Others	2.67	8.12

30 Earnings in foreign currencies

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Fees from other financial services	-	0.15
Miscellaneous income	0.09	0.03

31 Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders which were declared during the year, are as under:

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Number of non resident shareholders	4,864	4,913
Number of equity shares held by them	759,118,625	713,105,443
Gross amount of dividend (₹ in crore)	174.60	142.62
Dividend relating to the year	2011-12	2010-11

32 In accordance with Accounting Standard 15 on 'Employee Benefits' as notified under the Companies (Accounting Standards) Rules, 2006 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:

(₹ IN CRORE)

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
Provident fund	3.52	2.91
Superannuation fund	0.73	0.74
Pension fund	0.47	0.39

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, 2013	FOR THE YEAR ENDED MARCH 31, 2012
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:		
Liability at the beginning of the year	11.65	8.96
Current service cost	2.02	1.57
Interest cost	1.10	0.85
Liabilities settled on divestiture	(0.03)	-
Benefits paid	(0.53)	(1.07)
Actuarial loss	0.66	1.34
Liability at the end of the year	14.87	11.65
FAIR VALUE OF PLAN ASSETS:		
Fair value of plan assets at the beginning of the year	11.75	9.06
Expected return on plan assets	0.96	0.68
Contributions	2.45	3.40
Benefits paid	(0.53)	(1.07)
Actuarial gain / (loss) on plan assets	0.10	(0.32)
Fair value of plan assets at the end of the year	14.73	11.75
Total actuarial loss to be recognised	0.56	1.66
ACTUAL RETURN ON PLAN ASSETS:		
Expected return on plan assets	0.96	0.68
Actuarial gain / (loss) on plan assets	0.10	(0.32)
Actual return on plan assets	0.86	1.00
AMOUNT RECOGNISED IN THE BALANCE SHEET:		
Liability at the end of the year	14.87	11.65
Fair value of plan assets at the end of the year	14.73	11.75
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	0.14	-
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	2.02	1.57
Interest cost	1.10	0.85
Expected return on plan assets	(0.96)	(0.68)
Net actuarial loss to be recognised	0.55	1.66
Liabilities settled on divestiture	(0.03)	-
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	2.68	3.40
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:		
Opening net asset	0.10	0.10
Expense recognised	2.68	3.40
Contribution by the Company	(2.45)	(3.40)
Expected employer's contribution next year	2.00	1.50

	FOR THE YEAR ENDED				(₹ IN CRORE)
	MARCH 31, 2013	MARCH 31, 2012	MARCH 31, 2011	MARCH 31, 2010	MARCH 31, 2009
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	14.87	11.65	8.96	6.72	5.83
Plan assets	14.73	11.75	9.06	7.23	5.85
Surplus/(deficit)	(0.14)	0.10	0.10	0.51	0.02
Experience adjustments on plan liabilities	0.19	1.38	1.71	(0.54)	1.45
Experience adjustments on plan assets	0.10	(0.32)	(0.16)	1.29	(0.74)

Employee Benefits Disclosures *(continued)*

	AS AT MARCH 31, 2013 (%)	AS AT MARCH 31, 2012 (%)
INVESTMENT PATTERN:		
Insurer managed funds	100.00	100.00
Government securities	26.30	8.99
Deposit and money market securities	6.61	41.67
Debentures / bonds	55.41	30.94
Equity shares	11.68	18.40
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	8.05	8.38
Expected rate of return on assets (p.a.)	8.00	8.00
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 The Company's main business is financing by way of loans. All other activities revolve around the main business. The Company does not have any geographic segments. As such, there are no separate reportable segments as per Accounting Standard 17 on 'Segment Reporting' as notified under the Companies (Accounting Standards) Rules, 2006.

34 As per Accounting Standard 18 on 'Related Party Disclosures' as notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

I. SUBSIDIARIES:

(a) **Direct**

IDFC Alternatives Limited (formerly IDFC Private Equity Company Limited)
IDFC Asset Management Company Limited
IDFC AMC Trustee Company Limited
IDFC Finance Limited
IDFC Foundation
IDFC PPP Trusteeship Company Limited (up to March 22, 2012)
IDFC Primary Dealership Company Limited (with effect from March 17, 2012)
IDFC Project Equity Company Limited (up to May 16, 2012)
IDFC Projects Limited
IDFC Securities Limited
IDFC Trustee Company Limited
Neopro Technologies Private Limited (with effect from March 30, 2013)
Uniquest Infra Ventures Private Limited (up to June 3, 2011)

(b) **Through subsidiaries**

Dheeru Powergen Limited (up to April 13, 2012)
IDFC Capital Limited
IDFC Capital (USA) Inc.
IDFC Capital (Singapore) Pte. Limited
IDFC Distribution Company Limited
IDFC Fund of Funds Limited
IDFC General Partners Limited (up to September 21, 2012)
IDFC Investment Advisors Limited
IDFC Investment Managers (Mauritius) Limited
IDFC Pension Fund Management Company Limited
IDFC PPP Trusteeship Company Limited (with effect from March 23, 2012)
IDFC Project Equity Company Limited (with effect from May 17, 2012)
IDFC Securities Singapore Pte. Limited (incorporated on November 21, 2012)
Jetpur Somnath Tollways Private Limited (formerly known as Jetpur Somnath Tollways Limited) (up to August 12, 2011)

Related Party Disclosures *(continued)*

II. JOINTLY CONTROLLED ENTITIES:

(a) **Through subsidiaries**

Delhi Integrated Multi-Modal Transit System Limited (with effect from March 24, 2011)

Infrastructure Development Corporation (Karnataka) Limited (with effect from March 24, 2011)

Uttarakhand Infrastructure Development Company Limited (with effect from March 24, 2011)

III. ASSOCIATES:

(a) **Direct**

Galaxy Mercantiles Limited (with effect from December 2, 2011)

Feedback Infrastructure Services Private Limited

(b) **Through subsidiaries**

Jetpur Somnath Tollways Private Limited (formerly known as Jetpur Somnath Tollways Limited) (with effect from August 12, 2011)

Dheeru Powergen Limited (from April 14, 2012 to March 26, 2013)

IV. ENTITIES OVER WHICH CONTROL IS EXERCISED:

(a) **Through subsidiaries**

Emerging Markets Private Equity Fund, L. P. (up to January 26, 2012)

India Infrastructure Initiative Trust (up to June 30, 2012)

India PPP Capacity Building Trust

V. KEY MANAGEMENT PERSONNEL:

(a) Dr. Rajiv B. Lall - Vice Chairman & Managing Director

(b) Mr. Vikram Limaye - Deputy Managing Director

The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

(₹ IN CRORE)

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP		FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
(a) SUBSIDIARIES:			
Dheeru Powergen Limited	Trade receivables - balance outstanding	-	0.02
IDFC Alternatives Limited	Dividend received	24.00	20.00
	Sale of investments	3.78	-
	Shared service costs recovered	1.08	2.99
IDFC Asset Management Company Limited	Shared service costs recovered	2.35	1.84
	Dividend received	1.51	-
IDFC Capital Limited	Fees paid	-	16.51
	Purchase of fixed assets	ß	0.05
	Shared service costs recovered	1.37	1.75
	Intercompany payables - balance outstanding	-	13.09
IDFC Capital (Singapore) Pte. Limited	Shared service fees	0.05	5.80
	Provision for expenses - balance outstanding	-	3.73
IDFC Foundation	Fees paid	3.25	3.63
	Advances recovered during the year	19.00	4.00
	Sale of investments	-	0.05
	Advances recoverable - balance outstanding	22.50	41.50
	Donation	5.00	-
	Share subscription	4.95	8.00
	Trade payables - balance outstanding	2.21	0.52
IDFC Investment Advisors Limited	Management fees paid	0.68	0.49
	Advisory fees	0.14	0.07
IDFC Projects Limited	Advances given (net of repayments)	-	30.95
	Advances recovered (net of advances given)	14.32	-
	Bank guarantees outstanding	76.30	76.30
	Fees received	1.22	1.21
	Shared service costs recovered	0.66	1.55
	Advances - balance outstanding	60.22	74.54

Related Party Disclosures *(continued)*

(₹ IN CRORE)

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP		FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
IDFC Primary Dealership Company Limited	Subscription to equity shares	195.00	-
	Inter corporate deposits placed and matured	2,300.00	-
	Shared service costs recovered	0.06	-
	Interest received on Inter corporate deposits	5.33	-
	Advances - balance outstanding	-	1.41
IDFC Project Equity Company Limited	Advances given and recovered	3.50	-
	Dividend received	-	21.00
	Shared service costs recovered	1.02	2.69
	Interest on advances given	ß	-
IDFC PPP Trusteeship Company Limited	Advances given	-	0.02
	Advances - balance outstanding	-	0.02
	Advances - written off	0.02	-
IDFC Securities Limited	Brokerage paid	0.24	0.07
	Dividend received	-	28.27
	Inter corporate deposits placed and matured	53.25	-
	Subscription to optionally convertible debentures (OCDs)	125.00	-
	Interest received on inter corporate deposits	0.02	-
	Shared service costs recovered	2.79	4.37
	Intercompany payables - balance outstanding	0.05	-
	Purchase of fixed assets	0.03	-
	Advances - balance outstanding	-	1.30
Jetpur Somnath Tollways Private Limited	Shared service costs recovered	-	0.29
	Advances - balance outstanding	-	0.11
Neopro Technologies Private Limited	Subscription to preference shares	25.03	-
(b) JOINTLY CONTROLLED ENTITIES:			
Uttarakhand Infrastructure Development Company Limited	Fees paid	0.06	0.09
Infrastructure Development Corporation (Karnataka) Limited	Fees paid	0.29	0.04
	Rent paid	0.02	0.02
	Trade payables - balance outstanding	0.08	0.16
(c) ASSOCIATES:			
Feedback Infrastructure Services Private Limited	Dividend received	0.70	0.81
	Miscellaneous income	0.01	ß
	Fees paid	0.18	0.25
	Fees received	0.11	-
	Subscription to redeemable debentures	12.00	28.00
	Interest on redeemable debentures	4.05	1.41
	Interest accrued on loans - balance outstanding	4.62	1.41
	Outstanding debentures	40.00	28.00
Galaxy Mercantiles Limited	Interest on OCDs	23.15	6.21
	Subscription to equity shares	-	73.81
	Subscription to cumulative preference shares	-	9.99
	Interest accrued on loans - balance outstanding	5.40	0.08
	Investment in OCDs	-	136.12
	Outstanding investment in OCDs	136.12	136.12
	Advances to related party - balance outstanding	1.65	1.65
Jetpur Somnath Tollways Private Limited	Shared service costs recovered	0.60	-
	Advances - balance outstanding	0.09	-

Related Party Disclosures *(continued)*

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP		FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012 (₹ IN CRORE)
(d) ENTITIES OVER WHICH CONTROL IS EXERCISED:			
India PPP Capacity Building Trust	Fees paid	-	6.83
	Trade payables - balance outstanding	0.07	0.79
(e) KEY MANAGEMENT PERSONNEL:			
Dr. Rajiv B. Lall	Remuneration paid	5.85	5.99
	80CCF bonds outstanding	ß	ß
	Interest on 80CCF bonds	ß	ß
Mr. Vikram Limaye	Remuneration paid	4.93	4.93
	80CCF bonds outstanding	0.01	0.01
	Interest on 80CCF bonds	ß	ß

35 In accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of operating leases are made:

i. The Company has taken vehicles for certain employees under operating leases, which expire between September 2013 and December 2016 (Previous Year April 2012 and March 2016). Salaries include gross rental expenses of ₹ 0.79 crore (Previous Year ₹ 0.80 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012 (₹ IN CRORE)
Not later than one year	0.66	0.89
Later than one year and not later than five years	0.70	1.23

ii The Company has taken office premises under operating leases, which expire between December 2015 and September 2018 (Previous Year December 2015 and September 2018). Rent includes gross rental expenses of ₹ 8.63 crore (Previous Year ₹ 8.54 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012 (₹ IN CRORE)
Not later than one year	9.27	8.63
Later than one year and not later than five years	27.25	35.20
Later than five years	0.57	1.89

iii The Company has given office premises under non-cancellable operating lease, which expires in April 2013 (Previous Year October 2012). Miscellaneous income includes income from such leases of ₹ 2.06 crore (Previous Year ₹ 2.26 crore). The future minimum lease rental is as follows:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012 (₹ IN CRORE)
Not later than one year	0.14	1.32

36 In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified under the Companies (Accounting Standards) Rules, 2006:

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

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
		(₹ IN CRORE)
Net profit after tax	**1,764.98**	1,602.96
Less: adjustment for dividend and dividend distribution tax on CCCPS	-	49.41
Net amount available for equity shareholders	**1,764.98**	1,553.55
Weighted average number of equity shares	**1,513,583,202**	1,469,679,676

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

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
		(₹)
Basic earnings per share	**11.66**	10.57
Effect of outstanding stock options	**(0.07)**	(0.03)
Diluted earnings per share	**11.59**	10.54

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. The relevant details as described above are as follows:

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Weighted average number of shares for computation of basic earnings per share	**1,513,583,202**	1,469,679,676
Dilutive effect of outstanding stock options	**9,446,844**	4,741,438
Weighted average number of shares for computation of diluted earnings per share	**1,523,030,046**	1,474,421,114

37 Contingent liabilities and commitments (to the extent not provided for)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
		(₹ IN CRORE)
(a) CONTINGENT LIABILITIES		
(i) Claims not acknowledged as debts in respect of:		
Income-tax demands disputed by the Company (net of amounts provided). The matters in dispute are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Company.	**152.02**	94.99
Other claims	**7.20**	-
(ii) Guarantees issued:		
As a part of project assistance, the Company has also provided the following guarantees:		
Financial guarantees	**1,922.08**	2,245.27
Performance guarantees	**0.75**	227.01
(iii) Other financial guarantees	**47.30**	78.31
(b) CAPITAL COMMITMENTS		
(i) Uncalled liability on shares and other investments partly paid	**912.88**	854.06
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	**0.51**	0.16

38 The Company has entered into interest rate swaps in the nature of 'fixed / floating' or 'floating / fixed' for notional principal of ₹ 3,696.00 crore outstanding as on March 31, 2013 (Previous Year ₹ 3,066.00 crore) for varying maturities linked to various benchmarks for asset liability management and hedging.

The Company has foreign currency borrowings equivalent to ₹ 6,160.12 crore (Previous Year ₹ 4,152.99 crore), against which the Company has undertaken currency interest rate swaps and forward contracts of ₹ 6,160.12 crore (Previous Year ₹ 4,152.99 crore) to hedge foreign currency risk. The Company has also entered in to coupon only currency swaps for notional principal equivalent to ₹ 967.37 crore (Previous Year ₹ 430.26 crore) and forward contracts of ₹ 8.03 crore (Previous Year ₹ Nil) to hedge the foreign currency risk towards interest on the foreign currency borrowings.

39 No amount is payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Company during the year to the 'Suppliers' covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Company for this purpose.

40 The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012):

(a) CAPITAL TO RISK ASSETS RATIO (CRAR):

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
CRAR (%)	22.10	20.79
CRAR - Tier I Capital (%)	19.81	18.52
CRAR - Tier II Capital (%)	2.29	2.27

(b) EXPOSURES TO REAL ESTATE SECTOR*:

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
DIRECT EXPOSURE		
(i) **Commercial Real Estate**	3,613.16	3,159.22
Lending fully secured by mortgage (including securities in the process of being created) on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.		
(ii) **Investments in Mortgage Backed Securities (MBS) and other securitised exposures**		
a. Residential	0.58	0.84
b. Commercial Real Estate	-	-
INDIRECT EXPOSURE		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	243.74	173.44

* based on amounts sanctioned.

(c) MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

(₹ IN CRORE)

	1 day to 30/31 days (one month)	Over one month to two months	Over two months to three months	Over three months to six months	Over six months to one year	Over one year to three years	Over three years to five years	Over five years	Total
LIABILITIES									
Borrowing from banks	1,275.00	643.90	675.00	725.00	125.00	4,002.32	2,386.25	-	9,832.47
Market borrowing	846.17	898.12	1,100.96	4,190.07	6,347.50	15,298.62	4,289.09	10,827.06	43,797.59
ASSETS									
Advances	1,814.11	678.74	1,075.22	2,119.45	5,163.64	9,306.92	12,457.40	23,922.86	56,538.34
Investments	5,130.26	0.02	0.92	76.74	80.05	87.53	114.61	5,782.27	11,272.40

Previous Year

(₹ IN CRORE)

	1 Day to 30/31 days (one month)	Over one month to two months	Over two months to three months	Over three months to six months	Over six months to one year	Over one year to three years	Over three years to five years	Over five years	Total
LIABILITIES									
Borrowing from banks	449.98	302.24	783.33	1,706.09	1,400.00	2,191.28	2,046.34	-	8,879.26
Market borrowing	1,910.11	1,447.30	405.48	2,118.04	6,075.68	9,579.87	2,234.01	13,779.03	37,549.52
ASSETS									
Advances	1,984.51	1,065.78	1,149.49	1,823.84	4,227.10	6,501.19	9,728.95	22,328.83	48,809.69
Investments	3,084.83	0.02	11.22	571.49	493.47	217.09	215.42	3,892.17	8,485.71

(d) BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED:

(₹ IN CRORE)

	AS AT MARCH 31, 2013 AMOUNT NET OF PROVISION *	AS AT MARCH 31, 2012 AMOUNT NET OF PROVISION *
1 RELATED PARTIES		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	176.12	164.12
2 OTHER THAN RELATED PARTIES	56,362.22	48,645.57
TOTAL	**56,538.34**	**48,809.69**

* excludes provision for contingencies.

(e) 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, 2013		AS AT MARCH 31, 2012	
	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	887.92	1,658.30	468.08	1,143.91
(b) Companies in the same group	-	-	-	-
(c) Other related parties	56.77	103.89	93.28	103.89
2 OTHER THAN RELATED PARTIES	9,890.16	9,510.21	7,529.89	7,237.91
TOTAL	**10,834.85**	**11,272.40**	**8,091.25**	**8,485.71**

(f) OTHER INFORMATION:

(₹ IN CRORE)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
1 **GROSS NON - PERFORMING ASSETS**		
(a) Related parties	-	-
(b) Other than related parties	85.12	148.32
2 **NET NON - PERFORMING ASSETS**		
(a) Related parties	-	-
(b) Other than related parties	28.91	71.43
3 **ASSETS ACQUIRED IN SATISFACTION OF DEBT**	-	-

41 The following additional information is disclosed in terms of the RBI circular (Ref. No. RBI/2009-2010/356/IDMD/4135/11.08.43/2009-10) dated March 23, 2010:

REPO TRANSACTIONS (IN FACE VALUE TERMS)

(₹ IN CRORE)

	YEAR ENDED MARCH 31, 2013				YEAR ENDED MARCH 31, 2012			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2013	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2012
SECURITIES SOLD UNDER REPOS								
(i) Government securities	5.00	1,625.00	229.55	-	-	-	-	-
(ii) Corporate debt securities	-	-	-	-	-	-	-	-
SECURITIES PURCHASED UNDER REVERSE REPOS								
(i) Government securities	-	-	-	-	-	-	-	-
(ii) Corporate debt securities	-	-	-	-	-	-	-	-

42 Penalties / fines imposed by the RBI

The following information is disclosed in term of the RBI circular (Ref.No.RBI/2010-11/115 IDMD.17/11.01.01(B)2010-11) dated July 14, 2010: During the year ended March 31, 2013 there was one instance of SGL bounce for which the RBI has imposed a penalty of ₹ 500,000 (Previous Year ₹ Nil). The Company has paid the penalty to the RBI.

43 Disclosure of complaints

The following table sets forth, for the years indicated, the movement of the outstanding number of complaints.

	FOR THE YEAR ENDED MARCH 31, 2013	FOR THE YEAR ENDED MARCH 31, 2012
SHAREHOLDERS' COMPLAINTS :		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	474	370
No. of complaints disposed off during the year	474	370
No. of complaints remaining unresolved at the end of the year	Nil	Nil
INFRASTRUCTURE RETAIL BONDHOLDERS' COMPLAINTS :		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	34,814	33,011
No. of complaints disposed off during the year	34,814	33,011
No. of complaints remaining unresolved at the end of the year	Nil	Nil

44 Securitisation

The Company sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Company as an originator.

(₹ IN CRORE)

		AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
1	No of SPVs sponsored by the Company for securitisation transaction	-	7
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	-	2,567.77
3	Total amount of exposures retained by the Company to comply with MRR as on the date of the Balance Sheet	-	-
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	Exposure to own securitisations		
	First loss	-	-
	Others	-	125.00
	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	Exposure to third party securitisations		
	First loss	-	-
	Others	0.58	0.84

45 Interest and repayment terms of long-term borrowings - debentures & bonds (non convertible) (secured):

(₹ IN CRORE)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
RESIDUAL MATURITY	**BALANCE OUTSTANDING**	**INTEREST RATE (%)**	**BALANCE OUTSTANDING**	**INTEREST RATE (%)**
FIXED RATE				
Above 5 years	11,420.93	7.50 to 9.35	12,402.92	7.50 to 9.91
3-5 years	3,928.10	8.90 to 9.54	1,880.00	7.45 to 9.40
1-3 years	12,304.10	7.25 to 9.80	8,975.00	6.00 to 11.66
FLOATING RATE				
3-5 years	40.00	MIBOR+150bps	40.00	MIBOR+150bps
TOTAL	**27,693.13**		**23,297.92**	

46 Interest and repayment terms of long-term loans from banks (secured):

(₹ IN CRORE)

RESIDUAL MATURITY	AS AT MARCH 31, 2013 BALANCE OUTSTANDING	AS AT MARCH 31, 2013 INTEREST RATE (%)	AS AT MARCH 31, 2012 BALANCE OUTSTANDING	AS AT MARCH 31, 2012 INTEREST RATE (%)
FIXED RATE				
3-5 years	200.00	10.25 to 10.50	255.74	7.41
1-3 years	2,805.74	7.41 to 10.60	1,441.67	8.35 to 10.65
FLOATING RATE				
1-3 years	-	NA	749.61	6M LIBOR + 300 bps to 345 bps
TOTAL	**3,005.74**		**2,447.02**	

47 Interest and repayment terms of long-term loans from others (secured):

(₹ IN CRORE)

RESIDUAL MATURITY	AS AT MARCH 31, 2013 BALANCE OUTSTANDING	AS AT MARCH 31, 2013 INTEREST RATE (%)	AS AT MARCH 31, 2012 BALANCE OUTSTANDING	AS AT MARCH 31, 2012 INTEREST RATE (%)
FIXED RATE				
1-3 years	-	NA	668.00	10.10
TOTAL	**-**		**668.00**	

48 Interest and repayment terms of external commercial borrowings from banks (secured):

(₹ IN CRORE)

RESIDUAL MATURITY	AS AT MARCH 31, 2013 BALANCE OUTSTANDING	AS AT MARCH 31, 2013 INTEREST RATE (%)	AS AT MARCH 31, 2012 BALANCE OUTSTANDING	AS AT MARCH 31, 2012 INTEREST RATE (%)
FLOATING RATE				
3-5 years	1,903.65	6M LIBOR + 235 bps to 275 bps	1,790.60	6M LIBOR + 175 bps to 275 bps
3-5 years	282.60	3M BBSY + 270 bps	-	NA
1-3 years	1,196.58	6M LIBOR + 150 bps to 175 bps	-	NA
TOTAL	**3,382.83**		**1,790.60**	

49 Interest and repayment terms of external commercial borrowings from others (secured):

(₹ IN CRORE)

RESIDUAL MATURITY	AS AT MARCH 31, 2013 BALANCE OUTSTANDING	AS AT MARCH 31, 2013 INTEREST RATE (%)	AS AT MARCH 31, 2012 BALANCE OUTSTANDING	AS AT MARCH 31, 2012 INTEREST RATE (%)
FLOATING RATE				
Above 5 years	369.53	6M LIBOR + 225 bps to 235 bps	522.56	6M LIBOR + 60 bps to 235 bps
Above 5 years	1,359.75	3M LIBOR + 225 bps	-	NA
Above 5 years	346.80	INBMK + 184 bps	346.80	INBMK + 184 bps
3-5 years	310.80	6M LIBOR + 60 bps to 70 bps	299.20	6M LIBOR + 70 bps to 115 bps
1-3 years	50.99	6M LIBOR + 115 bps	-	NA
TOTAL	**2,437.87**		**1,168.56**	

50 Interest and repayment terms of subordinated debt from the Government of India (unsecured):

(₹ IN CRORE)

REPAYMENT DATE	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
29-Sep-47	350.00	5 Year G-Sec + 25 bps	350.00	5 Year G-Sec + 25 bps
17-Mar-47	300.00	5 Year G-Sec + 25 bps	300.00	5 Year G-Sec + 25 bps
TOTAL	**650.00**		**650.00**	

51 Utilisation of money raised through public issues

During the year, the Company raised ₹ Nil (Previous Year ₹ 1,387.46 crore) through public issue of long-term Infrastructure Bonds eligible for deduction under Section 80CCF of the Income-tax Act, 1961 of which ₹ 179.17 crore (Previous Year ₹ 1,208.29 crore) has been utilised towards lending to infrastructure projects. ₹ Nil (Previous Year ₹ 179.17 crore) remained unutilised as at the Balance Sheet date pending regulatory approvals.

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

53 Figures of ₹ 50,000 or less have been denoted by ß.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED
(formerly Infrastructure Development Finance Company Limited)

DEEPAK S. PAREKH
Chairman

RAJIV B. LALL
Vice Chairman & Managing Director

SUNIL KAKAR
Chief Financial Officer

MAHENDRA N. SHAH
Company Secretary

Mumbai | May 1, 2013

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IDFC

IDFC Limited

www.idfc.com | info@idfc.com

REGISTERED OFFICE

KRM Tower, 8th Floor
No. 1, Harrigton Road
Chetpet
Chennai 600 031

TEL +91 (44) 4564 4000
FAX +91 (44) 4564 4022

CORPORATE 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