IDFC

IDFC LIMITED

23rd Annual Report 2019-2020

SAVE PAPER,
SAVE TREES,
SAVE THE EARTH.

370,000+ Shareholders have already registered their email id.

In accordance with General Circular No. 20/2020 dated May 5, 2020 issued by Ministry of Corporate Affairs and circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI , the Company has sent the Annual Report / Notice of AGM only through electronic mode to those Shareholders whose e-mail Ids were registered with the Company / RTA / Depository Participants and will not be sending physical copies of the same.

Those members who have not registered their email addresses with the Company's RTA / Depository Participants, as the case may be, are requested to visit https://ris.kfintech.com/email_registration/ and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions. In case of any queries, shareholder may write to einward.ris@kfintech.com.

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

A difficult financial year for our economy, with sluggish growth was overwhelmed by Covid-19 towards the end. The crisis, globally and domestically, brought on by the pandemic is truly unprecedented. Uncertainty surrounding extent of its adverse impact on human lives and damage to economies, threatens to reorder the very basis of human, social and economic interactions across the globe. Poor visibility on a timeframe for a cure or preventive, further complicates assessment of its impact and our ability to prognosticate potential recovery. However, witnessing the herculean efforts, resources, commitment and will of political, medical and social stakeholders across the globe to surmount this challenge gives me hope that this crisis will be behind us sooner than later.

Nevertheless, to unlock value for all of you, we continued steadfast on our charted strategic direction of divesting non-retail businesses and investing to grow our retail businesses i.e. IDFC FIRST Bank and IDFC Asset Management Company (AMC).

We have now completely exited our non-retail businesses. We exited private equity business managed by IDFC Alternatives, last fiscal itself. We divested our entire 81.5% stake in the Infrastructure Debt Fund to the National Investment and Infrastructure Fund and/ or its affiliates. The sale was consummated in two tranches – 51.5% was sold last fiscal and the balance 30% was sold this fiscal.

We had signed an agreement to sell IDFC Securities to Dharmesh Mehta and a group of financial investors. It took us greater part of the fiscal to obtain clearances and approvals and it was only in June '20 that the deal saw its final closure.

IDFC FIRST Bank is progressing well towards its stated goal of becoming a mass retail bank, both on assets side as well as liabilities.

Our bank's retail loans (including inorganic portfolio) constitute 61% of loans as on 31st March 2020, compared to 37% a year ago. Retail loans increased 40% to Rs. 57,310 crores as on 31st March 2020 from Rs. 40,812 crores as on 31st March 2019. Wholesale loans decreased 27% to Rs. 39,388 crores as on 31st March 2020 from Rs. 53,649 crores as on 31st March 2019. Within wholesale, infrastructure loans decreased by 31%.

CASA ratio of the bank improved to 31.9% as on 31st March 2020 from 11.4% as on 31st March 2019. CASA deposits increased to Rs. 20,661 crore as on 31st March 2020 from Rs. 7,893 crores as on 31st March 2019, an increase of 162% over the year. In fourth quarter of the fiscal, CASA growth of Rs. 4,458 crores, despite Covid-19 and other issues was particularly impressive. The fixed deposit program of the bank was assigned the highest safety rating of FAAA by CRISIL.

Net Interest Margin of our bank improved to 4.2% in the last quarter of the fiscal as compared to 3.0% in the last quarter of previous fiscal.

IDFC FIRST Bank has been investing to expand its branch network, which stands at 464 branches and 356 ATMs across the country as on 31st March 2020.

In June '20, to further strengthen its capital adequacy to ensure better preparedness to cope with uncertainties unleashed by Covid-19, our bank raised additional capital of Rs. 2,000 crore. To ensure compliance with RBI regulations of maintaining 40% promoter stake in the first 5 years of operations of the bank, we contributed Rs. 800 crore to the capital raise. This additional capital raise enhanced the capital adequacy ratio of our bank now to northwards of 15%.

In addition to contributing to the capital raise of our bank, we also distributed Rs. 3.15 per share as dividend during the fiscal.

Our AMC, continued to further 'retailise' its growing franchise, diversify its products and capabilities, enhance customer engagement and invest in digital technologies and infrastructure that positions it well for long term growth. Our mutual fund crossed the coveted Rs. 1 lakh crore assets under management (AUM) milestone and entered the ranks of the top 10 within the industry in terms of total AUM.

Overall, average AUM in the last quarter of the fiscal grew about 50% as compared to the same quarter last fiscal, significantly outperforming industry growth of around 11%. In the last quarter of the fiscal, the market share (excluding liquid funds) of our AMC improved by 1.2% to reach 4.3%, while total market share improved by 0.9% to reach 3.8%.

Our mutual fund steadily built its franchise with the number of active investors served growing by around 7%. It increased the number of active distributors of fixed income funds by 29%, added over 2.2 lakh new folios and about 1.40 lakh new systematic investment plans (SIPs). Independent fund ranking agencies and media houses recognised and highlighted our fund performances and honoured us with awards.

On June 12, 2020, the Reserve Bank of India (RBI) constituted an Internal Working Group to review extant ownership guidelines and corporate structure for Indian private sector banks. The mandate of the working group, among other issues, includes study of the current regulations on holding of financial subsidiaries through non-operative financial holding company (NOFHC) and suggesting the manner of migrating all banks to a uniform regulation in the matter, including providing a transition path; and examining and reviewing the norms for promoter shareholding at the initial/licensing stage and subsequently, along with the timelines for dilution of the shareholding.

The Internal Working Group has to submit its report by September 30, 2020. This potentially is a very important development and decisions taken by the RBI post this, will determine the strategic direction for us. Your Board and the management team, have devoted considerable time in evaluating strategic options for unlocking value. We are hopeful for the best outcome for all of you.

To conclude, notwithstanding a challenging financial year and uncertainties unleashed by Covid-19 towards the end of the year, our employees have worked very hard to create a strong, robust and vibrant platform. I take this opportunity to thank each one of them for their sincere efforts.

I also thank each one of you - our valued shareholders, for placing your faith and confidence in us. I look forward to your continued support.

Vinod Rai
Independent Non-Executive Chairman

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. VINOD RAI
Independent Non-Executive Chairman

MS. RITU ANAND
Independent Director
(w.e.f. August 16, 2019)

MR. AJAY SONDHI
Independent Director
(w.e.f. November 8, 2019)

MR. ANSHUMAN SHARMA
Nominee-Government of India

MR. SOUMYAJIT GHOSH
Nominee-Government of India

MR. SUNIL KAKAR
Managing Director & CEO

MR. S. S. KOHLI
Independent Director
(till September 30, 2019)

MS. MARIANNE ØKLAND
Independent Director
(till September 30, 2019)

MR. CHINTAMANI BHAGAT
Nominee-Domestic & Foreign
Institutional Shareholders
(till September 30, 2019)

OFFICES

REGISTERED OFFICE
CHENNAI
4th Floor, Capitale Tower,
555 Anna Salai, Thiru Vi Ka Kudiyiruppu,
Teynampet, Chennai - 600 018
TEL: +91 44 4564 4202
FAX: +91 44 4564 4222

CORPORATE OFFICE
MUMBAI
906/907, 9th Floor, Embassy Centre,
Jamnalal Bajaj Road,
Nariman Point, Mumbai – 400021
TEL: +91 22 2282 1549
FAX: +91 22 2421 5052

CORPORATE INFORMATION

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

STATUTORY AUDITORS
Price Waterhouse & Co.
Chartered Accountants LLP

PRINCIPAL BANKER
IDFC FIRST Bank Limited

COMPANY SECRETARY
Mr. Mahendra N. Shah

REGISTRAR AND SHARE TRANSFER AGENT
KFin Technologies Private Limited
(formerly known as Karvy Fintech
Private Limited)
(Unit: IDFC Limited)
Selenium Tower B,
Plot Nos. 31 & 32,
Financial District,
Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500032. India
TEL: +91 40 67161512
EMAIL: einward.ris@kfintech.com

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Third Annual Report together with the audited financial statements for the financial year ended March 31, 2020.

OPERATIONS REVIEW

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

During the year, Balance Sheet size decreased from Rs. 9,821 crore as on March 31, 2019 to Rs. 9,332 crore as on March 31, 2020. Profit after tax and other comprehensive income was lower at Rs. 64.22 crore for FY 2019-20 as compared to Rs. 127.66 crore in FY 2018-19. Net worth of the Company decreased from Rs. 9,779 crore as on March 31, 2019 to Rs. 9,256 crore as on March 31, 2020.

During the year, the Company transferred Rs. 12.85 crore to Special Reserve u/s 45-IC of Reserve Bank of India ("RBI") Act, 1934.

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

COVID-19

FY20 has been a challenging year. In the last month of FY20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-down of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees. As of March 31, 2020, work from home was enabled to the employees to work remotely and securely.

DIVIDEND

During FY20, the Company declared 1st interim dividend of Rs. 2.50 (25%) per equity share of the Company by a resolution passed through circulation on September 21, 2019. The Company declared 2nd interim dividend of Rs. 0.65 (6.5%) per equity shares of the Company by a resolution passed through circulation on November 14, 2019.

The Board of Directors has not recommended any final dividend for FY20.

DIVIDEND DISTRIBUTION POLICY

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

SUBSIDIARY COMPANIES

As on March 31, 2020, the Company has eight domestic direct / indirect subsidiaries, four foreign indirect subsidiaries, four Associate Companies and three Joint Ventures which are given in **Table 1**.

NIIF Infrastructure Finance Limited (NIIF Fund II) (previously IDFC Infrastructure Finance Limited)
IDFC & IDFC FHCL had entered into definitive agreement with NIIF FUND II to sale its entire equity stake (81.48%) held in IDFC Infrastructure Finance Limited. After obtaining the necessary regulatory approval, 51.48% of equity stake was transferred to NIIF Fund II at a consideration of Rs. 388.91 crore as the first tranche of the transaction in March 2019.

During the year, second tranche of the transaction was closed and IDFC FHCL received a consideration of Rs. 265.91 crores for its 30% residual shareholding. Subsequent to the completion of this transaction, the IDFC group does not hold any shareholding in NIIF FUND II. Accordingly, NIIF Infrastructure Finance Limited ceased to be associate company of IDFC FHCL. The same was accordingly informed to the stock exchanges.

IDFC SECURITIES LIMITED
During the year, IDFC & IDFC FHCL had entered into an understanding with Mr. Dharmesh Mehta along with other investors ("Acquirers") to sell its entire equity stake (100%) held in IDFC Securities Limited after obtaining the necessary regulatory approval.

IDFC Securities was an indirect subsidiary company of IDFC Limited as on March 31, 2020. However, on June 10, 2020, IDFC transferred equity stake held in IDFC Securities to the Acquirers, after obtaining all necessary regulatory approvals, at a consideration of Rs. 86 crore.

IDFC Capital (Singapore) Pte. Ltd. and IDFC Securities Singapore Pte. Ltd. are under liquidation.

CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of IDFC reviews the affairs of its subsidiary companies regularly. In accordance with the provisions of Section 129(3) of the Companies Act, 2013 (the Act) the Company has prepared Consolidated Financial Statements including requisite details of all the subsidiaries. Further, a statement containing the salient features of performance and financial positions of all the subsidiary companies / associates/ joint ventures in the format AOC-I is appended as **Annexure 1**.

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

Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources and IDFC Foundation activities, have been presented in the section on

01 SUBSIDIARY COMPANIES

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
Domestic Subsidiaries			
i.	IDFC Financial Holding Company Limited ("IDFC FHCL")	Direct	100%
ii.	IDFC Foundation (a Company within the meaning of section 8 of the Act)	Direct	100%
iii.	IDFC Projects Limited	Direct	100%
iv.	IDFC Trustee Company Limited	Direct	100%
v.	IDFC Alternatives Limited	Direct	100%
vi.	IDFC Asset Management Company Limited ("IDFC AMC")	Indirect through IDFC FHCL	100%
vii.	IDFC Securities Limited	Indirect through IDFC FHCL	100%
viii.	IDFC AMC Trustee Company Limited	Indirect through IDFC FHCL	100%
Foreign Subsidiaries			
i.	IDFC Capital (Singapore) Pte. Limited	Indirect through IDFC Alternatives	100%
ii.	IDFC Securities Singapore Pte. Limited	Indirect through IDFC Securities	100%
iii.	IDFC Capital (USA) Inc.	Indirect through IDFC Securities	100%
iv.	IDFC Investment Managers (Mauritius) Ltd.	Indirect through IDFC AMC	100%
Associate			
i.	IDFC FIRST Bank Limited	Indirect through IDFC FHCL	40%
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FHCL	40%
iii.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Projects Limited	26%
iv.	NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) up to March 30, 2020	Indirect through IDFC FHCL	30%
v.	Novopay Solutions Private Limited	Direct	23.83%
Joint Ventures			
i.	Delhi Intigrated Multi - Modal Transit System Limited	Indirect through IDFC Foundation	50%
ii.	Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	Indirect through IDFC Foundation	49.49%
iii.	Rail Infrastructure Development Company (Karnataka) Limited	Indirect through iDeck	24.71%

Management Discussion & Analysis which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC Limited had 9 employees as on March 31, 2020 and 420 employees including employees of subsidiaries. In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company. The said information is available for inspection and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Disclosure pertaining to remuneration & other details as required under section 19 7(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, are appended as **Annexure 2**.

SHARE CAPITAL UPDATE

There was no change in the share capital of the Company during FY20.

MANAGEMENT DISCUSSION ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

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

PUBLIC DEPOSITS

During FY20, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

FOREIGN EXCHANGE

There were no foreign exchange earnings or expenditure during the year.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Based on recommendation of Nomination and Remuneration Committee, the Board appointed Ms. Ritu Anand (DIN – 05154174) and Mr. Ajay Sondhi (DIN – 01657614) as an Additional Director in the category of Independent Director w.e.f. August 16, 2019 and November 08, 2019 respectively. At the previous AGM, the Shareholders of the Company approved the appointment of Ms. Ritu Anand as an Independent Director. Appointment of Mr. Ajay Sondhi is up to the conclusion of the ensuing AGM. Accordingly, the approval of Shareholders is sought for appointment of Mr. Ajay Sondhi (DIN - 01657614) as an Independent Director at the ensuing AGM.

Further, based on recommendation of Nomination and Remuneration Committee, The Board of Directors of the Company appointed Mr. Mahendra N Shah as Company Secretary and Compliance Officer of the Company w.e.f. May 24, 2019 as designated Key Managerial Personnel in place of Mr. Nirav Shah.

At the 20th AGM of the Company held on July 28, 2017, the shareholders of the Company appointed Mr. Sunil Kakar (DIN - 03055561), as Managing Director & Chief Executive Officer ("MD & CEO"), designated Key Managerial Personnel of the Company for a period of three (3) years w.e.f. July 16, 2017. The term of Mr. Sunil Kakar will expire on July 15, 2020. Based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Shareholders of the Company at its ensuing AGM, the Board of Directors of the Company, at its meeting held on June 25, 2020 appointed Mr. Sunil Kakar as MD & CEO, designated Key Managerial Personnel of the Company, w.e.f. July 16, 2020 till September 30, 2022.

Mr. Soumyajit Ghosh (DIN: 07698741) will retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Shareholders are requested to consider and approve the same at the ensuing AGM.

FRAMEWORK FOR APPOINTMENT OF DIRECTORS

The Company has in place a framework for Board Diversity, Fit & Proper Criteria and

Succession Planning for appointment of Directors on the Board of the Company.

DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under sub-section of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act. Pursuant to IICA, Companies (Accounts) Amendments Rules, 2019 Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 dated 22nd October, 2019, all Independent Directors on the Board of the Company completed registration on Data Bank.

SPECIAL BUSINESS

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

i. Appointment of Mr. Ajay Sondhi as an Independent Director of the Company
ii. Re-appointment of Mr. Sunil Kakar as MD & CEO of the Company

SHAREHOLDERS' UPDATE

On November 8, 2019, the Board of Directors of the Company had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC Financial Holding Company Limited (wholly owned subsidiary of the Company) at book value to the Company for Rs. 200.05 crore and Rs. 0.05 crore respectively. Consequently, IDFC Alternatives Limited and IDFC Trustee Company Limited became the direct wholly owned-subsidiary companies of IDFC Limited.

MERGER OF IDFC ALTERNATIVES LIMITED AND IDFC TRUSTEE COMPANY LIMITED WITH IDFC LIMITED

IDFC Alternatives Limited is wholly owned subsidiary of IDFC Limited ("IDFC"). IDFC Alternatives Limited had sold its (i) Infrastructure asset management business to Global Infrastructure Partners or its affiliates ("GIP") at a lump sum consideration of Rs. 219.80 crore (including value for carry units); and (ii) Private Equity and Real Estate funds to Investcorp Bank B.S.C. or its affiliate ("Investcorp"). at a lump sum consideration of Rs. 5 crore. Since December 31, 2019, the Company does not have any business operations.

IDFC Trustee Company Limited is wholly owned subsidiary of IDFC. The Company acted as a Trustee of various funds managed by IDFC Alternatives. Since December 31, 2019, IDFC Trustee Company Limited does not have any business operations.

In order to simplify corporate structure and to enhance operational efficiencies and bring synergy, The Board of Directors of the Company had approved to amalgamate IDFC Alternatives Limited and IDFC Trustee Company Limited with IDFC Limited subject to approval of shareholders and other regulatory authorities, as applicable. Further, there would not be any swap of shares and / or payment of consideration for the proposed amalgamation as it will be a case of the subsidiary companies getting amalgamated with the holding company. Pursuant to general circular no. 30/2014 issued by the Ministry of Corporate Affairs on July 17, 2014, such amalgamation / merger will not be considered as related party transaction under section 188 of the Companies Act, 2013. The Company is in process of finalizing scheme of Amalgamation and will seek approval of the shareholders as per the directions of the regulatory authorities.

MERGER OF IDFC PROJECTS LIMITED WITH IDFC LIMITED

IDFC Projects Limited is wholly owned subsidiary of IDFC Limited ("IDFC"). IDFC Projects do not have any business.

In order to simplify corporate structure and to enhance operational efficiencies and bring synergy, The Board of Directors of the Company had approved to amalgamate IDFC Projects Limited with IDFC Limited subject to approval of shareholders and other regulatory authorities, as applicable. Further, there would not be any swap of shares and / or payment of consideration for the proposed amalgamation as it will be a case of the subsidiary company getting amalgamated with the holding company. Pursuant to general circular no. 30/2014 issued by the Ministry of Corporate Affairs on July 17, 2014, such amalgamation / merger will not be considered as related party transaction under section 188 of the Companies Act, 2013. The Company is in process of finalizing scheme of Amalgamation and will seek approval of the shareholders as per the directions of the regulatory authorities.

BOARD AND ITS COMMITTEES

During the year, 6 (six) Board Meetings and 4 (four) Audit Committee Meetings were held. Audit Committee comprises of Ms. Ritu Anand (DIN: 05154174) - Chairperson, Mr. Vinod Rai (DIN: 00041867), Mr. Ajay Sondhi (DIN: 01657614) and Mr. Anshuman Sharma (DIN: 07555065). All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION

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

NOMINATION & REMUNERATION COMMITTEE / REMUNERATION POLICY

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

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

AUDITORS

STATUTORY AUDITORS

At the AGM of the Company held on July 28, 2017, the Shareholders had approved the appointment of Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E / E300009) ("PWC") as Statutory Auditors for a period of 5 years to hold office from the conclusion of the 20th AGM till the conclusion of the 25th AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

PWC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY21.

COST AUDIT

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company is not required to undertake cost audit.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY20. The Secretarial Audit Report is appended as **Annexure 3**.

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

INTERNAL CONTROL SYSTEMS

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

GT verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory.

RISK MANAGEMENT POLICY

IDFC FIRST Bank Limited and IDFC Asset Management Company Limited have robust and comprehensive risk management framework and covers all three types of risks - credit, market and operational risk. IDFC does not have major operations hence its risk management is limited to operations & liqidity risk. Risk management committee of the Board reviews and monitors risk management at regular intervals.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

IDFC Securities was an indirect subsidiary company of IDFC Limited as on March 31, 2020. However, on June 10, 2020, IDFC transferred equity stake held in IDFC Securities to the Acquirers, after obtaining all necessary regulatory approvals, at a consideration of Rs. 86 crore. The same accordingly informed to the stock exchanges.

There are no material changes and commitments, affecting the financial position of IDFC which has occurred between the end of FY20 and the date of this Board's report.

INSTANCES OF FRAUD REPORTED BY THE AUDITORS

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

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

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

ANTI SEXUAL HARASSMENT POLICY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In that in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- In that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- In that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- In that the annual financial statements have been prepared on a going concern basis;
- In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- In that internal systems / controls

to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

GREEN INITIATIVE

In accordance with General Circular No. 20/2020 dated May 5, 2020 issued by Ministry of Corporate Affairs and circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI , the Company has sent the Annual Report / Notice of AGM only through electronic mode to those Shareholders whose e-mail Ids were registered with the Company / RTA / Depository Participants.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return for FY20 in the prescribed Form No. MGT-9 and Annual Return of the Company are available on the website: www.idfc.com

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee, as constituted under section 135 of the Act, comprises of:

i. Mr. Sunil Kakar (DIN: 03055561) - Chairman,
ii. Mr. Vinod Rai (DIN: 00041867); and
iii. Mr. Anshuman Sharma (DIN: 07555065)

The disclosure of contents of the Corporate Social Responsibility Policy of the Company as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 forms part of the Board's Report and appended as **Annexure 4**.

RELATED PARTY TRANSACTIONS

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

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

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS 2016") to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.
The Company has used Fair Value as determined under Black Sholes model to account for the compensation cost of stock options to employees of the Company.

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

ACKNOWLEDGEMENTS

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

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

FOR AND ON BEHALF OF THE BOARD

Vinod Rai
Independent Non-Executive Chairman
New Delhi | June 25, 2020

ANNEXURE 1

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

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

PART A SUBSIDIARIES

SR NO.	NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Alternatives Limited	0.22	269.78	276.42	6.42
	(Previous Year)	0.22	396.88	401.67	4.57
2	IDFC AMC Trustee Company Limited	0.05	0.22	0.31	0.04
	(Previous Year)	0.05	0.20	0.28	0.03
3	IDFC Asset Management Company Limited	2.68	289.94	401.26	108.64
	(Previous Year)	2.68	290.55	368.11	74.88
4	IDFC Capital (Singapore) Pte. Ltd. *$	21.60	(17.82)	4.03	0.25
	(Previous Year)	246.22	(19.60)	227.47	0.85
5	IDFC Capital (USA) Inc. *#	4.62	2.82	7.52	0.08
	(Previous Year)	4.62	2.14	6.78	0.02
6	IDFC Foundation	13.00	42.16	71.91	16.75
	(Previous Year)	13.00	50.18	67.64	4.46
7	IDFC Investment Managers (Mauritius) Limited *	3.20	(3.02)	0.28	0.10
	(Previous Year)	2.51	(2.39)	0.20	0.08
8	IDFC Projects Limited	85.55	(179.47)	0.43	94.35
	(Previous Year)	85.55	(178.60)	0.84	93.89
9	IDFC Securities Limited #	14.14	59.62	118.82	45.06
	(Previous Year)	14.14	123.95	154.51	16.42
10	IDFC Securites Singapore Pte. Ltd *#$	19.68	(19.38)	0.59	0.29
	(Previous Year)	17.63	(16.63)	1.35	0.35
11	IDFC Trustee Company Limited	0.05	0.52	0.58	0.01
	(Previous Year)	0.05	7.46	7.53	0.02
12	IDFC Financial Holding Company Limited	9,029.24	83.73	9,128.93	15.96
	(Previous Year)	9,029.24	(22.37)	9,020.03	13.16
13	IDFC IEH Tactical Fund	28.05	(3.53)	24.63	0.11
	(Previous Year)	25.80	0.02	25.90	0.08
14	IDFC IEH Conservative Fund	41.00	(1.30)	40.27	0.57
	(Previous Year)	57.25	(0.05)	56.80	(0.40)

* Exchange rate:

Closing Rate : 1 USD = Rs. 75.37

Average Rate : 1 USD = Rs. 71.05

Figures of Rs. 50,000 or less have been denoted by ß.

During FY20, the Company sold IDFC Securities Limited to the Acquiriers on June 10, 2020. Consequently, IDFC Securities Singapore Pte. Ltd. and IDFC Capital (USA) Inc. also ceased to be subsidiary of IDFC Limited.

$IDFC Securites Singapore Pte. Ltd and IDFC Capital (Singapore) Pte. Ltd. are under liqidation.

Rs. IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	OTHER COMPREHENSIVE INCOME	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING	
							PREFERENCE	EQUITY
115.35	-	2.24	4.11	-	(1.87)	-	-	100%
325.68	40.84	103.76	27.56	-	76.20	-	-	100%
-	0.30	0.02	ß	-	0.02	-	-	100%
-	0.24	0.08	0.02	-	0.06	-	-	100%
263.09	305.79	108.29	28.24	(0.65)	79.40	-	-	100%
190.58	264.65	69.50	23.99	(1.86)	43.65	1250%	-	100%
-	11.95	9.25	-	-	9.25	-	-	100%
103.41	6.38	(1.72)	-	-	(1.72)	-	-	100%
-	1.44	0.09	0.01	-	0.08	-	-	100%
-	1.41	0.11	0.02	-	0.09	-	-	100%
42.11	7.74	(7.98)	-	0.04	(8.02)	-	-	100%
41.14	28.39	4.83	-	0.37	4.46	-	-	100%
-	-	(0.65)	-	-	(0.65)	-	-	100%
-	-	(0.51)	-	-	(0.51)	-	-	100%
-	-	(0.90)	(0.03)	-	(0.87)	-	-	100%
0.41	-	(27.23)	0.04	-	(27.27)	-	-	100%
4.62	39.82	(7.92)	0.43	1.12	(7.23)	-	-	100%
55.85	48.68	(4.33)	5.02	(2.13)	(11.48)	-	-	100%
-	-	(2.81)	-	-	(2.81)	-	-	100%
-	0.43	(4.63)	-	-	(4.63)	-	-	100%
-	0.20	0.40	0.10	-	0.30	-	-	100%
7.39	0.81	1.34	0.36	-	0.98	-	-	100%
8,519.66	120.34	119.78	13.68	-	106.10	-	-	100%
8,911.65	188.17	37.96	30.52	-	7.44	-	-	100%
11.25	(2.82)	(3.58)	(0.01)	-	(3.57)	-	-	71%
10.46	0.11	0.05	0.03	-	0.02	-	-	78%
15.09	2.54	1.25	2.00	-	(0.75)	-	-	73%
29.85	(0.43)	(0.51)	0.04	-	(0.55)	-	-	61%

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi: June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai: June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai: June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai: June 25, 2020

ANNEXURE 1

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

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

Part B ASSOCIATES AND JOINT VENTURES

SL. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED
1	Latest audited Balance Sheet Date	March 31, 2020	March 31, 2020
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016
3	Shares/Units of Associate/Joint Ventures held by the company on the year end		
	Numbers of shares/units	1,923,961,207	2,231,998
	Amount of Investment in Associates/Joint Venture	7,554.46	232.40
	Extend of Holding %	40.00%	40.00%
4	Description of how there is significant influence	Associate (see note 1)	Associate (see note 1)
5	Reason why the associate/joint venture is not consolidated	NA	NA
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	6,090.28	61.75
7	Profit / (Loss) for the year		
	i. Considered in Consolidation	(1,456.89)	17.54
	i. Not Considered in Consolidation	-	-

(i) Names of associates or joint ventures which are yet to commence operations. NA

(ii) Names of associates or joint ventures which have been liquidated or sold during the year.

- Uttarakhand Infrastructure Development Company Limited (Under Liquidation) - joint venture of IDFC Foundation is under liquidation.

Note 1: IDFC FIRST Bank Limited and IDFC FIRST Bharat Limited are Associates of IDFC Financial Holding Company Limited. Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC FIRST Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under IndAS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

Note 2: Delhi Integrated Multi Modal Transit System Limited and Infrastructure Development Corporation (Karnataka) Limited are Joint Ventures of IDFC Foundation.

Note 3: Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Projects Limited.

Note 4: Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated.

Rs. IN CRORE

JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED	NOVOPAY SOLUTIONS PRIVATE LIMITED	DELHI INTEGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED ("IDECK")
March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
January 11, 2011	March 6, 2017	March 23, 2011	March 23, 2011
42,637,400	227,145	73,045	4,948,505
132.19	35.62	14.73	15.48
26.00%	23.83%	50.00%	49.49%
Associate (see note 3)	Associate	Associate (see note 2)	Associate (see note 2)
See note 4	NA	NA	NA
8.71	2.87	59.45	48.34
-	(0.51)	1.50	(1.43)
(1.65)	-	-	-

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi: June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai: June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai: June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai: June 25, 2020

ANNEXURE 2

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

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

i. **The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.**
The ratio of the remuneration of MD & CEO to the median remuneration of the employees of IDFC Limited for FY20 was 19x.

ii. **The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year**
MD & CEO – 9%
CFO – 9%
CS – Joined on 24th May, 2019

iii. **The percentage increase in the median remuneration of employees in the financial year**
The median pay increase for eligible employees was 9%.

iv. **The number of permanent employees on the rolls of the Company.**
There were 9 employees of the Company as on March 31, 2020.

v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**
Average percentile increase for Managerial Personnel for the last financial year was 9%. Average percentile increase for employees other than the Managerial Personnel for the last financial year was 9%. The average percentile increase in the remuneration of employees compared to increase in remuneration of Key Managerial Personnel as per the Act is in line with the compensation benchmark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.

vi. **Affirmation that the remuneration is as per the remuneration policy of the Company.**
We confirm.

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

ANNEXURE 3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IDFC Limited

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IDFC Limited. **CIN No- L65191TN1997PLC037415** (hereinafter called the 'Company') during the financial year from 1st April 2019 to 31st March 2020, ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conduct/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) our verification of the soft copies of the various records sent over mail as provided by the Company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the financial year ended 31st March 2020 as well as before the issue of this report,

(ii) Our observations shared during our visits to the Corporate office of the Company,

(iii) Compliance Certificates confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel / senior managerial Personnel of the Company and taken on record by Audit Committee / Board of Directors, and

(iv) Representations made, documents shown and information provided by the Company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March 2020 the Company has:

(i) complied with the statutory provisions listed hereunder, and

(ii) Board-processes and compliance mechanism are in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this Report, along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined soft copies of the various records sent over mail as provided by the Company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year according to the applicable provisions/ clauses of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder except relating to transfer of securities;

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

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

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

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

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

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

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

(v) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial standards).

1.2 During the period under review, and also considering the compliance related action taken by the Company after 31st March 2020 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

(i) Complied with the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under of paragraph 1.1

(ii) Generally complied with the applicable provisions/ clauses of:

(a) The Act and rules mentioned under paragraph 1.1 (i);

(b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above to the extent applicable to Board meetings held during the year, the 22nd Annual General Meeting held on 30th September, 2019 and circular resolutions passed by the Board during the year. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(v)] with regard to the Board meeting held through video conferencing were verified based on the minutes of the meeting provided by the Company.

1.3 We are informed that, during the year, the Company was not required to initiate any compliance related action in respect of the following laws/rules/regulations/standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

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

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

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

e) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct

SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Investment and External Commercial Borrowings;

1.4 Based on the nature of business activities of the Company, the following specific Acts /Laws / Rules / Regulations are applicable to the Company, which has been duly complied with.

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

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on 31st March 2020 comprised of:

(i) One Executive Director,

(ii) Two Non- Executive Non Independent Director, and

(iii) Three Non- Executive Independent Directors, (including woman Independent Director)

2.2 The processes relating to the following changes in the composition of the board of Directors during the year were carried out in compliance with the provisions of the Act :

(i) Resignation of Mr Nirav Shah (PAN: AXJPS8816J) as Company Secretary of the Company with effect from May 23, 2019

(ii) Appointment of Mr Mahendra shah (PAN: ABRPS7427F) as Company Secretary of the Company with effect from May 24, 2019

(iii) Appointment of Mr Anshuman Sharma (DIN: 07555065) as nominee director of the Company representing Government of India was approved by board of directors on August 08, 2018 and by members at the AGM held on September 30, 2019

(iv) Appointment of Ms Ritu Anand (DIN: 05154174) as an Additional Director of the Company was approved by board of directors at the meeting held on August 14, 2019 and was regularised by members at AGM held on September 30, 2019

(v) Retirement of Mr S S Kohli (DIN:00169907), as an Independent Director of the Company at the AGM held on September 30, 2019

(vi) Retirement of Ms Marianne Okland (DIN:03581266), as Independent Director of the Company at the AGM held on September 30, 2019

(vii) Retirement of Mr Chintamani Bhagat (DIN:07282200), as Nominee-Domestic & Foreign Institutional Shareholders at the AGM held on September 30, 2019

(viii) Appointment of Mr Ajay Sondhi (DIN:01657614) as an Additional Director of the Company was approved by board of directors at the meeting held on November 08, 2019

2.3 Adequate notice were given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 Notice of Board meetings was sent to directors at least seven days in advance , as required under Section 173(3) of the Act and SS-1.

2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the board meetings.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers, and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There is scope for further improvement in the compliance systems and processes, Commensurate with the increasing statutory requirements and growth in operations

4. We further report that, during the year:

- Obtained approval from its Members at the Annual General Meeting of the Company held on 30th September, 2019 authorizing issue of NCDs on a private placement basis upto Rs.500 Crores (Rupees Five hundred Crores Only) subject to the overall borrowing limit of Rs.10,000 Crores.

For BNP & Associates
Company Secretaries

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440
UDIN: F001303B000378053
Firm Reg. No.: P2014MH037400
Peer Review No: 637/2019

Mumbai I June 25, 2020

Note: This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE A - TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,
The Members,
IDFC Limited,

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2020 but before the issue of this report.

4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.

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

7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events ,wherever required.

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

For BNP & Associates
Company Secretaries

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440
UDIN: F001303B000378053
Firm Reg. No.: P2014MH037400
Peer Review No: 637/2019

Mumbai I June 25, 2020

ANNEXURE 3A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

To
The Members
IDFC Limited
Capitale Tower, 4th Floor,
555 Anna Salai,
Thiru vi kudiyiruppu,
Teynampet, Chennai,
Tamil Nadu 600018.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IDFC Limited [CIN No. L65191TN1997PLC037415]** (hereinafter called the ‘Company’) having its Registered office at Capitale Tower, 4th Floor, 555 Anna Salai, Thiru vi kudiyiruppu, Teynampet, Chennai, Tamil Nadu- 600018 and also the information provided by the Company, its officers and the authorised representatives for the purpose of issuance of the Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR) , as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO.	NAME OF THE DIRECTOR	DIN	DATE OF APPOINTMENT IN THE COMPANY
1	Mr. Vinod Rai	00041867	30/06/2015
2	Mr. Ajay Sondhi	01657614	08/11/2019
3	Mr. Sunil Kakar	03055561	16/07/2017
4	Ms. Ritu Anand	05154174	16/08/2019
5	Mr. Anshuman Sharma	07555065	08/08/2018
6	Mr. Soumyajit Ghosh	07698741	11/01/2017

*Date of appointment is taken from MCA.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
(FRN P2014MH037400)

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440
UDIN: F001303B000378341
Peer Review No: 637/2019

Mumbai I June 25, 2020

ANNEXURE 3B

SECRETARIAL COMPLIANCE REPORT

For the financial year ended March 31, 2020

In terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by the Securities & Exchange Board of India

We, BNP & Associates, have examined:

(a) all the documents and records made available to us and explanation provided by **IDFC Limited ("the listed entity"),**

(b) the filings / submissions made by the listed entity to the Stock Exchanges,

(c) website of the Company,

(d) any other documents / filings , as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2020 **("Review Period")** compliance with respect to provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

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

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

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

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

(e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 and circulars/ guidelines issued thereunder;

and based on the above examination, We hereby report that, during the Review Period:

(a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

SR. NO	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	DEVIATIONS	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY
		-NIL-	

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) The following are the details of actions taken against the Company/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

SR. NO.	ACTION TAKEN BY	DETAILS OF VIOLATION	DETAILS OF ACTION TAKEN E.G. FINES, WARNING LETTER, DEBARMENT, ETC.	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY, IF ANY.
			NIL	

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

SR. NO	OBSERVATIONS OF THE PRACTICING COMPANY SECRETARY IN THE PREVIOUS REPORTS	OBSERVATIONS MADE IN THE SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED.	ACTIONS TAKEN BY THE LISTED ENTITY, IF ANY	COMMENTS OF THE PRACTICING COMPANY SECRETARY ON THE ACTIONS TAKEN BY THE LISTED ENTITY
			NIL	

(e) The listed entity has complied with points 6 (A) and 6 (B) as mentioned in SEBI Circular No. CIR/ CFD/ CMD1/ 114/2019 dated 18th October 2019 and that they have incorporated all the terms and conditions in the respective appointment letter / supplemental letter issued to Statutory Auditors.

For BNP & Associates
Company Secretaries
(FRN P2014MH037400)

B. Narasimhan
Partner
FCS No. 1303
COP No. 10440
UDIN: F001303B000378185
Peer Review No: 637/2019

Mumbai I June 25, 2020

ANNEXURE 4

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

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

The object of the CSR activities would seek to –

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

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

(a) livelihoods
(b) rural development projects
(c) promoting healthcare including preventive health care
(d) education
(e) community engagement/ development
(f) environmental sustainability
(g) disaster relief
(h) research and studies in all or any of the activities mentioned in Schedule VII and
(i) Others

2 The Composition of the CSR Committee.

Mr. Sunil Kakar - Chairman

Mr. Vinod Rai

Mr. Anshuman Sharma

3 Average net profit of the company for last three financial years

Rs. 53.17 crore

4 Prescribed CSR Expenditure (2% of the amount as in item 3. above) – Rs. 1.06 crore

5 Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year: **Rs. 1.06 Crore***

b) Amount spent during the year: **Rs. 1.61 Crore*** (see Note)

c) Amount unspent, if any; **NIL***

d) Manner in which the amount spent during the financial year is detailed below: **Annexure – A**

**In addition to Rs. 0.76 crore contributed to IDFC Foundation, the Company has contributed Rs. 0.30 crore to PM CARES Fund which is recognised as a Fund towards CSR activities as per Schedule VII of the Companies Act, 2013.*

Note: The Company has also contributed additional Rs. 0.55 crore to PM CARES Fund which is eligible to be carried forward as CSR contribution for FY21.

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

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

For IDFC Limited

Vinod Rai
Director
New Delhi I June 25, 2020

Sunil Kakar
Chairman – CSR Committee
Mumbai I June 25, 2020

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Rs. IN CRORE

SR. NO	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AMENDED)	PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS**	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT : DIRECT OR THROUGH IMPLEMENTING AGENCY
1	Program on improving access to water and sanitation in Odisha	Cl.(i) Sanitation & Safe Drinking water	Odisha	0.03	0.02	0.52	IMPLEMENTING AGENCY - IDFC FOUNDATION*
	TOTAL			**0.03**	**0.02**	**0.52**	
2	Shwetdhara-Cattle Care Program to improve the productivity of milch animals and increase the income of small and marginal dairy farmers	Cl.(ii) livelihood enhancement projects	Madhya Pradesh - Hoshangabad, Dhar, Dewas and Indore Rajasthan - Jaipur and Ajmer	0.15	0.14	5.72	
3	Improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects	All India coverage		0.03	0.40	
	TOTAL			**0.15**	**0.17**	**6.12**	
4	Research & studies on various social and economic issues directly impacting welfare of people	Various clauses of Schedule VII	All India coverage	0.58	1.22	21.18	
	TOTAL			**0.58**	**1.22**	**21.18**	
	Total Direct Expense of Project & Programmes (A)				1.41	27.82	
	Overhead Expense (B)				-	2.81	
	Total (A) + (B)			**0.76**	**1.41**	**30.63**	

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

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

MANAGEMENT DISCUSSION & ANALYSIS

Macro-Economic Environment

Covid-19 which reared its head in the last quarter of the fiscal, overwhelmed all other economic issues and initiatives that India witnessed during the fiscal. The crisis on account of Covid-19 is unprecedented both globally and domestically. At this stage, visibility on extent of its spread and timing for a potential preventive/ cure is poor. Businesses and financials are navigating unchartered waters. Guestimate would be that post few quarters of the coming fiscal, it would be possible to reasonably estimate extent of economic shrinkage and impact on and road ahead for individual companies.

IDFC Limited

Status

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

During the year, Balance Sheet size decreased from Rs. 9,821 crore as on March 31, 2019 to Rs. 9,332 crore as on March 31, 2020. Profit after tax and other comprehensive income was lower at Rs. 64.22 crore for FY 2019-20 as compared to Rs. 127.66 crore in FY 2018-19. Net worth of the Company decreased from Rs. 9,779 crore as on March 31, 2019 to Rs. 9,256 crore as on March 31, 2020.

Strategic review and unlocking value for shareholders

Focus on retail businesses and unlock value from non-retail ones

Post a strategic review exercise, IDFC arrived at a strategic decision of focusing on and growing its retail oriented businesses i.e. IDFC FIRST Bank and IDFC Asset Management Company(AMC) and exiting its non-retail businesses i.e. private asset management, infrastructure debt fund and investment banking & institutional broking & research to unlock value for its shareholders. This twin-pronged strategy vis-à-vis retail and non-retail businesses was well articulated and shared amongst internal and external stakeholders.

IDFC FIRST Bank (post-merger with a non-banking retail franchise i.e. Capital First) is well on its course towards becoming a mass retail bank focused on both retail assets and retail liabilities. Retail assets now contribute more than half to the bank's funded credit. Retail liabilities is a longer journey and the bank is committed to making the requisite investments to aggressively expand its branch network in larger cities and offering attractive price incentives for savings and deposits to customers.

The mutual fund industry witnessed a turbulent year. IDFC Mutual Fund withstood these challenges well and its strategy of investing in a distribution architecture to grow its retail investor base and launching new products to bridge product-gaps is playing out well.

Our wholesale and infrastructure legacies are responsible for our clarity on moving away from concentrated exposures, distributing risk and granularising our balance sheet. Hence, the strategic call to divest our non-retail businesses and in the process unlock value for our shareholders. IDFC Alternatives and the first tranche of Infrastructure Debt Fund were already divested last fiscal. Update on exiting other non-retail businesses as on March 31, 2020:

- Infrastructure Debt Fund – entire 81.5% stake sold to National Investment and Infrastructure Fund and its affiliates in two tranches – first tranche of 51.5% already sold last fiscal whereas second tranche of balance 30% sold this fiscal
- IDFC securities (includes the investment banking business) – definitive agreement to sell the business to Dharmesh Mehta and a group of financial investors was signed and requisite approvals from most regulatory agencies were received this fiscal. The deal is expected to be consummated in the first quarter of coming fiscal.

Other key initiatives completed during the fiscal include:

- Dividends by IDFC: IDFC distributed dividend twice during the fiscal i) Rs. 2.5 per share in October '19 and ii) Rs. 0.65 per share in November '19.
- Surrender of CMS license by IDFC Capital Singapore and IDFC Securities Singapore: MAS approval was received and a liquidator was appointed during the fiscal. The winding-up is expected to be completed in the first half of coming fiscal.
- Simplification of structure: Post divestment of IDFC Alternatives and IDFC Trustee company, their ownership was transferred to IDFC Limited from IDFC FHCL – as only regulated entities can be held under IDFC FHCL.
- Repatriation of funds from sale of Singapore operations by IDFC Capital (singapore) to IDFC Alternatives.

IDFC FHCL

Post divestment of non-retail businesses, IDFC FHCL will continue to hold 40% in IDFC FIRST Bank and 100% in IDFC AMC.

RBI regulations mandate that IDFC through IDFC FHCL owns 40% in the bank till completion of 5 years of operations i.e. till September 30, 2020. Towards the end of this fiscal, IDFC FIRST Bank expressed its intent to raise additional capital to further strengthen its balance sheet to deal with challenges on account of Covid-19. To ensure regulatory compliance, IDFC through IDFC FHCL has to commit 40% to this capital raise and the transaction is expected to close in the first quarter of coming fiscal.

During the fiscal, Mr. Bimal Giri was appointed as CEO of IDFC FHCL.

An application for capital reduction by Rs. 650 crore was submitted to NCLT and the order is expected in the third quarter of coming fiscal.

OVERVIEW OF GROUP COMPANIES

IDFC FIRST BANK

Retailisation (strong growth in retail assets):

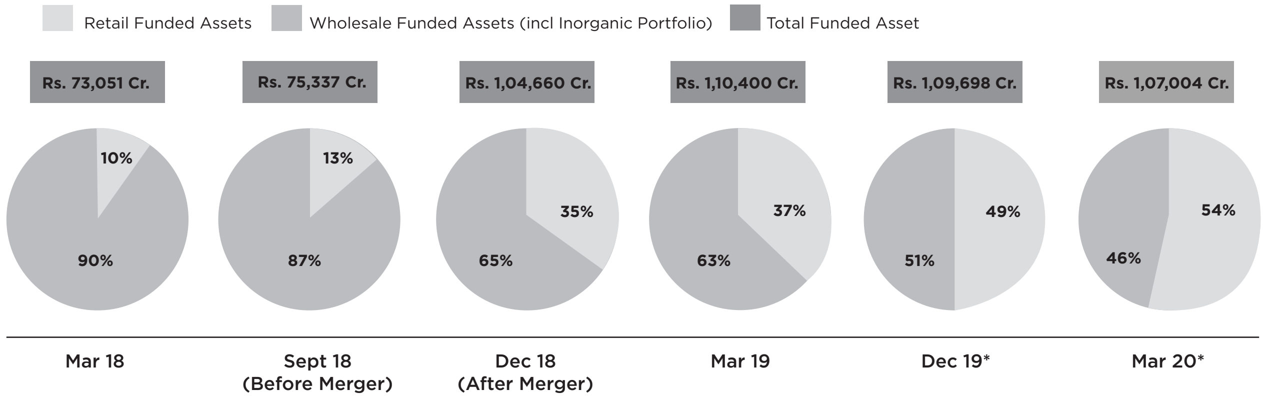
Retail Book increased 40% YoY to Rs. 57,310 crores 31st March 2020 from Rs. 40,812 crores on 31 March 2019. Retail constitutes 61% of funded loan assets 31st March 2020 compared to 37% as on 31 March 2019, including Inorganic portfolio, where the underlying assets are retail loans.

Wholesale book decreased by 27% from Rs. 53,649 crores as on 31 March 2019 to Rs. 39,388 crores as on 31 March 2020. Within Wholesale book, the Infrastructure loans decreased by 31% from Rs. 21,459 crores as on 31 March 2019 to Rs. 14,840 crores as on 31 March 2020

Strong growth in retail Liabilities:

CASA Deposits increased to Rs. 20,661 crores (31 March 2020) from Rs. 7893

RETAIL FUNDED ASSETS



Including inorganic acquired portfolio (mostly PSL) where the underlying assets are retail loans, the Retail contribution to the overall Loan Assets is 61% as of 31 March 2020.

**The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.*

crores (31 March 2019), Y-o-Y increase of 162%. CASA Ratio improved to 31.87% as on 31 March 2020 from 11.40% as on 31 March 2019. Strong CASA growth of Rs. 4458 crores during Q4, 2020, despite disturbance of COVID and other local bank issues.

Retail deposits increased to Rs. 33,924 crores (31 March 2020) from Rs. 13,214 crores (31 March 2019), Y-o-Y increase of 157%.

IDFC First Bank Fixed Deposit program assigned highest safety rating of FAAA by CRISIL.

Strong growth in Core Earnings:

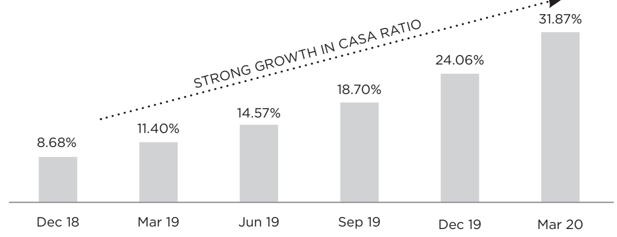
- Strong NIM improvement: NIM has improved to 4.24% in Q4 FY20 as compared to 3.03% in Q4 FY19 and 3.86% in Q3-FY20.
- Strong NII Growth: NII grew by 40% (YOY) to Rs. 1,563 crores in Q4 FY20 as compared to Rs. 1,113 crores in Q4 FY19.
- Strong growth in Total Income (NII + Fees + Trading Gain): Grew 67% YOY to Rs. 2,314 crores in Q4 FY20 from Rs. 1,386 crores in Q4 FY19.
- Fee Income as a % of Total Income (net of Trading Gain) stood at 22% for Q4 FY20.
- Strong Growth in Pre-Provisioning Operating Profit: PPOP grew 229% YOY to Rs. 787 crores in Q4 FY20 as compared to Rs. 239 crores in Q4 FY19. CORE PPOP (PPOP Net of treasury income), grew 70%, from Rs. 275 crores in Q4 FY19 to Rs. 468 crores in Q4 FY20
- Provision: The Bank was required to make COVID-19 related provision of Rs. 25 crores pertaining to accounts where asset classification benefit was given. The Bank has provided the entire amount in Q4-FY20 itself and has additionally taken Rs. 200 crores of COVID-19 related provisioning proactively for over-dues of 1-89 days taking total COVID-19 provisions to Rs. 225 crores. Including this, the total provisions for Q4FY20 was Rs. 679 crores.
- Profit After Tax: The PAT for Q4 FY20 is reported at Rs. 72 crores as compared to Loss of Rs. 218 crores for Q4 FY19.
- Improved Cost to Income Ratio (excl. Trading gains): 76.54% for Q4 FY20 as compared to 80.68% in Q4 FY19.

High asset quality:

Bank's Gross NPA reduced sequentially from 2.83% as of 31 December 2019 to 2.60% as of 31 March 2020. The Gross NPA ratio without considering the impact of moratorium would have been 2.88% as of 31 March 2020. Gross NPA as of 31st March 2019 was 2.43%.

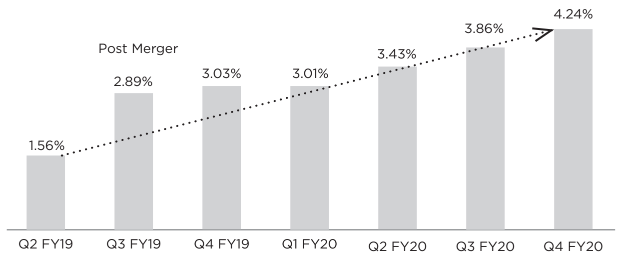
Bank Net NPA reduced sequentially from 1.23% as of 31 December 2019 to

CASA Ratio

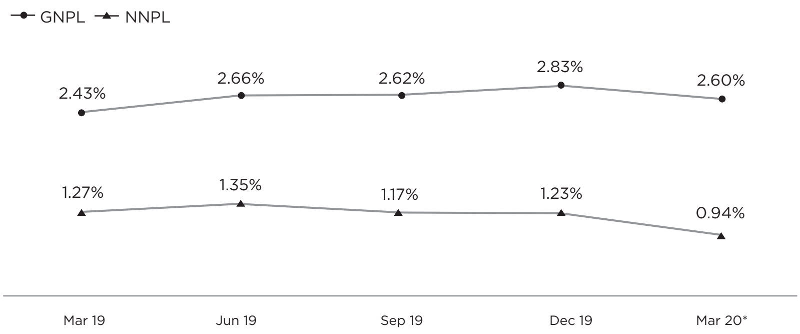


**This is excluding CASA deposits of Rs. 278 crore from NHB which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020. Including this, the CASA to total deposits ratio would have been 32.16%.*

Sharp improvement in NIM



Gross and Net NPA of the Bank



** This is after considering the impact of Moratorium. Without considering such impact the Gross NPA and the Net NPA of the Total Assets would have been **2.88%** and **1.14%.***

0.94% as of 31 March 2020. The Net NPA ratio without considering the impact of moratorium would have been 1.14% as of 31 March 2020 which would have been still lesser than Net NPA of 1.23% as of 31st December 2019. Net NPA as of 31st March 2019 was 1.27%.

Provision Coverage Ratio (PCR) has improved to 64.53% as of 31 March 2020 as compared to 48.18% as of 31 March 2019 and as compared to 57.34% as of 31 December 2019.

Strong Asset Quality on Retail Loan Book:

Retail Asset Gross NPA stood at 1.77% as of 31 March 2020 as compared to 2.26% as of 31 December 2019 and 2.18% as of 31 March 2019. Without moratorium, the Retail Asset Gross NPA as of 31st March 2020 would have been 2.22%.

Retail Asset's Net NPA stood at 0.67% as of 31 March 2020 as compared to 1.06% as of 31 December 2019 and 1.24% as of 31 March 2019. Without moratorium, the Retail Asset Net NPA as of 31st March 2020 would have been 0.99%

Strong Capital Adequacy:

Capital Adequacy Ratio is strong at 13.38% with CET-1 Ratio at 13.30% as of 31 March 2020.

The Bank is raising Rs. 2,000 crores of fresh equity capital during Q1 FY 21, process to complete by 1st week of June 2020.

Post the capital raise, the Capital Adequacy Ratio will be 15.55% with CET-1 Ratio of 15.32%.

Franchise:

The Branch Network now stands at 464 branches and 356 ATMs across the country as on 31 March 2020.

IDFC ASSET MANAGEMENT COMPANY

Mutual Fund Industry Overview

Despite a challenging environment in FY20 due to a slowing economy, continuing credit market stress, and wide divergence in equity fund performance and the impact of COVID-19, average assets managed by the Indian mutual fund industry increased 11% from Rs. 24.29 lakh crore in Q4 FY19 to Rs. 26.99 lakh crore in Q4 FY20. Assets under Management (AUM) in Equity funds touched a high of Rs. 9.50 lakh crore in February 2020, subsequently falling to Rs. 7.81 lakh crore in March 2020, due to the COVID-19 scare. The Arbitrage category saw a sharp increase of ~55% from Rs. 53 thousand crore in Q4 FY19 to Rs. 82 thousand crore in Q4 FY20 March 2020. Government-mandated ETFs also saw significant growth during the year, with QAAUM growing by ~53%. The fixed income category (excluding Liquid Funds) grew by ~21% touching Rs. 8.79 lakh crore in Q4 FY20 compared to Rs. 7.27 lakh crore in Q4 FY19. The industry saw higher flows in high-quality funds, cash equivalents and short term strategies. The industry's average QAAUM in Liquid Funds fell from Rs. 5.52 lakh crore in Q4 FY19 to Rs. 5.28 lakh crore in Q4 FY20.

Retail investors continued to invest through the Systematic Investment Plan (SIP) route, which led to a growth of about

19% in live SIP count to ~3.12 crores in March 2020 over March 2019 and total SIP mobilisation stood at Rs 100,084 crore, growing ~8% from Rs 92,693 crore a year ago. The industry added, on an average, 9.83 lakh SIP accounts each month in FY20, with an average size of about Rs. 2,800 per SIP account.

As FY20 drew to a close, the industry endured record volatility and an unprecedented liquidity squeeze in financial markets, even before the full impact of the COVID-19 pandemic hit businesses across the country. As we enter FY21 with this uncertainty, volatility in near term flows across 'risk assets' is expected to continue. With economic reforms gathering further momentum and potentially low returns on traditional investment avenues like fixed deposits and real estate, the mutual fund industry should continue to benefit.

Our Performance in FY20

FY20 shaped up to be a year of strong growth for IDFC AMC, which continued to remain focused on executing its strategy and delivering on its operating plan. The AMC continued to further 'retailise' its growing franchise, diversify its products and capabilities, enhance customer engagement and invest in digital technologies and infrastructure that positions it well for long term growth.

During the financial year, IDFC Mutual Fund crossed the coveted Rs. 1 lakh crore AUM milestone and entered the ranks of the Top 10 within the industry in terms of total AUM. Overall, Q4 average AUM grew ~50% YoY, significantly outperforming industry growth of ~11%. AMC's market share (excluding Liquid Funds) improved by 1.2% to reach 4.3% in Q4 FY20, while total market share improved by 0.9% to reach 3.8% in Q4 FY20. IDFC Mutual Fund steadily built its franchise with the number of active investors served growing by ~7%. During this period, it increased the number of active distributors of fixed income funds by 29%, added over 2.2 lakh new folios and ~1.40 lakh new SIPs. Independent fund ranking agencies and media houses recognised and highlighted fund performances and bestowed awards.

Liquid Alternatives

The AMC's Neo Equity PMS, a unique machine-learning driven long-only equity strategy - demonstrated steady index-beating performance. Enhancements made during the year to its artificial intelligence-powered selection process showed steady results. The AMC's Alternative Investment Funds showed promise in a challenging market, but the category suffered adverse taxation impact and lacklustre interest. The AMC also completed the final distribution of IDFC S.P.I.C.E. Fund; a Venture Capital Fund launched in 2012. The fund provided its investors with double-digit net returns of ~11.5% (XIRR), amongst the few in its peer-group to deliver such performance.

Enhancing Capabilities

IDFC Mutual Fund expanded its existing product suite by launching the 'Emerging Businesses Fund'. The fund garnered ~Rs 500 crores during a challenging market phase, aided by participation from across a broad spectrum of retail distributors and investors. The launch also enabled the AMC to re-emphasise its equity product suite and strengthen distributor engagement. Improving digital capabilities, IDFC Mutual Fund launched an updated customer website that is faster, more personalised and includes better security features. Enhancing partner services, the AMC also launched new website features like the IDFC Partner's Corner, as well as a new WhatsApp based partner communication channel.

Additionally, revamped product communications offered more in-depth portfolio attributes and insights to help investors and partners make a more informed choice. The AMC enhanced its data analytics and business intelligence tools to improve sales effectiveness. Additionally, the AMC's outbound calling program for distributors helped double its SIP renewal rate.

During the year, the AMC made significant progress in further enhancing its operational standards. Financial transaction processing accuracy reached the 99.99% mark, improving overall processing time and efficiency. All regulatory mandates were successfully implemented without any disruption. The AMC also took several initiatives towards improving cost and operating efficiency and better cash flow management. It invested in upgrading technology as well as enhancing customer service and communication. It launched a new Branch Reporting System which will further improve the accuracy and efficiency of branch locations, migrated specific critical business applications to cloud systems, upgraded vital software and service platforms. The AMC also enhanced its IT security infrastructure by upgrading systems and implementing new technologies.

Innovative Investor Awareness Campaigns
To build further scale in our investor awareness efforts, IDFC Mutual Fund launched the #BeYourBestSelf campaign. The campaign highlights the importance of financial security in helping individuals become the best version of themselves. Brought to life through a series of short films and innovative creatives on YouTube, cinema halls as well as travel hubs, the campaign is a significant step in the journey of helping savers become informed investors. The campaign on YouTube received over 2.77 crore views and was shown in movie theatres across 161 screens in 17 cities covering over 80 lakh viewers. The hoardings displayed across 88 outdoor sites across 23 major cities in India. The AMC innovated yet again in this space with the rollout of IDFC 'Game of Life', an industry-first approach of using online gaming to spread investor awareness. The AMC also conducted over 550 group awareness sessions, which benefited ~28,000 investors.

Engaging with our Community
IDFC AMC focused its efforts in the area of promoting Education for all. Its focus areas for intervention included supporting the girl child, improving access and quality of education, skill development and vocational training as well as improving school infrastructure. IDFC AMC worked with Nanhi Kali to provide educational support for over 2000 girls in primary school (Class1-5) in high-need blocks in Maharashtra. It also helped enhance school infrastructure with computers and projectors across four schools in rural Tamil Nadu.

In March, as the COVID-19 situation worsened and a lockdown imposed across the country, IDFC AMC partnered with United Way, Mumbai to provide PPE kits to various hospitals and public health departments. During this time, in addition to contributing to the PM CARES Fund, IDFC AMC also provided ration kits to families of daily wage earners to help them stride through the difficult times. In FY20, IDFC AMC also donated to the Prime Minister's National Relief Fund to support rehabilitation in regions after natural disasters.

Managing through Covid-19
Anticipating potential disruption in regular business routines, in early March, the AMC tested and activated its Business Continuity Plans before the government imposed lockdown took effect. It ensured that all critical functions worked seamlessly from home and enabled new processes to serve clients with minimal disruption. Leveraging its digital capabilities, IDFC AMC proactively reached out to clients and partners – engaging through Conference Calls, Webinars, Social Media, Videos, WhatsApp and Email Notes. Sales and service teams proactively connected with partners and clients, helping them in times of unprecedented volatility, with the sales interactions doubling during the lockdown period.

IDFC SECURITIES
The sale of 100% equity stake in the company was completed in the first quarter of fiscal 2021 after receiving all regulatory approvals.

NIIF INFRASTRUCTURE FINANCE LIMITED (formerly IDFC Infrastructure Finance Limited)
The sale of balance 30% stake in the company was completed during the year.

IDFC INSTITUTE
IDFC Institute has been set up as an independent, economic development-focused think/do tank to investigate the political, economic and spatial dimensions of India's ongoing transition from a low-income, state-led country to a prosperous market-based economy. We provide in-depth, actionable research and recommendations that are grounded in a contextual understanding of the political economy of execution. Our approach to public policy issues rests on a solid foundation of evidence-based research. We use this to parse symptoms

from the disease, to get to the "what" of diagnosing problems correctly and developing appropriate solutions. Yet a common concern from the government is how to get things done. A critical part of our work is therefore liaising with relevant stakeholders to understand "how" to get solutions implemented and institutionalised. Stakeholder engagement across sectors is one of the founding principles of the Institute. The Institute's research focuses on two broad areas: a) growth and job creation in the context of India's transition from farm to non-farm, rural to urban and informal to formal economic activity; and b) improving the delivery of essential services and welfare. All our research, reports, databases and recommendations are in the public domain and freely accessible through our website: www.idfcinstitute.org.

IDFC Institute continued to be a thought leader on **urbanisation** in the last year. In July 2019, we published a report outlining some of the urgent reforms that are needed for Indian cities to unlock their economic potential and transform quality of life. The report was launched by Mr Praveen Pardeshi, the then Municipal Commissioner of Municipal Corporation of Greater Mumbai in the presence of Mr Sanjay Bhatia, Mumbai Port Trust Chairman, among others. In October 2019, we released a research paper and interactive web tool on Mumbai's traffic chokepoints and congestion costs, in terms of money, time and environment.

We continued to build expertise in the area of **criminal justice**. We are collaborating with Marron Institute, New York University and state police departments to address capacity building issues within the police. We are also a member of the Executive Committee—constituted by the Bureau of Police Research and Development (BPR&D), Ministry of Home Affairs—that advises on the All India Citizens Survey of Police Services (AICSPS). For this, we have also helped set up an independent Crime Victimisation Survey experts group along with Azim Premji University and the Commonwealth Human Rights Initiative in June 2019. Invitees included Dr Shekhar Shah, Director-General, National Council of Applied Economic Research—the institution leading the AICSPS; Dr Ajay Shah, Professor, National Institute of Public Finance and Policy; Tajendar Singh Luthra, IPS, Inspector General, BPR&D, among others.

We set up the **Data Governance Network** in 2019, with grant support from the **Omidyar Network**. The Network aims to bridge the gap in data governance by producing research that informs policymaking and generating dialogue among wider audiences on key themes such as privacy, consent, digital rights and surveillance. The Network brings together some of India's leading policy think-tanks—National Institute of Public Finance and Policy (NIPFP), Internet Democracy project (IDP) and IT for Change (ITfC). In its flagship year, the network has produced ten research papers, each accompanied by a policy brief, video and opinion piece. The network has hosted four roundtables, one every quarter, in collaboration with different institutes like IIT-Bombay and National Law School of India University (NLSIU). Through this network, we hope to create a uniquely Indian model of data governance—one that, unlike the US or European Union models, can be an appropriate blueprint for developing economies.

With grant support from the **Ford Foundation,** we worked on a project to estimate the **impact of infrastructure investment on job creation**. The report titled, "Infrastructure Priorities for Job Creation in India" was launched by the Minister of Road Transport and Highways, Mr. Nitin Gadkari, at an event held in New Delhi in September 2019.

We are also attempting to test and develop **behavioural interventions** and **data and technology** as tools to understand and find solutions to complex public policy questions. Our team is collaborating with the Behavioural Insights Team, UK and the Greater Chennai City Traffic Police to implement a road safety project in the city of Chennai. The aim is to use behavioural insights to reduce pedestrian fatalities. On data and technology, we have built internal capacity in data analysis, managing servers to using Geographic Information Systems (GIS). We analysed half a billion Uber data points for our **urban mobility analysis** and are working with the **Government of Kerala** to help map the state in a mapathon drive.

Public service delivery can be viewed as a two-sided problem, constituting a supply side characterised by government responsiveness and a demand side comprising citizens' participation. We are working with the **Government of Bihar** in its implementation of the Bihar Public Grievance Redress Act (BPGRA), the Right to Public Services Act (RTPS) and the Right to Information Act (RTI). Our team has been assessing the effectiveness of the state's unique grievance redressal system and assisting in addressing any challenges in its functioning. Over the course of last year, we have developed data-driven tools that help monitor performance of the scheme, run a randomised control trial to measure the effect of grievance redressal as a tool to demand better public services and shared our findings, suggestions and policy insights with various tiers of the Bihar government.

We are also working with the **Government of Punjab** to create a grievance redressal mechanism for the state. Our team is providing research and consultancy services to the Punjab State Advisory Council on transforming agriculture in the state through technology. We have also been helping the government utilise technology for business process re-engineering of citizen services.

Our annual flagship event, the **Artha Dialogues** was held in Kochi, Kerala in 2019. Former UK Prime Minister Tony Blair was this year's keynote speaker. KP Krishnan, Secretary, Ministry of Skill Development and Entrepreneurship, and Rajiv Lall, and Chairman, Advisory Board, IDFC Institute, co-chaired the event. We also hosted the IDFC Institute **Conversations and Brown Bags**, through the year, with a wide variety of speakers. We hosted speakers like Ajay Shah, Sharad Sharma, Carl Frey, Roopa Purushothaman, Madhav Khosla, Andreas Bauer, Parth Khare, Ajit Ranade, Rahul Matthan and Sajjid Chinoy amongst others. Topics included the State of the Indian Economy; Campaign Financing in India; Global Security and Foreign Relations; etc.

We continued to write extensively in the **media** and have become an India content partner for the World Economic Forum. As part of the collaboration, we co-curated the Transformation Map for India.

We ended the year by setting up a **Track 2 Task Force** of experts to support the government on their **COVID-19** response. We are working with both state governments and the Centre on a demand-led basis, across a range of issues. On the economic side, this includes economic strategy (both short and medium term), ideas for structural reform, supply chain management, agricultural policy and livelihood assistance. On the health/medical side, we are working across access to medical equipment, PPE, epidemiological modelling and exit from lockdown plans. We have created an extensive communications toolkit in 10+ regional languages for state governments to deploy. We have also mobilised our network to provide assistance on legal/legislative issues, policing and delivering relief to slums and dense, low-income settlements. Finally, our data science team has been working with the emergency task forces set up by various state governments on a host of issues like the adaptive control model and building and managing a data/models web-based hub, survey platforms, a website for Indian data by state as well as designing dashboards.

Risk Management

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

Internal Controls and their adequacy

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported correctly. Such internal controls are supplemented by a programme of internal audits, review by management and documented policies, guidelines and procedures. These are designed to ensure that financial and other records are reliable for preparing financial information and other reports and for maintaining regular accountability of the company's assets. The internal auditors present their report on a quarterly basis in operating companies and half yearly basis in holding companies to the audit committee of the respective boards.

Human Resources

In view of minimal operations, IDFC had 9 employees as on March 31, 2020 and 420 employees including employees of subsidiaries.

CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

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

COMPOSITION OF THE BOARD

The Board has an appropriate combination of Executive and Non-Executive Directors ("NEDs"), including Independent Directors ("IDs"). As on March 31, 2020, IDFC's Board consisted of 6 Directors, comprising of (i) Three IDs, including an Independent Non–Executive Chairman; (ii) A Managing Director & Chief Executive Officer ("MD & CEO"); and (iii) Two Nominee Directors representing the Government of India ("GoI"). The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields viz. banking, global finance, accounting and economics which enable the Board to discharge its responsibilities and provide effective leadership to the business. None of the Directors of your Company are inter-se related to each other. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations ("SEBI LODR Regulations"), read with Section 149(4) of the Companies Act, 2013 ("Act") with the Company having Independent Non-Executive Chairman and more than one third of the Board comprising of IDs.

Table 1 gives details of the composition of the Board of Directors for FY20 including their Directorships and Memberships / Chairpersonships of committees in other companies, along with details of the attendance at Board meetings and the Annual General Meeting ("AGM"), respectively.

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

The details of the skills/expereince/ expertise of the Directors are being given at the end of this report.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held whenever necessary. The agenda and the explanatory notes are circulated in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Since the Board of IDFC includes Directors from various parts of the world, it may not be possible for each of them to be physically present at all the meetings, hence the Company makes use of video conferencing facility and other audio-visual means, whenever necessary, to enable larger participation of Directors in the meetings. Members of the Senior Management are invited to attend the Board Meetings to make presentations and provide additional inputs to the items under discussion. The Minutes of Board Meetings of subsidiary companies of IDFC are periodically tabled at the Company's Board Meetings. A statement of all significant transactions and arrangements entered into by the subsidiary companies is also placed before the Board. All the recommendations made by the Audit Committee during the year were accepted by the Board.

During FY20, the Board met 6 (six) times and the intervening period between two Board Meetings was well within the limit prescribed. The requisite quorum was present during all the meetings of the Board of Directors. The annual calendar of meetings is broadly determined at the beginning of each year. The Board Meetings were held on May 24, 2019; May 29, 2019; August 14, 2019;

01 COMPOSITION OF BOARD OF DIRECTORS FOR FY20

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD DURING TENURE AND ATTENDED IN FY20	WHETHER ATTENDED LAST AGM ON SEPT. 30, 2019	NO OF DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC)[1]	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC)[2]	DIRECTORSHIP IN THE LISTED COMPANY
Independent Directors					
Mr. Vinod Rai (Independent Non-Executive Chairman)	6/6	YES	5	5 (including 3 chairmanship)	1. IDFC Limited 2. APOLLO TYRES LIMITED
Mr. S. S. Kohli[3]	3/4	NO	N.A.	N.A.	N.A.
Ms. Marianne Økland[3]	4/4	YES	N.A.	N.A.	N.A.
Mr. Ajay Sondhi[6]	2/2	NO	1	1	1. IDFC Limited
Ms. Ritu Anand[5]	3/3	YES	2	3 (including 1 chairmanship)	1. IDFC Limited
Government Nominee Directors					
Mr. Anshuman Sharma	3/6	NO	3	3	1. IDFC Limited
Mr. Soumyajit Ghosh	3/6	NO	1	1	1. IDFC Limited
Nominee of Domestic and Foreign Institutional Shareholders					
Mr. Chintamani Bhagat[4]	3/4	NO	N.A.	N.A.	N.A.
Managing Director & Chief Executive Officer					
Mr. Sunil Kakar	6/6	YES	7	4	1. IDFC FIRST Bank Limited 2. IDFC Limited

1. Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.
2. Includes only Audit Committee and Stakeholders' Relationship Committee.
3. Retired as an Independent Directors w.e.f. September 30, 2019
4. Ceased to be Nominee Director w.e.f. September 30, 2019.
5. Appointed as an Additional Director in the category of Independent Director w.e.f. August 16, 2019.
6. Appointed as an Additional Director in the category of Independent Director w.e.f. November 08, 2019

September 30, 2019; November 08, 2019; and February 06, 2020. Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

INFORMATION PROVIDED TO THE BOARD

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

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

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board Committees are set up as per the provisions of the Act and / or SEBI LODR Regulations or as per the requirement of the Company. However, every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of these Committees are placed before the Board for its review. The Committees ensure that any feedback or observations made by them during the course of meetings form part of the Action Taken Report for their review at the next meeting. All Committees comprises of

02 ATTENDANCE DETAILS OF COMMITTEE MEETINGS FOR FY20

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDERS' RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	INVESTMENT COMMITTEE
Mr. Vinod Rai	4/4	4/4	C 1/1[1]	C 0/0[1]	0/0[2]	C3/3
Mr. Ajay Sondhi	1/1[3]	1/1[4]	-	-	-	0/0[3]
Mr. S S Kohli	-	2/2[5]	-	-	1/1[5]	3/3[5]
Ms. Ritu Anand	C 2/2[1]	C 1/1[1]	0/0[2]	0/0[2]	-	0/0[2]
Ms. Marianne Økland	C 2/2[5]	C 2/2[5]	C 1/1[5]	1/1[5]	-	-
Mr. Chintamani Bhagat	1/2[6]	-	-	C 1/1[6]	-	-
Mr. Sunil Kakar	-	-	-	-	C 1/1	3/3
Mr. Anshuman Sharma	0/2[2]	-	1/1	-	1/1	-
Mr. Soumyajit Ghosh	-	0/2[2]	-	1/1	-	-

1. Appointed as a Chairperson w.e.f. September 30, 2019
2. Appointed as a Member w.e.f. September 30, 2019
3. Appointed as a Member w.e.f. November 08, 2019
4. Appointed as a Chairperson w.e.f. November 08, 2019
5. Retired as an Independent Director w.e.f. September 30, 2019
6. Ceased to be Nominee Director w.e.f. September 30, 2019

requisite number of IDs as prescribed by the Act or SEBI LODR Regulation or any other regulatory authority. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company Secretary officiates as the Secretary to all the Committee Meetings. The composition of various committees of the Board is in line with the applicable regulations and is hosted on the website of the Company: www.idfc.com.

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

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

Composition and Attendance of Directors at Committee Meeting(s) for FY20 are given in **Table 2.** Attendance is presented as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY20.

A. AUDIT COMMITTEE

During the year, the Audit Committee was re-constituted on November 08, 2019. The Audit Committee comprises of four Members, having majority of IDs. The Committee is chaired by Ms. Ritu Anand and has Mr. Vinod Rai, Mr. Ajay Sondhi and Mr. Anshuman Sharma as its Members with any two Members forming the quorum.

The Committee met four times during FY20. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were May 24, 2019; August 14, 2019; November 08, 2019 and February 06, 2020.

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

The role of the Audit Committee includes the following:

a. Oversight of the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
b. Recommending to the Board, the appointment, remuneration and terms of appointment if required, of the Statutory Auditors & the Internal Auditors and the fixation of audit fees.
c. Reviewing, with the Management, the annual financial statements and Auditors' Report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements
d. Review performance and financials of subsidiary companies, including Investments made by them.
e. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
f. Reviewing the adequacy of internal audit carried out in the Company and wherever required, to review the scope, coverage and frequency of the internal audit and amend the same as per requirements.
g. The Audit Committee is also appraised on information with regard to related party transactions by being presented and having its views taken on. A statement in summary form of transactions with related parties in the ordinary course of business and carried out at arm's length basis.
h. Scrutiny of inter-corporate loans and investments.
i. Valuation of undertakings or assets of the company, wherever it is necessary
j. Details of materially significant

03 CRITERIA FOR PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

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

individual transactions with related parties which are not in the normal course of business.

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

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

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

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

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

B. NOMINATION & REMUNERATION COMMITTEE

During the year, the Nomination & Remuneration Committee ("NRC") was re-constituted on November 08, 2019. As on March 31, 2020, the Nomination & Remuneration Committee ("NRC") comprised of Mr. Ajay Sondhi as the Chairman, Mr. Vinod Rai and Mr. Soumyajit Ghosh as its Members. Two out of three members of the Committee are IDs. The quorum of the meeting is any two Members. The Committee met four times during the year on May 24, 2019, August 14, 2019, November 08, 2019 and February 06, 2020.

The role of NRC includes the following:

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

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

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

d. Devising a policy on Board diversity.

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

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

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

REMUNERATION POLICY

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

The NEDs are paid remuneration by way of commission and sitting fees. Commission is paid as per the limits approved by the Shareholders of the Company at the 21st AGM held on July 31, 2018. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as Chairpersonship of the Committees.

The criteria for payment of commission to NEDs are given in **Table 3**. IDFC will pay a sum not exceeding Rs. 70 Lacs as commission to its NEDs for FY20. The said amount will be paid to the Directors, subject to deduction of tax, after the ensuing AGM. The Company has not granted any stock options to NEDs / IDs. As on March 31, 2020, none of the NEDs held material number of equity shares of the Company.

Table 4 gives details of remuneration paid to the Directors during FY20. The Company did not advance loans to any of its Directors during FY20. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2020. As per the current term of employment, the notice period of Mr. Sunil Kakar, MD & CEO is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

C. RISK MANAGEMENT COMMITTEE

During the year, the Risk Management

04 DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS

AMOUNT IN Rs.

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY & PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION FOR FY19 PAID/PAYABLE IN FY20	PAID DURING FY20 TOTAL
Mr. Vinod Rai	00041867	8,00,000	-	-	21,58,082	29,58,082
Ms. Ritu Anand	05154174	3,25,000	-	-	-	3,25,000
Mr. Ajay Sondhi	01657614	2,25,000	-	-	-	2,25,000
Mr. Anshuman Sharma	07555065	-	-	-	-	-
Mr. Soumyajit Ghosh	07698741	-	-	-	-	-
Mr. S. S. Kohli [1]	00169907	4,50,000	-	-	13,08,082	17,58,082
Ms. Marianne Økland [1]	03581266	4,75,000	-	-	13,04,795	17,79,795
Mr. Chintamani Bhagat [2]	07282200	2,75,000	-	-	10,83,836	13,58,836
Mr. Gautam Kaji [3]	02333127	-	-	-	4,19,961	4,19,961
Mr. Donald Peck [3]	00140734	-	-	-	3,69,824	3,69,824
Mr. Sunil Kakar	03055561	Please refer to MGT - 9				

1. Retired as an Independent Director w.e.f. September 30, 2019
2. Retired as Nominee Director w.e.f. September 30, 2019
3. Retired as an Independent Director w.e.f. July 31, 2018

Committee was re-constituted on September 30, 2019. As on March 31, 2020, the Risk Management Committee ("RMC") comprises of three Members, with Mr. Vinod Rai as the Chairman, Ms. Ritu Anand and Mr. Anshuman Sharma as its Members, with any two Members forming the quorum. The Committee met once during the year on May 24, 2019.

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

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the year, the Stakeholders' Relationship Committee was re-constituted on September 30, 2019. As on March 31, 2020, the Stakeholders' Relationship Committee ("SRC") consists of three Directors Mr. Vinod Rai as the Chairman, Ms. Ritu Anand and Mr. Soumyajit Ghosh as its Members, with any two Members forming the quorum. The Committee met once during the year on May 24, 2019.

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

Additionally, Allotment and Share Transfer Committee ("ASTC") comprising of Mr. Vinod Rai, Mr. Sunil Kakar and Mr. Mahendra N Shah looks into share allotment, transfer, transmission, name deletion, transposition, rematerialisation, IEPF and related applications received from Shareholders, with a view to accelerate the transfer procedures. Mr. Mahendra N Shah, being appointed as a Company Secretary, was inducted as a Member of the ASTC w.e.f. May 24, 2019. The quorum for any meeting of this Committee is two Members.

Mr. Mahendra N Shah, the Company Secretary is designated as the Compliance Officer in terms of the SEBI LODR Regulations whose designated e-mail address for investor complaints is mahendra.shah@idfc.com. All complaints received during the year have been redressed to the satisfaction of the Shareholders and none of them were pending as at the end of FY20.

Details of queries and grievances received and attended by the Company during FY20 are given in **Table 5**.

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year, the Corporate Social Responsibility was re-constituted on September 30, 2019. As on March 31, 2020, the Corporate Social Responsibility ("CSR") Committee consists of three Directors, Mr. Sunil Kakar as the Chairman, Mr. Vinod Rai and Mr. Anshuman Sharma as its Members. The quorum of the meeting is two Members.

During the year one meeting was held on May 24, 2019.

The purpose of the Committee is to formulate and monitor the CSR policy of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on these activities. A copy of the said CSR policy is placed on the website of the Company: www.idfc.com. Details of the CSR contribution made by IDFC during the year are given as **Annexure 4** to the Board's Report.

05 NATURE OF COMPLAINTS RECEIVED AND ATTENDED DURING FY20

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1,2019	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2020
1.	Non-receipt of Dividend warrants	17*	400	417	NIL
2.	Non-receipt of Annual Report	NIL	158	158	NIL
3.	Complaints received from:				
	- SEBI	NIL	3	3	NIL
	- Stock Exchange	NIL	NIL	NIL	NIL
4.	Non-receipt of Refund	NIL	NIL	NIL	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	NIL	NIL	NIL
6.	Non-receipt of Securities	NIL	NIL	NIL	NIL

* 17 complaints were received during last week of the financial year. The same were pending as on March 31, 2019. However, these complaints were resolved within the stipulated time period.

F. INVESTMENT COMMITTEE

During the year, the Investment Committee was re-constituted on November 08, 2019. As on March 31, 2020, the Investment Committee ("IC") consists of four Members, namely Mr. Vinod Rai as the Chairman, Ms. Ritu Anand, Mr. Ajay Sondhi and Mr. Sunil Kakar as its Members. Post demerger, IDFC is registered with the RBI as an NBFC - Investment Company.

During the year the Committee met three times on May 24, 2019, July 22, 2019 and August 01, 2019. The broad mandate of IC is to take an informed decision about the proposed investments in equity, preference, convertible securities and VCF Units and other financial assets, having regard to factors like long-term value creation and/ or business growth / diversification benefits.

G. IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS. PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to "Information Technology Framework for NBFC sector, during the year, IT Strategy Committee was reconstituted on November 08, 2019 having Ms. Ritu Anand as Independent Director & Chairperson of the Committee and Mr. Ajay Sondhi, Mr. Sunil Kakar (MD & CEO), Mr. Bipin Gemani & Mr. Dixson Almeida as Members.

The Committee met three times during the year on April 25, 2019, August 14, 2019 and February 06, 2020.

The Board approved the Information Technology (IT) Strategy Document, Information Security Management System (ISMS) Policy, IT Policy, Cyber Security Policy and Cyber Crisis Management Plan on the recommendation of IT Strategy Committee.

Terms of reference of IT Strategy Committee includes:

a Approving IT strategy and policy documents for an effective strategic planning. IT strategy will be based on the NBFC Business strategy.

b Communicating and monitoring information technology strategy internally and externally so that all employees, partners, suppliers, and contractors understand the Company-wide strategic plan and how it carries out the company's overall goals.

c Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.

d Ensuring IT investments are in line with business requirements, accepted IT Security standards within agreed budgets.

e Review of IT team strength, IT outsourced activities and guide in resource mobilizing for executing strategies.

f Ensuring proper controls exist towards IT risks giving a balance of risks and benefits.

g Driving technology decision-making that creates medium- and long-term improvement.

h Reviewing key strategic priorities and translating them into a comprehensive strategic plan for technology initiatives.

i Monitoring the execution of the IT policy, ISMS policy, BCP policy, DR policy, IT Outsourcing policy.

j IT Budgets review and approval

k IT projects review and approve delivery schedules.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on May 24, 2019 without the presence of the Non-Independent Directors and senior management team of the Company.

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

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

BOARD EVALUATION

The Act and SEBI LODR Regulations contain broad provisions on Board Evaluation i.e. evaluation of the performance of:

(i) the Board as a whole,
(ii) individual Directors (including ID and Chairman) and
(iii) various Committees of the Board. The provisions also specify responsibilities of Directors / Committees for conducting such evaluation.

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

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

06 ANNUAL GENERAL MEETINGS HELD DURING THE LAST THREE YEARS

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY17	The Music Academy, T.T.K. Auditorium (Main Hall), Near Acropolis Building New No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 28, 2017	2.00 p.m.	i. Reappointment of Mr. S S Kohli as an Independent Director of the Company; ii. Reappointment of Ms. Marianne Økland as an Independent Director of the Company; iii. Offer and Issue of Non-Convertible Securities through Private Placement.
FY18	Sir Mutha Venkatasubba Rao Concert Hall (Inside Lady Andal School Premises), Shenstone Park, # 13/1 Harrington Road, Chetpet, Chennai – 600 03	July 31, 2018	2.00 p.m.	i. Reappointment of Mr. Vinod Rai as an Independent Director of the Company ii. Offer and Issue of Non-Convertible Securities through Private Placement. iii. Alteration of Articles of Association
FY19	The Music Academy, T.T.K. Auditorium (Main Hall), Near Acropolis Building New No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	September 30, 2019	11.30 a.m.	i. Appointment of Mr. Anshuman Sharma as a Nominee Director representing Government of India ii. Appointment of Ms. Ritu Anand as an Independent Director iii. Offer and Issue of Non-Convertible Securities through Private Placement

TOTAL FEES PAID TO PRICE WATERHOUSE & CO, CHARTERED ACCOUNTANTS LLP, STATUTORY AUDITORS

Total fees for all services paid by the Company and its subsidiaries in India, on a consolidated basis, to M/s. Price Waterhouse & Co, Chartered Accountants LLP, Statutory Auditors within the network firm/network entity of which the statutory auditor is a part, is Rs. 1.64 crore.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Number of complaints filed during the financial year	0
Number of complaints disposed off during the financial year	0
Number of complaints pending as on end of the financial year	0

CERTIFICATE FROM PRACTICING COMPANY SECRETARY

A certificate from M/s. BNP & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority is annexed to the Board's Report.

CREDIT RATINGS

The Company has not obtained any rating from Credit Rating Agencies.

INDEPENDENT DIRECTORS

In the opinion of the Board, the Independent Director's fulfil the conditions specified in SEBI Listing Regulations, 2015 and all are independent of the Management. The Independent Directors are appointed by the Members of the Company and letter of appointment is issued to them as per Schedule IV of the Companies Act, 2013. The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company.

DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

During FY20, the Company did not raise any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

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

CODE OF CONDUCT

Code of Conduct for all Directors and designated Senior Management Personnel ("SMP")["Code"] is in place and the said Code is available on the website of the Company: www.idfc.com. All Board Members and designated SMPs have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD & CEO is enclosed at the end of this chapter. Further, all IDs have confirmed that they meet the criteria of Independence mentioned under Regulation 16(1)(b) of SEBI LODR Regulations, read with Sections 149(6) and 149(7) of the Act.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

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

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

1. Mr. S.S. Kohli and Ms. Marianne Økland completed their respective 2nd term and were retired as Independent Directors of the Company w.e.f. September 30, 2019;
2. Mr. Chintamani Bhagat retired at the 22nd AGM of the Company and did not seek re-appointment;
3. Appointment of Ms. Ritu Anand as Additional Director in the category of Independent Director w.e.f. August 16, 2019;
4. Appointment of Mr. Ajay Sondhi as Additional Director in the category of Independent Director w.e.f. November 08, 2019;
5. Appointment of Mr. Mahendra N Shah as the Company Secretary & Compliance Officer of the Company w.e.f. May 24, 2019, in view of the resignation of Mr. Nirav Shah as Company Secretary & Compliance Officer w.e.f. May 23, 2019.

The Board places on record its sincere appreciation for the services rendered by the outgoing Directors and KMPs during their tenure in the Company.

CEO and CFO CERTIFICATION

Certification from the MD & CEO and CFO on the financial statements and internal controls relating to financial reporting for FY20 is enclosed at the end of this chapter.

GENERAL BODY MEETINGS

ANNUAL AND EXTRA-ORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Table 6 gives details of AGMs held during last three years. No Extra-Ordinary General Meeting was held during the last three financial years.

SHAREHOLDERS' UPDATE

Special Resolution sought to be passed at the ensuing AGM:

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

1. Reappointment of Mr. Sunil Kakar as Managing Director & CEO

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

MEANS OF COMMUNICATION WITH SHAREHOLDERS

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

The financial and other information filed by the Company from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE. Filed through electronic platforms namely NSE Electronic Application Processing System ("NEAPS") and BSE Listing Centre. IDFC ensures that the requisite compliances are filed through these systems. The Company also informs to the Stock Exchanges the schedule of Investor Conferences where representatives of IDFC attends. The quarterly, half-yearly and annual results of IDFC are generally published in leading newspapers like the Hindu Business Line & Makkal Kural except in exceptional situations. The results are also displayed on the website of the Company: www.idfc.com.

DISCLOSURES

RELATED PARTY DISCLOSURES

During FY20, all transactions entered into with Related Parties, as defined under the Act and SEBI LODR Regulations, were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Act. There were no materially significant related party transactions that could have any potential conflict of interest of the Company at large. Suitable disclosure as required by the Indian Accounting Standards (Ind-AS) has been made in the notes to the Financial Statements. All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. Further, an omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature and the management appraises the Audit Committee of such transactions every quarter. Further, the details of Related Party Transactions are included in the Notes to the Financial Statements which forms part of this Annual Report. The Board of Directors have formulated a policy on materiality of Related Party

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

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

VIRTUAL ANNUAL GENERAL MEETING

DATE & TIME
FRIDAY,
SEPTEMBER 25, 2020
AT 11.00 A.M.

Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Act and SEBI LODR Regulations.

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

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of SEBI LODR Regulations defines a material non listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose Income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated Income or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, as of March 31, 2020, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Asset Management Company Limited (Unlisted). Further, as per Regulation 24(1) ID of IDFC Limited is appointed on the Board of IDFC Financial Holding Company Limited and IDFC Asset Management Company Limited. A Policy for determining 'material' subsidiaries is placed on the website of the Company: www.idfc.com. The Audit Committee of IDFC reviews the financial statements of the subsidiary companies and the investments made by its subsidiaries. The minutes of the Board Meetings of the subsidiary companies are placed before the Board of IDFC at regular intervals. A statement of all significant transactions and arrangements entered into by the subsidiary companies, if any, is periodically placed before the Board of IDFC. The audited Annual Financial Statements of the subsidiary companies are provided to the Audit Committee and Board of IDFC.

CONFIRMATION OF COMPLIANCE

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

COMMODITY PRICE RISKS OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

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

POSTAL BALLOT

The Company may seek to pass Ordinary / Special Resolution(s) in FY21 through Postal Ballot, as and when required, subject to applicable Act and Rules.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

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

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

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

COMPLIANCE

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

ADOPTION OF MANDATORY / NON-MANDATORY REQUIREMENTS

SEPARATE POSTS OF CHAIRPERSON AND CEO

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

CHART A IDFC V/S NIFTY IN PERCENTAGE

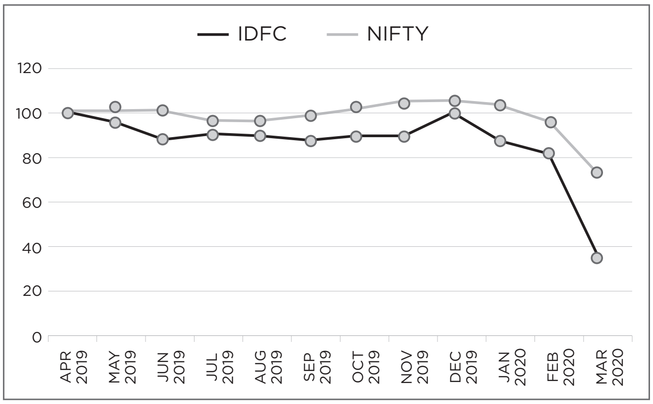
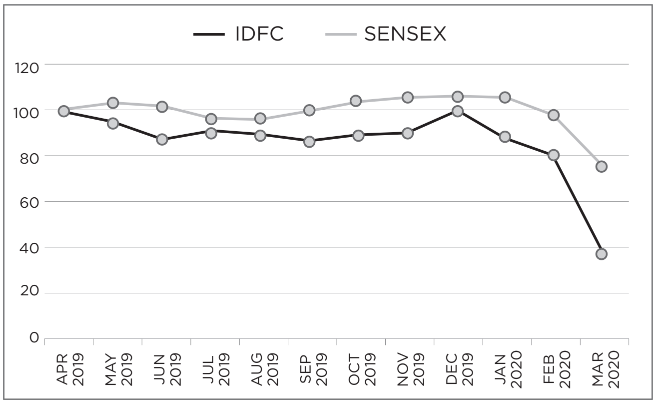


CHART B IDFC V/S SENSEX IN PERCENTAGE



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

	BSE			NSE		
MONTH	**HIGH PRICE**	**LOW PRICE**	**TURNOVER (IN LACS)**	**HIGH PRICE**	**LOW PRICE**	**TURNOVER (IN LACS)**
Apr-19	47.70	39.05	40.71	47.70	38.95	705.38
May-19	40.50	33.85	122.48	40.60	33.85	1517.68
Jun-19	39.10	33.60	126.50	39.20	33.60	1088.89
Jul-19	37.90	32.20	71.60	37.90	32.00	459.30
Aug-19	36.15	31.75	38.89	35.75	31.70	286.04
Sep-19	38.80	33.80	41.57	38.85	33.85	326.94
Oct-19	35.35	30.80	27.23	35.40	30.75	272.23
Nov-19	36.40	33.00	24.42	36.40	33.00	487.49
Dec-19	39.65	32.00	36.59	39.60	31.90	526.11
Jan-20	40.50	33.75	33.59	40.50	33.55	572.89
Feb-20	37.00	31.90	26.10	37.00	31.85	247.91
Mar-20	33.10	13.40	95.07	33.20	13.25	588.09

AUDIT QUALIFICATION

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

REPORTING OF INTERNAL AUDITORS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Accounting Standards as specified under Section 133 of the Act. The financial statements have been prepared on the accrual basis under the historical cost convention.

ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

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

GENERAL SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Financial Year - April 1, 2019 to March 31, 2020

For the year ended March 31, 2020, results were announced on

- ➢ August 14, 2019 for the first quarter.
- ➢ November 08, 2019 for the second

09 IDFC'S DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020

SL NO	CATEGORY (SHARES)	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO EQUITY
1	1 - 5000	405,531	98.26	142,968,929	8.96
2	5001 - 10000	3,522	0.85	26,182,446	1.64
3	10001 - 20000	1,724	0.42	24,921,561	1.56
4	20001 - 30000	560	0.14	14,022,565	0.88
5	30001 - 40000	253	0.06	8,938,009	0.56
6	40001 - 50000	163	0.04	7,560,428	0.47
7	50001 - 100000	396	0.1	29,565,480	1.85
8	100001 and above	535	0.13	1,342,198,898	84.08
	TOTAL	**412,684**	**100.00**	**1,596,358,316**	**100.00**

10 IDFC'S EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2020

SL NO	DESCRIPTION	NO. OF HOLDERS	TOTAL SHARES	% EQUITY
1	PRESIDENT OF INDIA	1	261,400,000	16.37
2	BANKS, INDIAN FINANCIAL INSTITUTIONS, INSURANCE COMPANIES	31	49,696,693	3.11
3	FOREIGN INSTITUTIONAL INVESTORS /FOREIGN PORTFOLIO - CORP	136	594,980,931	37.27
4	NRI/FOREIGN NATIONALS	5,368	17,378,268	1.09
5	H U F	10,678	18,221,996	1.14
6	BODIES CORPORATES	2,145	114,885,072	7.20
7	MUTUAL FUNDS	17	96,169,512	6.02
8	NBFC	9	752,053	0.05
9	RESIDENT INDIVIDUALS	394,077	395,524,060	24.78
10	TRUSTS	24	15,750,530	0.99
11	CLEARING MEMBERS	191	4,359,785	0.27
12	Other (AIF, IEPF, QIB)	7	27,239,416	1.71
	TOTAL	**412,684**	**1,596,358,316**	**100.00**

11 TOP 10 SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2020

SL NO	DPID	FOLIO/ CL-ID	NAME/JOINT NAME(S)	HOLDING	% TO EQT	MINOR CODE
1	IN302437	20095610	PRESIDENT OF INDIA	261,400,000	16.37	POI
2	IN300054	10051286	SIPADAN INVESTMENTS (MAURITIUS) LIMITED	151,145,989	9.47	FPC
3	IN300142	10754198	THELEME MASTER FUND LIMITED	79,475,433	4.98	FPC
4	IN300054	10022362	ORBIS SICAV EMERGING MARKETS EQUITY FUND	75,915,332	4.76	FPC
5	IN301549	16191396	ASHISH DHAWAN	56,000,000	3.51	PUB
6	IN303173	20006339	EAST BRIDGE CAPITAL MASTER FUND LIMITED	39,641,081	2.48	FPC
7	IN303307	10002026	ELLIPSIS PARTNERS LLC	37,100,000	2.32	FPC
8	IN300126	11218380	ICICI PRUDENTIAL EQUITY & DEBT FUND	33,032,827	2.07	MUT
9	IN300054	10066245	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND	26,440,757	1.66	MUT
10	IN300476	40314385	AKASH BHANSHALI	25,350,921	1.59	PUB
			TOTAL	**785,502,340**	**49.21**	

quarter and half year.

- February 06, 2020 for the third quarter and nine months.
- June 25, 2020 for the fourth quarter and annual.

For the year ending March 31, 2021, results will be announced latest by:

- Second week of August, 2020 for the first quarter or as extended by the regulatory authorities.
- Second week of November, 2020 for the second quarter and half year or as extended by the regulatory authorities.
- Second week of February, 2021 for the third quarter and nine months.
- Last week of May, 2021 for the fourth quarter and annual.

IDFC'S LISTING AND STOCK EXCHANGE CODES

At present, the equity shares of IDFC are listed on BSE and NSE details whereof are given in **Table 7**. The annual listing fees for FY21 has been paid.

STOCK PRICES

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

DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of IDFC's equity shares by size and shareholding pattern by ownership along with Top 10 equity Shareholders of the Company as on March 31, 2020 are given in **Table 9, Table 10 and Table 11,** respectively.

DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India NSDL and CDSL. As on March 31, 2020, approximately 99.99% shares of IDFC were held in dematerialised form. The details of the same are given in **Table 12**.

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

12 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2020

CATEGORY	NO. OF SHARES	%
Physical	8,052	ß*
NSDL	1,471,318,704	92.17
CDSL	125,031,560	7.83
TOTAL	**1,596,358,316**	**100**

* ß denotes negligible value.

13 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2020

PARTICULARS	UNCLAIMED DIVIDEND (RS.)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2012–13	3351137.00	July 29, 2013	August 29, 2020
2013-14	4038145.00	July 29, 2014	September 2, 2021
2014-15	4120243.00	July 30, 2015	September 3, 2022
2015-16 [1]	-	-	-
2016-17	898364.25	July 28, 2017	August 29, 2024
2017-18	2410506.00	July 31, 2018	September 1, 2025
INTERIM 2019-2020 - 1[2]	5376075.00	September 21, 2019	October 23, 2026
INTERIM 2019-2020 – 2[2]	1867388.20	November 14, 2019	December 18, 2026

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

[2] Due to COVID-19, the Company did not receive reconciliation as on March 31, 2020 from the Bank. Balance is provided as on June 25, 2020

14 UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

PARTICULARS	NO. OF CASES/ MEMBERS	NO. OF SHARES OF Rs. 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	5	1,397
Number of Shareholders who approached to IDFC/ Registrar for transfer of shares from suspense account during the year 2019-20	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2019-20	NIL	NIL
Shares Transferred to IEPF Pursuant to the IEPF Rules	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, 2020	5	1,397

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

UNCLAIMED / UNPAID DIVIDEND

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

Accordingly, an amount of Rs. 4,000,034 being unclaimed / unpaid dividend for FY12 and which remained unpaid and unclaimed for a period of 7 years was transferred by the Company to the IEPF. The unpaid dividend amount pertaining to FY13 will be transferred to IEPF after August 29, 2020.

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

The status of Dividend remaining unclaimed is given in **Table 13**. Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 30, 2019 (date of last AGM) on the Company's website: www.idfc.com and on MCA website.

TRANSFER OF SHARES TO IEPF

Pursuant to the applicable provisions of Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent modification thereof, all shares in respect of which dividend have remained unpaid or unclaimed for consecutive seven years; the corresponding shares have to be transferred to IEPF Authority. In compliance with the aforesaid provisions, the Company has transferred 45,656 equity shares of Rs. 10 each to the designated account of the IEPF Authority. As required under the said provisions, all subsequent corporate benefits that will be accrued in relation to the above shares shall also be credited to the corresponding Bank account of IEPF Authority. The details of such shares transferred to IEPF are available on website of the Company at http://www.idfc.com/investor_relations/UnclaimedShares.htm.

Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at http://www.iepf.gov.in.

The Company had already sent communication to the Shareholders requesting them to claim the dividend, in order to avoid their shares getting transferred to IEPF. Accordingly, Shareholders who have not claimed the dividend since FY13, are requested to contact KFin Technologies Private Limited and submit requisite documents, failing which the Company will be constrained to transfer the shares to IEPF Authority as per the Rules.

UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

IDFC had credited the unclaimed shares lying in the escrow account, allotted in the Initial Public Offer of the Company during July–August, 2005, into a Demat Suspense Account opened specifically for this purpose. These shares were transferred to IEPF Authority as per the IEPF Rules. Details of shares which were lying in the 'Unclaimed Suspense Account' and were transferred to IEPF Authority are given in Table 14. Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at http://www.iepf.gov.in.

SHARE TRANSFER SYSTEM

IDFC has appointed KFin Technologies Private Limited as its Registrar and Transfer Agent. All share transfer and related operations are conducted by Kfin, which is registered with the SEBI as a Category 1 Registrar. The shares sent for physical transfer are effected after giving a 15 day's notice to the seller for confirmation of the sale. IDFC has a Stakeholders' Relationship Committee for monitoring redressing of Shareholders' complaints regarding securities issued by IDFC from time to time.

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

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

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO REGISTRAR AND SHARE TRANSFER AGENT

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

THE COMPANY SECRETARY

Mr. Mahendra N Shah
IDFC Limited
906/907, 9th Floor, Embassy Centre,
Jamnalal Bajaj Road,
Nariman Point, Mumbai – 400021
Tel: +91 22 2282 1549
Fax: +91 22 2421 5052
E-mail: mahendra.shah@idfc.com
Website: www.idfc.com

REGISTERED OFFICE ADDRESS

IDFC Limited
4th Floor, Capitale Tower, 555 Anna Salai,
Thiru Vi Ka Kudiyiruppu, Teynampet
Chennai - 600018,
Tel: +91 44 4564 4202
Fax: +91 44 4564 4022

SKILLS/EXPEREINCE/EXPERTISE OF THE BOARD OF DIRECTORS

NAME OF DIRECTOR	QUALIFICATION / SKILLS	EXPERIENCE / EXPERTISE
Mr. Vinod Rai (72 years)	Mr. Vinod Rai has a Masters Degree in Economics from Delhi School of Economics, University of Delhi. He has a Masters Degree in Public Administration from Harvard University, USA.	Mr. Vinod Rai was the former Comptroller and Auditor General of India. Mr. Rai has wide experience of working in various capacities at both, the Central and State Governments. His previous position was as Secretary in the Ministry of Finance - GoI, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank, Life Insurance Corporation of India and IDFC. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited and was also on the Board of this company. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, GoI.
Ms. Ritu Anand (67 years)	Ms. Anand holds a Masters degree in Economics from the London School of Economics and Bachelor degree in Arts from Wellesley College, Massachusetts and St. Xavier's College, Mumbai.	Ms. Ritu Anand has served as Group Head, Chief Economist and Principal Advisor at IDFC Limited. Ms. Anand has over 35 years of extensive experience in working with financial institutions, multilateral development agencies and government and regulatory authorities in the areas of economics and public policy. She served as Chief Economic Advisor and Deputy Managing Director of State Bank of India. Ms. Anand served as the Lead Economist at World Bank, Washington DC, U.S.A.
Mr. Ajay Sondhi (60 Years)	Mr. Sondhi was a 2017 Fellow, Harvard Advanced Leadership Initiative. He has an MBA in Finance from JBIMS, Mumbai University, and a Bachelor of Arts in Economics (Honors) from St. Stephens College, Delhi University.	Mr. Ajay Sondhi is CEO of Sentinel Advisors Pte Ltd, Singapore, a boutique business and strategy advisory firm. He has had a long career in banking, and has held several senior leadership roles in the industry in India and overseas. He was most recently MD and Regional Manager for PWM at Goldman Sachs, Singapore. Mr. Sondhi started his career with Citibank India where he rose to become corporate bank and corporate finance head. He subsequently worked with Salomon Brothers Hong Kong, and then moved back to India as Group CEO for Barclays Bank and BZW. He was subsequently Country Head and CEO India for UBS AG, and then went on to become the Vice Chairman and Managing Director for Kotak Mahindra Capital Company.
Mr. Anshuman Sharma (41 years)	He is a post Graduate in Management and has a multifarious personality.	Sh. Anshuman Sharma is an IRS officer of 2005 Batch and has experience of around 12 years. He had been actively involved in Administration, Transfer Pricing and Tax Assessment. At present, he is posted as Deputy Secretary at Department of Financial Services, Ministry of Finance looking after portfolio of Industrial Finance. He is currently on the Board of IFCI Ltd and India Post Payments Bank (IPPB). He has also served on the Board of Allahabad Bank for a period of one year.
Mr. Soumyajit Ghosh (46 years)	He has graduated with Hons in Statistics.	Mr. Soumyajit Ghosh is a Nominee Director from the Ministry of Finance, Government of India on the IDFC Board. Mr. Soumyajit Ghosh is Under Secretary with Department of Financial Services (DFS), Ministry of Finance, Government of India. He has experience in Administration of Financial Rules and has handled administrative matters pertaining to Promotions of All India Services, legal issues and procurement matters, including defense procurement. Presently, he is handling administrative & other matters relating to Financial Institutions namely, EXIM Bank, IIFCL, IFCI Limited etc. he is also handling the issues relating to the revival of stressed assets in infrastructure sector.
Mr. Sunil Kakar (63 years)	Mr. Kakar holds an MBA in Finance from XLRI and a degree in engineering from IIT Kanpur.	Mr. Sunil Kakar is the Managing Director & CEO of IDFC Limited. He started his career at Bank of America where he worked for 18 years in various roles, covering Business Planning & Financial Control, Branch Administration and Operations, Market Risk Management, Project Management and Internal Controls. As a CFO from 1996 to 2001, Mr. Kakar spearheaded the Finance function at Bank of America in India. After Bank of America, Mr. Kakar was the CFO at Max New York Life Insurance Company since 2001. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation. As part of the start-up team in Max New York Life, Mr. Kakar was a key part of core group which led the successful development of the insurance business.

CEO & CFO CERTIFICATE

Certification by Chief Executive Officer and Chief Financial Officer of the Company for the Financial Year 2019-2020

We Sunil Kakar, Managing Director & Chief Executive Officer and Bipin Gemani – Chief Financial Officer of IDFC Limited (**"IDFC" or "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 existing accounting standards, applicable laws and regulations.

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

c) We are responsible for establishing and maintaining internal controls for financial reporting in IDFC and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. 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
   iv. the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

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

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

Sunil Kakar
Managing Director & CEO

Bipin Gemani
Chief Financial Officer

Mumbai | June 25, 2020

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF IDFC LIMITED

We have examined the compliance of conditions of corporate governance by IDFC Limited (the 'Company') for the year ended March 31, 2020, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

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

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

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

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

B. Narasimhan
Partner
FCS No.: 1303
COP No.: 10440
UDIN: F001303B000621340

Mumbai | August 27, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of IDFC Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss(including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income),changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 44 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. As mentioned in the note, necessary adjustment were made by the management to the financial statements consequent to the impact of the outbreak of Covid-19, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">KEY AUDIT MATTER</th></tr>
<tr><td>

Impairment assessment on the Investment carried at cost

(Refer to note 7 to the financial statements.)

The Company has gross Investments aggregating to Rs. 9,326.99 crores in subsidiaries, and associates and the associated impairment allowances aggregated to Rs. 95.67 crores which are significant to the financial statements.

Impairment allowances represent management's estimate within the investment portfolios at the balance sheet date and are inherently judgmental.

The impairment assessment under Ind-AS 36'Impairment of Assets' requires an assessment of the investment basis various parameters including but not limited to the net worth of the underlying investments, significant change in the economic environment and basis other internal and external information which may affect adversely to these investments in subsidiaries and associates. Each assessment is subject to (significant) judgement and estimation uncertainty e.g. future level of business at the subsidiaries and associates.

Given the inherent subjectivity in the assessment of the above investments, identifying triggering events for impairment and performing impairment testing involves significant judgement, and given the combined magnitude of the assets at risk, we determined this to be a key audit matter.

</td><td>

The audit procedures performed by us to check the impairment allowance on investments include the following:

- We understood and tested design and operating effectiveness of the key controls over –
  - the Management assessment of triggers for impairment assessment;
  - the completeness and accuracy of source data used by the Management in the impairment allowance computation.
  - review of impairment allowance computations for its reasonableness by the management.
- We, evaluated and validated various parameters considered by the Management for assessment of impairment allowance.
- We also checked the completeness and accuracy of source data used.
- We recomputed the impairment allowance for the investments across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind AS 36).
- We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements.

Based on the procedures performed above, the provision for impairment as recognized by the management in standalone financial statements is considered to be reasonable.

</td></tr>
</table>

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Reasonability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements

regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 16 to the financial statements, the Company does not have any derivative contracts;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

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

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN: 20042190AAAABT7666

Place: Mumbai
Date: June 25, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.(Also refer paragraph 4 of the main audit report).

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN: 20042190AAAABT7666

Place: Mumbai
Date: June 25, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements as of and for the year ended March 31, 2020

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The Company does not own any immovable properties as disclosed in Note 10on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

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

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

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

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period March 1, 2020 to March 31, 2020, the company has paid Goods and Service Tax and filed GSTR 1 after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the 35/2020 – Central tax dated April 03, 2020 on fulfilment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. The particulars of income-tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income Tax	15,341,651	FY 2018-2019	Commissioner of Income tax appeals

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

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

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

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

Also refer paragraph 16 of our main audit report

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

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

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

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN: 20042190AAAABT7666

Place: Mumbai
Date: June 25, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

(Rs. in crore)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	0.69	0.54
Bank balances other than cash and cash equivalents above	4	1.48	2.13
Receivables			
(i) Trade receivables	5	-	-
(ii) Other receivables	6	0.02	2.94
Investments	7	9,285.96	9,722.44
Other financial assets	8	0.37	2.87
Non-financial assets			
Income tax asset (net)	9	3.03	37.56
Property, plant and equipment	10	38.15	51.93
Other non-financial assets	11	2.18	0.30
Total assets		9,331.88	9,820.71
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables	12		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.58	2.40
Other financial liabilities	13	43.12	5.83
Non-financial Liabilities			
Income tax liabilities (net)	14	1.21	1.03
Deferred tax liabilities (net)	15	7.14	8.83
Provisions	16	22.69	22.84
Other non-financial liabilities	17	0.58	1.04
EQUITY			
Equity share capital	18A	1,596.36	1,596.36
Other equity	18B	7,659.20	8,182.38
Total liabilities and equity		9,331.88	9,820.71

See accompanying notes to the standalone financial statements

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

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE FROM OPERATIONS			
Interest income	19	1.96	18.85
Dividend income		103.88	121.05
Fees income		0.01	0.11
Net gain / (loss) on fair value changes	20	46.72	17.69
Total revenue from operations		152.57	157.70
Other income	21	11.53	11.49
Total income		164.10	169.19
EXPENSES			
Finance costs	22	0.85	-
Impairment on financial instruments	23	8.33	8.95
Employee benefit expenses	24	14.52	21.68
Depreciation, amortisation and impairment	10	13.80	5.17
Impairment on investment in subsidiaries	7	-	12.98
Impairment on investment in associate	7	35.62	-
Others expenses	25	14.10	12.17
Total expenses		87.22	60.95
Profit/(loss) before tax		76.88	108.24
Income tax expense:	26		
- Current tax		14.34	20.24
- Deferred tax		(1.68)	(10.71)
- Tax adjustment on earlier years		0.04	(29.18)
Total tax expense		12.70	(19.65)
Profit / (Loss) from the period		64.18	127.89
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		0.06	(0.32)
- Income tax relating to these items		(0.02)	0.09
Other comprehensive income, net of tax		0.04	(0.23)
Total comprehensive income for the year		64.22	127.66
Earnings per equity share of Rs. 10 each	30		
- Basic (Rs.)		0.40	0.80
- Diluted (Rs.)		0.40	0.80

See accompanying notes to the standalone financial statements

This is the standalone statement of profit and loss referred to in our report of even date.

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(Rs. in crore)

	Notes	Number	Amount
As at March 31, 2018	18A	1,596,354,566	1,596.35
Issued during the year		3,750	0.01
As at March 31, 2019		1,596,358,316	1,596.36
Issued during the year	18A	-	-
As at March 31, 2020		1,596,358,316	1,596.36

B. OTHER EQUITY

(Rs. in crore)

	Notes	Reserves and surplus						Total other equity
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at March 31, 2018	18B	2,505.87	3,053.25	957.00	12.43	631.02	1,004.67	8,164.24
Profit for the year		-	-	-	-	-	127.89	127.89
Other comprehensive income		-	-	-	-	-	(0.23)	(0.23)
Total comprehensive income for the year		2,505.87	3,053.25	957.00	12.43	631.02	1,132.33	8,291.90
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	14.60	-	-	14.60
ii) Options granted to the employees of subsidiaries		-	-	-	(1.05)	-	-	(1.05)
iii) Options exercised during the year		0.01	-	-	(0.62)	-	-	(0.61)
iv) Vested options lapsed during the year		-	-	-	(2.74)	-	0.01	(2.73)
- Dividends paid		-	-	-	-	-	(119.73)	(119.73)
- Dividend distribution tax		-	-	-	-	-	-	-
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	26.00	-	-	(26.00)	-
As at March 31, 2019	18B	2,505.88	3,053.25	983.00	22.62	631.02	986.61	8,182.38

STATEMENT OF CHANGES IN EQUITY

B. OTHER EQUITY

(Rs. in crore)

	Notes	Reserves and surplus						Total other equity
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at March 31, 2019	18B	2,505.88	3,053.25	983.00	22.62	631.02	986.61	8,182.38
Profit for the year		-	-	-	-	-	64.18	64.18
Other comprehensive income for the year		-	-	-	-	-	0.04	0.04
Total comprehensive income for the year		2,505.88	3,053.25	983.00	22.62	631.02	1,050.83	8,246.60
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	1.10	-	-	1.10
ii) Options granted to the employees of subsidiaries		-	-	-	0.02	-	-	0.02
iii) Options exercised during the year		-	-	-	-	-	-	-
iv) Vested options lapsed during the year		-	-	-	(4.62)	-	0.98	(3.64)
- Dividends paid		-	-	-	-	-	(502.85)	(502.85)
- Dividend distribution tax		-	-	-	-	-	(82.03)	(82.03)
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	12.85	-	-	(12.85)	-
As at March 31, 2020	18B	2,505.88	3,053.25	995.85	19.12	631.02	454.08	7,659.20

See accompanying notes to the standalone financial statements

This is the standalone statement of changes in equity referred to in our report of even date.

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax		76.88	108.24
Adjustments :			
Depreciation, amortisation and impairment	10	13.80	5.17
Net (gain) / loss on sale of property, plant and equipments		-	(0.10)
Impairment of financial instruments	23	8.33	8.95
Impairment on investment in subsidiaries / associates	7	35.62	12.98
Fees income		(0.01)	(0.08)
Interest income	19	(1.96)	(18.85)
Interest expense	22	0.85	-
Gain on sale of investments (net)	20	(48.75)	(60.28)
Employee share based payment expense	24	2.99	14.60
Change in fair value of financials assets at FVTPL	20	2.03	42.59
Interest received		3.10	17.37
Provisions for employee benefits		0.04	(0.23)
Operating profit before working capital changes		92.92	130.36
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	6	(4.91)	(1.82)
Other assets	8	(0.52)	1.45
Bank balances other than cash and cash equivalents	4	0.65	0.08
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	12	(0.82)	(0.07)
Other liabilities	13	(1.07)	0.51
Cash generated from operations		(6.67)	0.15
Less : Income taxes paid (net of refunds)		20.34	(17.05)
Net cash inflow from operating activities		106.59	113.46
CASH FLOW FROM INVESTING ACTIVITIES :			
Payments for purchase of investment		(540.87)	(1,959.14)
Payments for property, plant and equipments		(0.02)	(0.34)
Proceeds from disposal of property, plant and equipments		-	0.18
Advances given to subsidiary		(0.50)	(27.16)
Advances recovered from subsidiary		-	69.85
ICD taken from subsidiary		37.00	-
Equity infusion in subsidiary		(200.10)	(51.50)
Proceeds from sale of investments		1,182.93	1,973.59
Term deposits placed		(24.89)	(634.95)
Term deposits matured		24.89	634.95
ICD Placed		(1.00)	(392.79)
ICD Matured		1.00	392.79
Net cash inflow / (outflow) from investing activities		478.44	5.48
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from fresh issue of Equity (net of issue expenses)		-	0.01
Dividend paid (including dividend distribution tax)		(584.88)	(119.73)
Net cash (outflow) from financing activities		(584.88)	(119.72)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		0.15	(0.78)
Add : Cash and cash equivalents at beginning of the year		0.54	1.32
Cash and cash equivalents at end of the year		0.69	0.54

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

The Company is IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai – 600018, Tamil Nadu and corporate office located at 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400021.

Operating as an Infrastructure Finance Company, i.e. financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, and tourism and hotels upto September 30, 2015. The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the company is operating as NBFC - Investment Company.

1B. NEW AND AMENDED STANDARDS ADOPTED

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing on April 1, 2019:

- Ind AS 116, Leases;
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income taxes

The Company had to change its accounting policies as a result of adopting IND AS 116. This is disclosed in note 45.

2. BASIS OF PREPARATION

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments – measured at fair value.

(iii) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 36.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

3. REVENUE RECOGNITION

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

(i) Interest income

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(ii) Brokerage fees income

Revenue recognition from brokerage fees can be divided into the following categories:

a) Brokerage fees – over time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transaction executed. The revenue for such contracts is recognised over the term of the contract.

b) Brokerage fees – point in time

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

(iii) Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) Revenue from power supply

Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.

4. INCOME TAX

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

5. GOODS AND SERVICE TAX

Expenses and assets are recognised net of the goods and services tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6. LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

(i) Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

(ii) Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

7. FINANCIAL INSTRUMENT

(i) Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customer's account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

(iii) Day 1 gain and loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(iv) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- Fair value through other comprehensive income (FVOCI),
- Fair value through profit and loss (FVTPL)

The Company classifies and measures its derivatives (other than those designated in a cash flow hedging relationship) and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

8. FINANCIAL ASSETS AND LIABILITIES

(i) Bank balance, Loans, Trade receivables and financial investment at amortised cost.

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

a) Business model test

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) SPPI test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instrument's cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

(ii) Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is an evidence of a recent pattern of short-term profit-taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established. Included in this classification investments in mutual fund units, debt securities and equities that have been acquired principally for the purpose of selling or repurchasing in the near term.

(iii) Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(iv) Debt instruments and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

9. RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

10. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(i) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criteria.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(ii) Derecognition of financial assets other than due to substantial modification of terms and conditions

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset,or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset,but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company’s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

11. IMPAIRMENT OF FINANCIAL ASSET

(i) Overview of the ECL principles

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 35.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2,Stage 3 as described below:

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12- month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date.

Stage 2includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk.

Stage 3includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

(ii) The calculation of ECLs

The Company calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the ne4 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made it the default occurs over the remaining expected lifetime of the loan.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

(iii) Trade receivables and contract assets

For trade receivables only, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

12. DETERMINATION OF FAIR VALUE

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 financial instruments the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period. This is further explained in Note 34.

13. CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

14. PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(i) Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile Phone – 2 years b) Motor Cars – 4 years

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

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

15. IMPAIRMENT OF NON-FINANCIAL ASSET

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

16. EMPLOYEE BENEFITS

(i) Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Rs. is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than Rs., are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Compensated absences

Based on the leave rules of the group companies, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

17. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

18. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's primary business segments are reflected based on the principal business carried out, i.e. investing. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment.

19. FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

20. SHARE-BASED PAYMENTS

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.

The fair value of options granted under the Value Ind AS Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

21. EARING PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

22. ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "crores" as per the requirement of Schedule III, unless otherwise stated.

23. CONTRIBUTED EQUITY

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceed

24. DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

2. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 34.

3. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4. Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5. Provision and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

3. CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Cash on hand	ß	ß
Balances with banks:		
In current accounts	0.69	0.54
Total	0.69	0.54

i) The Company has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.48	2.13
Total	1.48	2.13

5. TRADE RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	-	-
Receivables - Credit impaired	5.90	6.01
(Less): Impairment loss allowance	(5.90)	(6.01)
Total	-	-

6. OTHER RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	7.85	2.94
Receivables - Credit impaired	-	-
(Less): Impairment loss allowance	(7.83)	-
Total	0.02	2.94

i) No trade receivables are due from director or other officer of the Company either severally or jointly with any other person.

ii) No trade receivables are due from firms or private companies (including LLPs) in which any director of the Company is a partner, a director or a member.

7. INVESTMENTS

(Rs. in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2020				
Subsidiaries @	-	-	9,291.37	9,291.37
Associates	-	-	35.62	35.62
Venture capital fund units	-	54.64	-	54.64
Total (A) - Gross	-	54.64	9,326.99	9,381.63
(Less): Impairment loss allowance#	-	-	(95.67)	(95.67)
Total (A) - Net	-	54.64	9,231.32	9,285.96
Investments outside India	-	-	-	-
Investments in India	-	54.64	9,326.99	9,381.63
Total (B) - Gross	-	54.64	9,326.99	9381.63
(Less): Impairment loss allowance#	-	-	(95.67)	(95.67)
Total (B) - Net	-	54.64	9,231.32	9,285.96
As at March 31, 2019				
Subsidiaries	-	-	9,096.79	9,096.79
Associates	-	-	35.62	35.62
Mutual fund units	-	371.20	-	371.20
Alternative investment fund units	-	25.74	-	25.74
Venture capital fund units	-	206.05	-	206.05
Debt securities	-	47.09	-	47.09
Total (A) - Gross	-	650.08	9,132.41	9,782.49
(Less): Impairment loss allowance ^	-	-	(60.05)	(60.05)
Total (A) - Net	-	650.08	9,072.36	9,722.44
Investments outside India	-	-	-	-
Investments in India	-	650.08	9,132.41	9,782.49
Total (B) - Gross	-	650.08	9,132.41	9782.49
(Less): Impairment loss allowance	-	-	(60.05)	(60.05)
Total (B) - Net	-	650.08	9,072.36	9,722.44

* Investment in subsidiaries and associates measured at cost in accordance with Ind AS 27.

@ The Board of Directors of the Company on November 8, 2019 had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC Financial Holding Company Limited (wholly owned subsidiary of the Company) at book value to the Company for Rs. 200.05 crore and Rs. 0.05 crore respectively.

The Company has made provision of Rs. 35.62 crore on Novopay Solutions Private Limited (Associate of the Company). Performance of Novopay has lead to substantial erosion of its net worth. Accordingly investment has been completley impaired in current year.

^ IDFC Projects Limited, a wholly owned subsidiary of the Company has suspended its business operations and there are no definitive future business plans for its commercial operations till December 31, 2018, the Company had given loan having value aggregating to Rs. 12.98 crores (net of impairment; Rs. 38.53 crores). Pursuant to Board's resolution, in December 2018, outstanding loan aggregating to Rs. 12.98 crores have been converted into 51,500,000 shares of Rs. 10 each of IDFC Projects Limited. The conversion has resulted in an increase in the equity investment in IDFC Projects Limited from existing Rs. 34.07 crores to Rs. 47.05 crores. Moreover, the net worth of IDFC Projects Limited has eroded significantly due to accumulated losses from prior years of operation to such an extent that it's networth has turned negative and having pending litigation with NHAI, the recoverable amount of the entire equity investment is considered to be less than its carrying value. Consequently, the Company has made a provision for impairment in the statement of profit and loss amounting to Rs. 12.98 crores during the year ended March 31, 2019.

Information regarding the valuation methodologies are disclosed in Note 34.

8. OTHER FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Interest accrued on fixed deposits / Bonds	-	1.14
Security deposits	0.37	1.73
Advance given to related party (refer note 38)	0.50	-
Impairment provision on advance given to related party	(0.50)	-
Total	0.37	2.87

9. INCOME TAX ASSETS (NET)

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Income tax paid in advance	3.03	37.56
[net of provision for tax for Rs. 35.08 crores (March 31, 2019: Rs. 35.08 crores)]		
Total	3.03	37.56

10. PROPERTY, PLANT AND EQUIPMENT

(Rs. in crore)

	Vehicles	Office Equipments	Computers	Wind mills	Total
Year ended March 31, 2019					
Gross carrying amount					
Opening gross carrying amount	0.14	0.03	1.84	59.96	61.97
Additions	0.17	0.15	0.02	-	0.34
Disposals and transfers	(0.02)	(0.01)	(0.06)	-	(0.09)
Closing gross carrying amount	0.29	0.17	1.80	59.96	62.22
Accumulated depreciation					
Opening accumulated depreciation	0.08	0.02	0.50	4.60	5.20
Depreciation charge during the year	0.07	0.03	0.47	4.60	5.17
Disposals and transfers	(0.02)	ß	(0.06)	-	(0.08)
Closing accumulated depreciation	0.13	0.05	0.91	9.20	10.29
Net carrying amount as at March 31, 2019	0.16	0.12	0.89	50.76	51.93
Year ended March 31, 2020					
Gross carrying amount					
Opening gross carrying amount	0.29	0.17	1.80	59.96	62.22
Additions	-	0.01	0.01	-	0.02
Disposals and transfers	-	-	-	-	-
Closing gross carrying amount	0.29	0.18	1.81	59.96	62.24
Accumulated depreciation					
Opening accumulated depreciation	0.13	0.05	0.91	9.20	10.29
Depreciation charge during the year	0.05	0.12	0.87	4.62	5.66
Impairment during the year	-	-	-	8.14	8.14
Disposals and transfers	-	-	-	-	-
Closing accumulated depreciation	0.18	0.17	1.78	21.96	24.09
Net carrying amount as at March 31, 2020	0.11	0.01	0.03	38.00	38.15

11. OTHER NON-FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	2.00	0.18
Supplier advances	ß	0.03
Balances with government authorities - cenvat/GST credit available	0.04	0.07
Receivable from gratuity fund [net of provision of Rs. 0.07 crore (refer note 27)]	0.12	-
Others	0.01	0.02
Total	2.18	0.30

12. TRADE PAYABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1.58	2.40
Total	1.58	2.40

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the Company and relied upon by the auditors, is as follows:

i) No amount due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

ii) No interest is paid / payable during the year to any micro / small enterprise registered under the MSME. There were no delayed payments during the year to any micro or small enterprise registered under the MSME.

iii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

13. OTHER FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend	1.48	2.13
Employee benefits payable	3.88	3.70
Inter corporate deposits taken from related party (refer note 38)	37.00	-
Interest accrued on inter corporate deposit from related party (refer note 38)	0.76	-
Total	43.12	5.83

14. INCOME TAX LIABILITIES (NET)

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Provision for income tax	1.21	1.03
[net of advance tax of Rs.36.25 crores (March 31, 2019: Rs.22.10 crore)]		
Total	1.21	1.03

15. DEFERRED TAX LIABILITIES (NET)

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipments	8.15	9.40
Fair value adjustments		
- Venture capital fund units	(1.01)	(0.58)
- Mutual fund units	-	0.71
-Debt securities	-	(0.70)
Total	7.14	8.83

a) Movement in deferred tax liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities:

(Rs. in crore)

	As at March 31, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liability :				
Property, plant and equipment	9.40	(1.25)	-	8.15
Fair valuation gain/(loss) on financial instruments	(0.57)	(0.43)	-	(1.01)
Total	8.83	(1.68)	-	7.14

16. PROVISIONS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Loan commitment	22.63	22.63
Provision for gratuity [net of receivable from fund of Rs. 0.21 crore (refer note 27)]	-	0.21
Provision for other funds	0.06	-
Total	22.69	22.84

17. OTHER NON-FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Statutory dues	0.58	1.04
Total	0.58	1.04

18A. EQUITY SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. In crore	Number	Rs. In crore
Authorised shares				
Equity shares of Rs. 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of Rs. 10 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of Rs. 10 each	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Total	1,596,358,316	1,596.36	1,596,358,316	1,596.36

a) Movements in equity share capital

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. In crore	Number	Rs. In crore
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35
Shares issued during the year	-	-	3,750	0.01
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36

b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

The Board of the Company had declared its first interim dividend of Rs. 2.50/- per share on September 30, 2019 and the same was paid on October 4, 2019 and had declared second interim dividend of Rs. 0.65/- per share on November 14, 2019 which was paid on November 26, 2019.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 37.

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

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47

18B. RESERVES AND SURPLUS (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Surplus in the statement of profit and loss	454.08	986.61
Securities premium	2,505.88	2,505.88
General reserve	631.02	631.02
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25
Special reserve u/s. 45-IC of the RBI Act, 1934	995.85	983.00
Share options outstanding account	19.12	22.62
Total	7,659.20	8,182.38

a) Surplus in the statement of profit and loss (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	986.61	1,004.67
Net profit for the period	64.18	127.89
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	0.04	(0.23)
Vested options lapsed during the year	0.98	0.01
Dividends (including DDT)	(584.88)	(119.73)
Transfer to special reserve u/s. 45-IC of RBI Act, 1934	(12.85)	(26.00)
Closing balance	454.08	986.61

b) Securities premium (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	2,505.88	2,505.87
Changes during the year	-	0.01
Closing balance	2,505.88	2,505.88

c) General reserve (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	631.02	631.02
Appropriations during the year	-	-
Closing balance	631.02	631.02

d) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934 (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	983.00	957.00
Appropriations during the year	12.85	26.00
Closing balance	995.85	983.00

f) Share options outstanding account (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	22.62	12.43
Employee stock option expense	1.10	14.60
Vested options lapsed during the year	(4.62)	(2.74)
Options granted to the employees of subsidiaries	0.02	(1.05)
Options exercised during the year	-	(0.62)
Closing balance	19.12	22.62

18C. NATURE AND PURPOSE OF SPECIAL RESERVES

a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

c) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

d) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 37)

e) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

As per section 36(1)(viii) of Income tax act, 1961, deduction shall be allowed in respect of any special reserve created and maintained by specified entities, for an amount not exceeding twenty percent (20%) of the profits derived from eligible business (computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

19. INTEREST INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial assets measured at amortised costs:		
Interest on deposits with banks	0.02	0.96
Interest income on inter corporate deposits	0.01	13.89
On financial assets measured at FVTPL:		
Interest on debt securities	1.93	4.00
Total	1.96	18.85

20. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/(loss) on financial instruments at FVTPL:		
(i) On trading portfolio		
- Mutual fund units	16.58	50.58
- Debt securities	1.45	(2.62)
(ii) On financial instruments designated at FVTPL		
- Equity shares	-	(5.28)
- Alternative investment fund units	1.15	1.16
- Venture capital units	27.54	(26.15)
Total (A)	46.72	17.69
Fair Value changes:		
Realised	48.75	60.28
Unrealised	(2.03)	(42.59)
Total (B)	46.72	17.69

21. OTHER INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on income tax refund	-	0.24
Gain on sale of property, plant and equipment	-	0.10
Sale of power	10.72	10.57
Miscellaneous income	0.81	0.58
Total	11.53	11.49

22. FINANCE COST

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost:		
Interest on debt securities	0.85	-
Total	0.85	-

23. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial instruments measured at amortised cost:		
Other receivables	7.83	-
Advance given to related party	0.50	-
Loan commitment	-	8.95
Total	8.33	8.95

24. EMPLOYEE BENEFITS EXPENSES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	10.58	6.38
Contribution to provident and other funds	0.78	0.56
Contribution to gratuity fund	0.14	0.11
Employee share based payment expense	1.10	14.60
Employee share based payment expense- Bank	1.89	-
Staff welfare expenses	0.03	0.03
Total	14.52	21.68

25. OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Rent	0.09	0.05
Rates and taxes	1.69	1.78
Repairs and maintenance		
- Equipments	2.89	2.82
- Others	ß	0.04
Insurance charges	0.13	0.16
Travelling and conveyance	0.61	1.00
Printing and stationery	0.41	0.57
Communication costs	0.07	0.16
Advertising and publicity	0.03	0.10
Professional fees	3.60	3.66
Directors' sitting fees	0.26	0.34
Commission to directors	0.16	1.00
Contribution for corporate social responsibility (CSR) [refer note (b) below]	1.61	0.78
Auditors' remuneration [refer note (a) below]	0.66	0.42
Shared service cost (net)	1.66	(1.20)
Miscellaneous expenses	0.23	0.49
Total	14.10	12.17

a) Breakup of Auditors' remuneration

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Audit fees*	0.47	0.23
Tax audit fees	0.02	0.02
Other Services	0.15	0.17
Out-of-pocket expenses	0.02	ß
Total	0.66	0.42

* Audit fees for the year ended March 31, 2020 includes amount of Rs. 0.13 crore relating to prior year cost overrun billed during the current year.

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period Rs. 1.06 crores (previous year Rs. 0.78 crores). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is Rs. 1.61 crores (previous year Rs. 0.78 crores), which comprise of following:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	1.61	0.78
Total	1.61	0.78

The Company has made excess contribution for CSR to Prime Minister Relief Fund due to the nationwide Covid-19 crisis. The Ministry of Corporate Affairs has clarified that Company's contribution to the PM Cares Fund over and above the minimum prescribed CSR spend can be offset against the CSR obligation of subsequent years.

26. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are: (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax on profits for the year	14.34	20.24
Adjustment for current tax of prior periods	0.04	(29.18)
Total current tax expense	14.38	(8.94)
Deferred tax		
(Decrease) / increase in deferred tax liabilities	(1.68)	(10.71)
Total deferred tax expense	(1.68)	(10.71)
Income tax expense	12.70	(19.65)

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2020 and March 31, 2019 is, as follows:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	76.88	108.24
Tax at India's statutory income tax rate of 25.17% (previous year 29.12%)	19.35	31.52
Tax effect of the amount which are not taxable:		
- Dividend income	(26.15)	(38.20)
- Income already taxed in the previous year	(0.22)	-
- Deduction under section 80-IA	-	(2.08)
Expenses not deductible for tax purposes		
- Disallowance under section 14A	21.06	8.64
- Others	0.31	(0.02)
Effect of unrecognised deferred tax assets	-	6.38
Adjustment of current tax of prior periods	0.04	(29.18)
Effect of decrease in opening deferred tax liability due to decrease in tax rate	(1.68)	-
Others	(0.01)	3.29
Income tax expense at effective tax rate	12.70	(19.65)
Effective tax rate	16.52%	(18.15%)

c) Unrecognised temporary differences (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Temporary differences relating to impairment loss	52.09	21.93

The Company has not created deferred tax asset on the impairment loss recognised on the investment in subsidiary and financial assets, as there is no reasonable certainty that future taxable profits will be available against which impairment loss can be utilised.

d) Change in tax rate

The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions / incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial results are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the Company has recognized Provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred tax assets / liability as at March 31, 2020 basis the revised rate of 25.17%.

27. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

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:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	0.48	0.34
Pension fund	0.28	0.18
Superannuation fund	0.02	0.04

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

I) BALANCE SHEET

(Rs. in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	2.27	1.85	0.42
Current service cost	0.12	-	0.12
Interest expense/(income)	0.08	-	0.08
Return on plan assets	-	0.06	(0.06)
Actuarial loss / (gain) arising from change in financial assumptions	0.02	-	0.02
Actuarial loss / (gain) arising on account of experience changes	0.03	-	0.03
Actual return on plan assets less interest on plan assets	-	0.11	(0.11)
Employer contributions	-	0.42	(0.42)
As at March 31, 2020	2.53	2.45	0.07

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	2.53	2.27
Fair value of plan assets	2.45	1.85
Plan liability net of plan assets	0.07	0.42

II) STATEMENT OF PROFIT AND LOSS

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Benefit Expenses:		
Current service cost	0.12	0.12
Interest cost	0.02	(0.01)
Total	0.14	0.11
Finance cost	-	-
Net impact on the profit before tax	0.14	0.11
Remeasurement of the net defined benefit liability:		
Actuarial gains/(losses) arising from changes in demographic assumptions	-	ß
Actuarial gains/(losses) arising from changes in financial assumptions	0.02	0.03
Actuarial gains/(losses) arising from changes in experience	0.03	0.35
Actual return on plan assets less interest on plan assets	(0.11)	(0.06)
Net impact on the other comprehensive income before tax	(0.06)	0.32

III) DEFINED BENEFIT PLANS ASSETS

Category of assets (% allocation)	As at March 31, 2020	As at March 31, 2019
Insurer managed funds		
- Government securities	37.51%	19.62%
- Deposit and money market securities	5.13%	30.59%
- Debentures / bonds	51.75%	44.41%
- Equity shares	5.61%	5.38%
Total	100.00%	100.00%

IV) ACTUARIAL ASSUMPTIONS

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2020	As at March 31, 2019
Discount rate	5.50%	6.70%
Salary escalation rate*	9%	9%

* takes into account the inflation, seniority, promotions and other relevant factors

V) DEMOGRAPHIC ASSUMPTIONS

Mortality in Service : Indian Assured Lives Mortality (2012-14)

VI) SENSITIVITY

(Rs. in crore)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.35%)	0.39%
Salary escalation rate	0.50%	0.37%	(0.34%)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.52%)	0.56%
Salary escalation rate	0.50%	0.55%	(0.51%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

VII) MATURITY

The defined benefit obligations shall mature after year end as follows:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
within 12 months	2.40	2.05
Between 2-5 years	0.01	0.06
Between 5-10 years	0.04	0.07
Beyond 10 years	0.27	0.40

The weighted average duration to the payment of these cash flows is 0.73 years (previous year 1.09 years).

28. SEGMENT INFORMATION

In accordance with Ind AS 108 'Operating Segment', segment information has been given in the Consolidated Financial Statements of IDFC Limited and therefore no separate disclosure on segment information is given in the standalone financial Statements.

29. DIVIDEND PAID AND PROPOSED DURING THE YEAR (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Declared and paid during the year		
Dividends on ordinary shares:		
Final Dividend for 2019: Nil per share (2018: 0.75 per share)	-	119.73
Interim Dividend for 2020: 3.15 per share (2019: Nil per share)	502.85	-
Total dividends paid	502.85	119.73
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2020: Nil per share (2019: Nil per share)	-	-

30. EARNINGS PER SHARE (EPS)

a) The basic earnings per share has been calculated based on the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax available for equity shareholders	64.18	127.89
Weighted average number of equity shares	1,596,358,316	1,596,357,061

b) The reconciliation between the basic and the diluted earnings per share is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Basic earnings per share	0.40	0.80
Effect of outstanding stock options	-	ß
Diluted earnings per share	0.40	0.80

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of shares for computation of Basic EPS	1,596,358,316	1,596,357,061
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS	1,596,358,316	1,596,357,061

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Commitments		
Uncalled liability on shares and other investments partly paid	19.36	64.21
Claims not acknowledged as debts	1.53	-
Other commitments*	69.37	69.37
Total	90.26	133.58

* IDFC Projects Limited, a wholly owned subsidiary of the Company holds 19.90% stake on fully diluted basis in Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL was incorporated for the purpose of construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat and in this respect, JSTPL had executed the concession agreement with NHAI. However, the construction was not fully completed for approx. 20 kms due pending handover of land by NHAI for construction. Due to certain disputes including of revenue sharing, JSTPL served notice of termination on NHAI terminating the project on account of Authority Default and has handed over its toll operations to the NHAI in November, 2016. Due to this, there are no operations in JSTPL. Considering the aforesaid and the net worth of JSTPL, the Company has recognised the impairment in value of its investments in JSTPL.

The Concession Agreement states that in case of default on account of NHAI, NHAI to pay the Debt Due plus 150% of the Adjusted Equity. In case termination was on account of JSTPL's default, NHAI to make payment of 90% of the Debt due less insurance cover. JSTPL and Lenders of JSTPL (through lead banker Punjab National Bank) had filed an appeal for interim relief under section 9 of the Arbitration and conciliation Act before Delhi High Court to get at least 90 % of Debt Due as Termination Payment from NHAI. The Delhi High Court after hearing the matter, decided the appeal in favour of JSTPL and Lenders of JSTPL and directed NHAI to pay 90% of the Debt due as Termination payment to JSTPL. NHAI challenged the order of Delhi High Court (Single Judge) before Division Bench of Delhi High Court, who also upheld the decision of the single judge and directed NHAI to release the termination payment. NHAI challenged the Order of Division Bench of High Court by filing Special Leave Petition ("SLP") in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India upheld the Orders of the High Court and dismissed the SLP of NHAI and directed NHAI to pay Rs. 348.60 crores in the Escrow Account with the Lead Lender, Punjab National Bank (PNB) within 6 (six) weeks from January 05, 2018. Following that, NHAI has released the amount of Rs. 348.60 crores on January 29, 2018 which was distributed to lenders on proportionate basis. However, JSTPL has provided a bank guarantee of the amount of Rs. 348.60 crores to NHAI in compliance with order of Hon'ble Delhi High Court. This bank guarantee is required to be alive till 4 months from the date of arbitration award. Two arbitrations were going on to resolve the dispute between JSTPL, NHAI and Lenders of JSTPL as follows:

Arbitration initiated by Lenders of JSTPL (PNB) against NHAI and JSTPL – This arbitration has been concluded and the Arbitrational Tribunal (AT) has issued the award in favour of the claimant i.e. PNB. The AT has held that the NHAI is liable to pay 90% of Debt Due amount towards termination payment to claimant (PNB). AT has further held that in view of this award, there appears to be no reason to keep the aforesaid bank guarantee by NHAI or to keep the bank guarantee active by JSTPL. Arbitration initiated by JSTPL against NHAI – This arbitration is still going on. Award in this arbitration is expected by December 2020. JSTPL has repaid the entire borrowing including interest to Lenders before 30th June 2018. Out of Rs. 348.60 crores proportionate portion of bank guarantee on a fully diluted basis investment of IDFC Projects Limited in JSTPL of 19.90% i.e. Rs. 69.37 crores has been disclosed as commitments.

IDFC Projects Limited has suspended its business operations since November, 2016 and its net worth has eroded significantly due to accumulated losses from prior year operations. Considering parent - subsidiary relationship, the Company has disclosed IDFC Projects Limited's proportionate share of bank guarantee amounting to Rs. 69.37 crores as commitments towards its subsidiary for the year ended March 31, 2019.

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer note 29B for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 44 for impact of COVID 19 pandemic in the preparation of the Standalone financial statements.

33. CAPITAL MANAGEMENT

The Company maintains a capital base to cover risks inherent in the business and is meeting capital adequacy requirements of the regulator, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016); RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 and RBI circular DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 :

(Rs. in crore)

Capital to risk assets ratio (CRAR):	As at March 31, 2020	As at March 31, 2019
Tier I capital	945.45	1,633.19
Tier II capital	-	-
Total capital	945.45	1,633.19
Risk weighted assets	1,065.04	1,773.76
CRAR (%)	88.77%	92.08%
CRAR - Tier I capital (%)	88.77%	92.08%
CRAR - Tier II capital (%)	-	-
Amount of subordinated debt considered as Tier II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Regulatory capital Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit and non-controlling interests less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India.

34. FAIR VALUE MEASUREMENT

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the note below:

Financial Instruments by Category (Rs. in crore)

Year ended March 31, 2020	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	0.69
Bank Balances other than cash and cash equivalents	-	1.48
Other receivables	-	0.02
Investments:		
- Venture capital fund units	54.64	-
Other financial assets	-	0.37
Total Financial Assets	54.64	2.56
Financial Liabilities:		
Trade and other payables	-	1.58
Other financial liabilities	-	43.12
Total Financial Liabilities	-	44.70

(Rs. in crore)

Year ended March 31, 2019	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	0.54
Bank Balances other than above	-	2.13
Other receivables	-	2.94
Investments:		
- Mutual fund units	371.20	-
- Venture capital fund units	206.05	-
- Alternative investment fund units	25.74	-
- Debt Securities	47.09	-
Other financial assets	-	2.87
Total Financial Assets	650.08	8.48
Financial Liabilities:		
Trade and other payables	-	2.40
Other financial liabilities	-	5.83
Total Financial Liabilities	-	8.23

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2020 (Rs. in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		-	-	-	-
- Venture capital fund units		-	-	54.64	54.64
Total financial assets		-	-	54.64	54.64

Year ended March 31, 2019 (Rs. in crore)

Assets measured at fair value - recurring fair value measurements		Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		371.20	-	-	371.20
- Venture capital fund units		-	-	206.05	206.05
- Alternative investment fund units		-	25.74	-	25.74
- Debt securities		-	47.09	-	47.09
Total financial assets		371.20	72.83	206.05	650.08

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Companies policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price. The fair value of mutual fund units is determined using closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not traded in an active market (such as alternative investment fund units and traded bonds) is determined using valuation techniques which maximizes the use of observable market data. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

b) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units and debt securities is determined using NAV at the reporting date as declared by the issuer. ^
- the fair value of unlisted equity shares are has been valued by an independent valuer.

^ Considering the current scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy the Company has taken appropriate haircuts and provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2020.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and venture capital fund units, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

c) Valuation Process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 and level 2 fair values. This team directly reports to the Chief Financial Officer (CFO). Discussion on valuation processes and result are held between CFO and the team regularly in line with Company's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities and venture capital fund units used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.

d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

(Rs. in crore)

	Venture capital fund units	Total
Year ended March 31, 2019	206.05	206.05
Acquisitions / disposal during the year	(158.65)	(158.65)
Gains/(losses) recognised in profit and loss	7.24	7.24
Year ended March 31, 2020	54.64	54.64

e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair Value as at 31st March 2020	Fair Value as at 31st March 2019	Significant unobservable inputs	Probability-weighted range	Sensitivity
Venture capital fund units	54.64	206.05	Net Asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Company's gain/(loss) by Rs. 4.09 crores.(31st March 2019-14.60 crores)

f) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include cash and bank balances, bank deposits, security deposits, trade and other receivables, trade and other payable, and debt securities.

Security deposits are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

35. FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk policies. These risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The objective is that these financial risks are identified, measured and managed in accordance with the Company's policies in a timely manner. The activities are designed to:

- protect the Company's financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimizing returns;
- protect the Company's financial investments, while maximising returns.

A) CREDIT RISK

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL (viz, debt securities, mutual fund units, alternative investment fund units and venture capital fund units).

Expected credit loss methodology:
Ind As 109 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company. The Company has established credit quality review process which considers net asset position, financial strength and leverage; operational & financial performance; cash flows, etc. in identification of creditworthiness of counterparties.
- Stage 2 - Financial instruments with significant increase in credit risk, but not yet deemed to be credit impaired are moved to Stage 2.
- Stage 3 - Credit impaired financial instruments are moved to stage 3.

The Company performs internal risk assessment on an individual basis and not on a portfolio basis due to the limited number of counterparties involved. The assessment of credit risk of a loans (including loan commitments) entails estimations as to the likelihood of loss occurring due to default of counterparties. The estimation of credit exposure for risk management purposes is complex and considers expected cash flows and the passage of time.

Default and credit-impaired asset:
The Company defines a financial asset as in default or credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria:
The borrower is more than 90 days past due on its contractual payments to be considered in default.

- Qualitative criteria:
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

For all financial instruments held by the Company, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

Policy for write-off of financial assets
All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

Explanation of inputs and assumptions considered in the ECL model:
PD Estimation:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

For Stage 1, 12 month PD are calculated.

For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.

For Stage 3, Lifetime PD is taken as 100%.

Exposure at default:
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a "credit conversion factor (CCF)" which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

In case of loans to IDFC Projects, on account of limited credit information available and no prior history with other forms of operations, the Company has used the standard LGD prescribed in the RBI norms for Capital Adequacy — "Internal Ratings Based (IRB) Approach to Calculate Capital Requirement for Credit Risk" after giving considerations to the required threshold levels of collateralization.

The Expected Credit Loss (ECL) is measured either on a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

In determining the ECL, management assesses a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional facts and circumstances, that in management's judgment are considered to have been inadequately addressed in the ECL Model, are taken into consideration through the application of a management overlay framework. ECL adjustments arising from the exercise of the management overlay are subject to a review.

Credit risk exposure:
The following table contains an analysis of Company's exposure to credit risk towards loan commitments for which and ECL allowance is recognised:

i) An analysis of change in the gross carrying amount of the loan and corresponding loss allowance:

(i) The following table explains changes in the gross carrying amount of the loan to help explain the significance to changes in the loss allowance for the same loans as discussed below:

(Rs. in crore)

Loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2018	18.62	-	24.07	42.69
- New loans originated or advanced	-	-	27.43	27.43
- Asset derecognised or repaid	(18.62)		(12.98)	(31.60)
- Assets written off	-	-	(38.52)	(38.52)
Closing balance as at March 31, 2019	-	-	-	-
- Movemnet during the year	-	-	-	-
Closing balance as at March 31, 2020	-	-	-	-

(ii) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period due to various factors:

(Rs. in crore)

Loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2018	-	-	24.07	24.07
- New loans originated or advanced	-	-	27.43	27.43
- Asset derecognised or repaid	-		(12.98)	(12.98)
- Asset derecognised	-	-	-	-
- Assets written off	-	-	(38.52)	(38.52)
Impairment allowance as at March 31, 2019	-	-	-	-
- Movemnet during the year	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	-	-

(iii) Reconciliation of ECL - Loan commitments*

(Rs. in crore)

	Stage 1 (12M ECL)	Stage 2 (12M ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2018	-	-	28.15	28.15
- arising during the year	-	-	-	-
- utilised	-	-	(5.52)	(5.52)
Impairment allowance as at March 31, 2019	-	-	22.63	22.63
- arising during the year	-	-	-	-
- utilised	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	22.63	22.63

*Refer note 31 for details of loan commitments provided to IDFC Projects Limited.

ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of impairment allowance on trade and other receivables

	Rs. in crore
Impairment allowance as at March 31, 2019	6.01
Add/(less): changes in loss allowance	7.72
Impairment allowance as at March 31, 2020	13.73

iii) Other financial assets

The Company maintains exposure in cash and cash equivalents, deposits with banks. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

For investment in debt securities, mutual fund units, alternative investment fund units and venture capital fund units carried at fair value through profit and loss, the Company does not have significant concentration of credit risk.

The maximum exposure at the end of the reporting period is the carrying amount of these investments Rs. 54.64 crores (March 31, 2019: Rs. 650.08 crores)

The Company continues to provide the financial support to its Wholly Owned Subsidiay "IDFC Projects Limited" to meet its obligations as and when they fall due for payment; as the networth of the subsidiary is fully errorded. During the year, the Company has provided an advance of Rs. 0.50 crore which has been fully provided.

Reconciliation of impairment allowance on other financial assets

	Rs. in crore
Impairment allowance as at March 31, 2019	-
Add/(less): changes in loss allowance	0.50
Impairment allowance as at March 31, 2020	0.50

B) MARKET RISK

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

i) Fair value interest rate risk:

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value changes due to interest rate changes from investments held in units of debt-oriented securities. The Company's exposure to interest rate risk is as follows:

Exposure

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Investment in mutual fund units	-	371.20
Investment in debt securities	-	47.09
Total	-	418.29

Sensitivity

The Company's investments in debt-oriented securities are in highly rated schemes and financial institutions. The fund's objective is to invest in high quality debt and money market instruments rated and are measured with reference to 91 days T-bill rates.

The table summarises the impact of the increase/decrease of the benchmark on the Company's profit for the period. The analysis is based on the assumption that the 91 days T-bill has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Company's investments moved in line with the benchmark.

(Rs. in crore)

	Impact on profit after tax	
	Year ended March 31, 2020	Year ended March 31, 2019
Investment in mutual fund units:		
- 91 days T-bill : Increase 100 bps (previous year 100 bps)	-	2.93
- 91 days T-bill : Decrease 100 bps (previous year 100 bps)	-	(2.93)

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to the investment in mutual fund units, the Company has indirect exposure to interest rate changes on Net Asset value of mutual fund units. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Company's investment in mutual fund units.

ii) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date.

iii) Price risk:

The price risk arises from investments in alternative investment fund and venture capital fund units classified in the balance sheet as financial instruments measured at fair value through profit or loss. The future uncertain changes in the Net Asset Value of the Company's investment exposes the Company to the price risk.

Exposure (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Investment in alternative investment fund units	-	25.74
Investment in venture capital fund units	54.64	206.05
Total	54.64	231.79

Sensitivity - Investment in alternative investment fund

The table below summarises the impact of increases/decreases of the benchmark on the Company's investment and profit for the period. The analysis is based on the assumption that the NSE Nifty 50 index had increased by 9.71% or decreased by 9.71% with all other variables held constant, and that all the Company's investment moved in line with the benchmark.

	Impact on profit after tax*	Impact on profit after tax*
	Year ended March 31, 2020	Year ended March 31, 2019
Investment in alternative investment fund units:		
- Nifty 50 : Increase previous year 9.71%	-	0.88
- Nifty 50 : Decrease previous year 9.71%	-	(0.88)

* Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit or loss.

Sensitivity - Investment venture capital fund

The table below summarises the impact of increases/decreases in the net asset value of Company's investment in venture capital fund units.

	Impact on profit after tax*	Impact on profit after tax*
	Year ended March 31, 2020	Year ended March 31, 2019
Investment in venture capital fund units:		
- Increase 10% (previous year 10%)	5.46	20.60
- Decrease 10% (previous year 10%)	(5.46)	(20.60)

* Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit or loss.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low.

Maturity analysis:

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(Rs. in crore)

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	1.58	-	1.58
Other financial liabilities	13	43.12	-	43.12
Total financial liabilities		44.70	-	44.70

As at March 31, 2019	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	2.40	-	2.40
Other financial liabilities	13	5.83	-	5.83
Total Financial liabilities		8.23	-	8.23

36. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in crore)

	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	0.69	-	0.69	0.54	-	0.54
Bank balance other than cash and cash equivalents above	1.48	-	1.48	2.13	-	2.13
Receivables						
(I) Trade receivables	-	-	-	-	-	-
(II) Other receivables	0.02	-	0.02	2.94	-	2.94
Investments	-	9,285.96	9,285.96	418.29	9,304.15	9,722.44
Other financial assets	-	0.37	0.37	2.87	-	2.87
Non-financial assets						
Income tax assets	-	3.03	3.03	-	37.56	37.56
Property, plant and equipment	38.00	0.15	38.15	-	51.93	51.93
Other non-financial assets	2.18	-	2.18	0.30	-	0.30
Total assets	42.37	9,289.51	9,331.88	427.07	9,393.64	9,820.71
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.58	-	1.58	2.40	-	2.40
Other financial liabilities	43.12	-	43.12	5.83	-	5.83
Non-financial Liabilities			-			
Income tax liabilities (net)	1.21	-	1.21	1.03	-	1.03
Deferred tax liabilities (Net)	7.14	-	7.14	8.83	-	8.83
Provisions	0.06	22.63	22.69	0.21	22.63	22.84
Other non-financial liabilities	0.58	-	0.58	1.04	-	1.04
Total liabilities	53.69	22.63	76.32	19.34	22.63	41.97

37. EMPLOYEE SHARE BASED PAYMENTS

a) Employee stock option scheme (equity settled) -IDFC Limited

The Company introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the Company and its subsidiaries to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Company under the ESOS is recognised as an employee benefits expense with a corresponding increase in 'Share Option Outstanding Account' under 'Other Equity'. The fair value of options granted to the employees of subsidiaries or associate of the Company is recognised as an increase in the investment in the respective subsidiaries or associate, with a corresponding credit to 'Share Option Outstanding Account' under 'Other Equity' in accordance with group share based payment guidance under Ind AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in a graded manner. Vested options are exercisable for the period of five years after the vesting.

i) Set out below is a summary of options granted under the plan:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	68.52	27,216,085	73.80	26,917,685
Granted during the year	-	-	55.75	8,400,000
Exercised during the year	-	-	43.40	(3,750)
Forfeited during the year	66.87	(6,104,000)	70.89	(7,001,350)
Lapsed/expired during the year	81.48	(7,830,667)	82.60	(1,096,500)
Closing balance	61.64	13,281,418	68.52	27,216,085
Vested and exercisable	61.63	13,240,018	74.69	18,500,593

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2020 was Rs. Nil (previous year Rs. 43.40).

ii) Share options outstanding at the March 31, 2020 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
06-Jun-11	26-Apr-17 to 1-Apr-19	81.96	-	7,350,000
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	-	30,000
08-Jun-12	08-Jun-19	129.7	-	200,000
20-May-13	20-May-19 to 31-Jan-19	99.26	-	66,667
01-Aug-13	01-Aug-19 to 01-Aug-21	66.33	-	200,000
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	42,000	46,000
01-Oct-13	01-Oct-19 to 01-Oct-21	53.34	-	400,000
03-Mar-14	03-Mar-20 to 03-Mar-22	56.97	-	1,250,000
01-Jul-14	01-Jul-20 to 01-Jul-22	81.84	-	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	-	600,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	700,000	1,000,000
03-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	2,034,564	3,889,364
03-Nov-15	03-Nov-21 to 03-Nov-23	58.4	-	325,000
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	300,000	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.4	100,000	175,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.9	158,754	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.2	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	103,500	178,500
27-Apr-18	27-Apr-23	55.4	8,200,000	8,400,000
Total			13,281,418	27,216,085
Weighted average remaining contractual life of options outstanding at end of period			3.20	2.47

iii) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the stock option.

There are no ESOPs granted during the year ended March 31, 2020.

The model inputs for options granted during the year ended March 31, 2020 included:

Assumptions	Year ended March 31, 2020	Year ended March 31, 2019
Expected - Weighted average volatility*	NA	39.03%
Expected dividends	NA	0.45%
Expected term (In years)	NA	3
Risk free rate	NA	7.44%
Market price	NA	55.4
Grant date	NA	27-Apr-18
Expiry date	NA	27-Apr-22
Fair value of the option at grant date	NA	18.87

* The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) Employee stock option scheme (equity settled) - IDFC FIRST Bank Limited

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an indirect associate of the Company, got demerged from the Company under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted employee stock options to the employees of the Company and it's subsidiaries. The employee share based payments arrangement between the Company and its associate is outside the scope of Ind AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind AS 8, the Company has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind AS 102.

Applying Ind AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Company is recognised as an employee benefits expense with a corresponding decrease in investment in associate. However, the fair value of options granted to the employees of subsidiaries of the Company is recognised as an increase in the investment in the respective subsidiaries and a decrease in investment in associate.

c) Amounts recognised in statement of profit and loss and investment in subsidiary:

The Company had established an intermediate Non-Operating Financial Holding Company (NOFHC) (i.e. IDFC Financial Holding Company Limited) to hold the investment in IDFC FIRST Bank Limited (an associate of the Company) and other subsidiaries of the Company due to regulatory requirements of RBI. Since the Company does not hold direct investment in its associate and other subsidiaries involved in group, the Company increases or decreases its investment in IDFC Financial Holding Company Limited, to give the effect of increase or decrease in the investment in subsidiary or associate for accounting employee stock options.

i) Total expenses arising from share-based payment transactions recognised in statement of profit or loss as part of employee benefit expense for the year ended March 31, 2020 is Rs. 1.10 crores [previous year Rs. 14.60 crores].

ii) Under group share based payment arrangement, the total increase in the investment in IDFC Financial Holding Company Limited for the year ended March 31, 2020 amounted Rs. 0.02 crores (previous year Rs. (1.05) crores).

38. RELATED PARTY TRANSACTIONS

List of related party where transaction exists.

a) Subsidiaries

Direct:

Name	Place of incorporation	Ownership Interest	
		As at March 31, 2020	As at March 31, 2019
IDFC Foundation	India	100%	100%
IDFC Financial Holding Company Limited	India	100%	100%
IDFC Alternatives Limited (w.e.f November 14, 2019)	India	100%	-
IDFC Trustee Company Limited (w.e.f November 14, 2019)	India	100%	-
IDFC Projects Limited	India	100%	100%

Indirect:

IDFC Alternatives Limited (till November 13, 2019)
IDFC Trustee Company Limited (till November 13, 2019)
IDFC Asset Management Company Limited
IDFC AMC Trustee Company Limited
NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (upto March 11, 2019)
IDFC Securities Limited

b) Joint ventures

Indirect:

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited

c) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited (earlier known as "IDFC Bank Limited)
NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (w.e.f March 12, 2019 till March 30, 2020)
Jetpur Somnath Tollways Private Limited

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO
Mr. Bipin Gemani - Chief Financial Officer (w.e.f December 19, 2018)
Mr. Vinod Rai - Independent Director
Mr. Soumyajit Ghosh - Nominee Director
Mr. Manish Kumar - Nominee Director (upto June 11, 2018)
Mr. Gautam Kaji- Independent Director (upto July 31, 2018)
Mr. Donald Peck - Independent Director (upto July 31, 2018)
Mr. Anshuman Sharma - Nominee Director (w.e.f August 08, 2018)
Ms. Ritu Anand -Independent Director (w.e.f. August 16, 2019)
Ms. Marriane Okland - Independent Director (upto September 30, 2019)
Mr. Chintamani Bhagat - Nominee Director (upto September 30, 2019)
Mr. S S Kohli - Independent Director (upto September 30, 2019)
Mr. Ajay Sondhi - Independent Director (w.e.f. November 08, 2019)

Sitting fees and Commission to directors has been disclosed as "Directors' Sitting Fees" & "Commission to directors" under "other expenses" in note 25.

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefit	7.16	5.11
Long-term employee benefit	1.04	0.47
Total	8.20	5.58

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

(Rs. in crore)

	Subsidiaries		Associates		Joint Ventures	
	2020	2019	2020	2019	2020	2019
INCOME						
Dividend	103.88	120.99	-	-	-	-
Interest	0.01	17.89	1.95	0.76	-	-
EXPENDITURE						
Shared service cost recovery	(2.54)	(9.52)	(1.29)	(1.98)	(0.40)	-
Shared service cost	1.56	0.36	0.27	0.55	-	-
CSR contribution	0.76	0.78	-	-	-	-
Interest cost	0.85	-	-	-	-	-
Brokerage on sale of investments	-	ß	-	-	-	-
ASSETS / TRANSACTIONS						
Purchase / subscription of investments	200.10	51.50	-	-	-	-
Sale of investments	105.79	-	-	-	-	-
Subscription of bonds/ outstanding bonds	-	-	-	49.50	-	-
Current account balance	-	-	2.15	2.66	-	-
Fixed deposits placed	-	-	24.89	459.95	-	-
Fixed deposits matured	-	-	24.89	459.95	-	-
Fixed deposits - Balance outstanding	-	-	-	-	-	-
Inter-corporate deposits (placed)	1.00	392.79	-	-	-	-
Inter-corporate deposits (matured)	1.00	392.79	-	-	-	-
Inter-corporate deposits (taken)	37.00	-	-	-	-	-
Inter-corporate deposits -Balance outstanding	37.00	-	-	-	-	-
Advances given	0.50	27.16	-	-	-	-
Advances recovered	-	69.85	-	-	-	-
Interest accrued on bonds - balance outstanding	-	-	-	1.14	-	-
Interest accrued on inter corporate deposit taken - balance outstanding	0.76	-	-	-	-	-
Outstanding Equity investment - at cost	9,327.89	9,127.79	35.62	35.62	-	-
LIABILITIES / TRANSACTIONS						
Trade payable- balance outstanding	-	-	-	-	4.99	5.09

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

(a) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(Rs. in crore)

		As at March 31, 2020		As at March 31, 2019	
		Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
1	**Related parties**				
	(a) Subsidiaries	9,289.61	9,231.32	8,913.82	9,036.74
	(b) Companies in the same group	-	-	35.62	35.62
	(c) Other related parties	-	-	-	-
2	**Other than related parties**	54.64	54.64	650.08	650.08
	Total	9,344.25	9,285.96	9,599.52	9,722.44

(b) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(Rs. in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	54.64	-	9,231.32	9,285.96
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Previous Year (Rs. in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	47.09	396.94	206.05	-	9,072.36	9,722.44
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

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

(c) Exposures to Capital Market (Rs. in crore)

		As at March 31, 2020	As at March 31, 2019
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	74.00	270.26
Total Exposure to Capital Market		74.00	270.26

(d) Penalties / fines imposed by the RBI

During the year ended March 31, 2020 there was no penalty imposed by the RBI (Previous Year Nil).

40. The following additional information is disclosed in terms of the RBI circular (Ref. No. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
Performing Assets						
Standard	-	-	-	-	-	-
Non-Performing Assets (NPA)						
Substandard	Stage 3	7.83	7.83	-	0.78	7.05
Doubtful - up to 1 year						
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss	Stage 3	6.40	6.40	-	6.40	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	69.37 *	22.63	-	-	22.63
Total		14.23	36.87	-	7.19	29.68

* Asset is not recognised in books of accounts. The Company has applied Credit conversion factor (CCF) of 50% and probability of default (PD) of 65% on contingent liability of Rs. 69.37 crore as disclosed in note 31.

41. ADDITIONAL DISCLOSURES

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in the Statement of Profit and Loss:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Impairment on financial instruments	8.33	8.95
Impairment on investment in subsidiaries	-	12.98
Impairment on investment in associates	35.62	-
Impairment on Plant, Property and Equipment	8.14	-
Total	52.09	21.93

(b) Disclosure of complaints

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Shareholders' complaints:		
No. of complaints pending at the beginning of the year	17	Nil
No. of complaints received during the year	561	428
No. of complaints disposed off during the year	578	411
No. of complaints remaining unresolved at the end of the year	Nil	17

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

42. Ratings assigned by credit rating agencies and migration of ratings during the year

	As at March 31, 2020	As at March 31, 2019
(i) Rating Assigned	-	A1+
(ii) Date of Rating	-	Short Term - 24-12-2018
(iii) Rating Valid upto	-	24-12-2019
(iv) Name of the Rating Agency	-	ICRA Limited

The said rating was withdrawn on January 27, 2020.

43. Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2020 and March 31, 2019 following disclosures required as per NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 are not applicable to the Company and hence are not disclosed:

(i) Disclosures regarding Derivatives.

(ii) Disclosures relating to Securitization.

(iii) Exposure to Real Estate Sector.

(iv) Details of financing of parent company products.

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

(vi) Unsecured Advances.

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

(viii) Sector-wise NPAs.

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

(x) Off-balance sheet SPVs sponsored.

44. IMPACT OF COVID

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The outbreak was identified in China and on March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. Various governments have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus.

The Company is an investing company for the group. The Company has its investments in subsidiaries and associates of the group. The Company has made a detailed assessment of its liquidity position for the next one year which factors uncertainties due to the current situation resulting in possible reduction in future income, diminution in the value of investee companies of the funds in which the Company has invested in. This situation is likely to continue for the next two quarters based on current assessment.

The Company has further assessed the recoverability and carrying value of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables and Investments as at balance sheet date, and has concluded that there are no material adjustments required in the standalone financial Statements, other than those already considered. The Management has performed detailed analysis of the fair value of its unquoted and illiquid investments and provisions for impairment have been considered in the standalone financial statements.

Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the Standalone financial statements. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions.

45. CHANGES IN ACCOUNTING POLICY

Impact on the financial statements - lease accounting

The Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparative for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. Since the impact of the same is immaterial, the Company has not given any numerical impact . The new accounting policies are disclosed in note 1B of significant accounting policies.

46. The figures of Rs. 50,000 or less have been denoted by ß.

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of IDFC Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, of consolidated total comprehensive expense (comprising of loss and other comprehensive expense), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 21 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 22 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. In respect of the Holding Company and four subsidiaries of the Group audited by us (including, IDFC Asset Management Company Limited, IDFC Securities Limited, IDFC Financial Holding Company Limited and IDFC Foundation), we draw your attention to Note 55 to Consolidated Financial Statement, which describes the Group's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Group. As mentioned in the note, necessary adjustments were made by the Group to the financial statements consequent to the impact of the outbreak of Covid-19, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

5. In respect of IDFC Alternatives Limited(a subsidiary of the Holding Company),we draw attention to note 45(a) to the Consolidated Financial Statement, regarding preparation of financial statements on realizable value basis, pursuant to the Group's decision to discontinue the operations of the Company in view of reasons stated therein. Further, we also draw reference to note 55to the Statements which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the net realisable values. The Group believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

6. In respect of IDFC Trustee Company Limited and IDFC Projects Limited (subsidiaries of the Holding Company), we draw attention to Note 45(a) to the Consolidated Financial Statement regarding preparation of the financial statements of these companies on a realisable value basis, pursuant to the Group's decision to discontinue the operations of these companies. Our opinion is not modified in respect of this matter.

7. In respect to IDFC Foundation (a subsidiary of the Holding Company), we draw your attention to Note 45(b) to the Consolidated Financial Statement regarding non laying of Consolidated Financial Statements of the Company for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Act and consequent to which there is a non-compliance with the provisions of Section 137(1) of the Act to the extent this section is applicable to the consolidated financial statements. The consequential impact of these non-compliances is presently not ascertainable pending

disposal of application filed by the Company for compounding of these contraventions before the Regional Director. Our opinion is not modified in respect of this matter.

8. We draw attention to following emphasis of matter paragraphs as included in the audit report on the Special purpose condensed consolidated financial information of IDFC FIRST Bank Limited (an associate of the Holding Company), its subsidiary and its associate, issued by their auditors vide report dated May 29,2020:

    i. "We draw attention to the 'Basis of preparation' paragraph of Annexure 1 of the accompanying Reporting package which explains that Reporting package is not presented in accordance with and does not include all the information required to be disclosed as per Ind AS and accounting principles generally accepted in India. Accordingly, the accompanying Reporting Package is not intended to give a true and fair view of the financial position of the Group as at 31 March 2020, or the results of its operations or its cash flows for the year then ended in accordance with accounting principles generally accepted in India.

    ii. We draw attention to Note 3 of the Reporting Package, which explains the accounting of the merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited (the "CFL Group") with the Bank, resulting in recognition and accelerated amortization of Intangible assets through Profit and Loss Account during the year ended 31 March 2019.

    iii. We draw attention to Note 6 of the accompanying Reporting package, the extent to which the COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

    Our opinion is not modified in respect of the above matters."

    Note 3 as described in the point ii. above corresponds to Note 45(g) of the Consolidated Financial Statement.

    Note 6 as described in the point iii. above corresponds to Note 50 of the Consolidated Financial Statement.

Key Audit Matters

9. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment on the Investment carried at cost (Refer to note 6 to the financial statements.) The Company has gross Investments aggregating to Rs. 6,262.71 crores in associates and joint ventures and the associated impairment allowances aggregated to Rs. 2.87 crores which are significant to the financial statements. Impairment allowances represent management's estimate within the investment portfolios at the balance sheet date and are inherently judgmental. The impairment assessment under Ind-AS 36 'Impairment of Assets' requires an assessment of the investment basis various parameters including but not limited to the net worth of the underlying investments, significant change in the economic environment and basis other internal and external information which may affect adversely to these investments in subsidiaries and associates. Each assessment is subject to (significant) judgement and estimation uncertainty e.g. future level of business at the subsidiaries and associates. Given the inherent subjectivity in the assessment of the above investments, identifying triggering events for impairment and performing impairment testing involves significant judgement, and given the combined magnitude of the assets at risk, we determined this to be a key audit matter.	The audit procedures performed by us to check the impairment allowance on investments include the following: ● We understood and tested design and operating effectiveness of the key controls over – ♦ the Management assessment of triggers for impairment assessment; ♦ the completeness and accuracy of source data used by the Management in the impairment allowance computation. ♦ review of impairment allowance computations for its reasonableness by the management. ● We, evaluated and validated various parameters considered by the Management for assessment of impairment allowance. ● We also checked the completeness and accuracy of source data used. ● We recomputed the impairment allowance for the investments across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind AS 36). ● We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements. Based on the procedures performed above, the provision for impairment as recognized by the management in standalone financial statements is considered to be reasonable.

Other Information

10. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

11. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

12. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 21 and 22 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

13. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its Associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

14. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

15. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

16. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

17. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

18. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

19. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

20. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

21. We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of Rs. 77.34 crores and net assets of Rs. 75.95 crores as at March 31, 2020, total revenues of Rs. 13.12 crores, total net profit after tax of Rs. 4.37 crores, total comprehensive income of Rs. 1.56 crores and net cash outflows of Rs. 124.75 crores 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 loss after tax of Rs. 1,005.61 crores and total comprehensive expense (comprising of loss and other comprehensive expense) of Rs. 1440.81 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of one associate and one joint venture, whose financial statements / financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors

22. We did not audit the financial statements/financial information of one subsidiary , whose financial statements/ financial information reflect total assets of Rs. 0.05 crores and net liability of Rs. 1.44 crores as at March 31, 2020, total revenue of Rs. 0.01 crores, total net loss after tax of Rs. 0.19 crores, total comprehensive expense of Rs. 0.19 crores and net cash flows of Rs. 0.02 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit after tax of Rs. 1.17 crores and total comprehensive income (comprising of profit and other comprehensive expense) Rs. 0.98 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of two associates and one joint venture, whose financial statements / financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these

subsidiaries, joint venture and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

23. We draw attention to following paragraphs included in the audit report on the consolidated special purpose financial information of IDFC FIRST Bank Limited (an associate of the Holding Company) and its subsidiary and its associate, issued by an independent firm of chartered accountants vide its report dated May 29,2020:

    i. "The Holding Company has prepared a separate set of consolidated financial statements, which are the statutory consolidated financial statement of the Group, for the year ended 31 March 2020 in accordance with the accounting principles generally accepted in India, on which we have issued a separate auditor's report to the members of the Holding Company dated 22 May 2020.

    The comparative financial information of the Group for the year ended 31 March 2020 included in the Reporting package is not audited by us. The comparative financial information of the Group for the year ended 31 March 2019 included in the Reporting package has been audited by the predecessor auditor who had expressed an unmodified opinion dated 28 May 2019 on the audited Reporting package for the year ended 31 March 2019.

    Our opinion on the Reporting Package is not modified in respect of this matter."

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

Report on Other Legal and Regulatory Requirements

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

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

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associates and joint ventures– Refer Note 41 to the consolidated financial statements.

        ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020– Refer (a) Note 49.3 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) Note 52 for the Group's share of net profit/loss in respect of its associates.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

25. The Group, its associates and joint ventures has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN:20042190AAAABU5152

Place: Mumbai
Date: June 25, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 24(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the consolidated financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of IDFC Limited (hereinafter referred to as "the Holding Company")and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to three subsidiaries and one joint venture company incorporated in India namely IDFC IEH Conservative Fund, IDFC IEH Tactical Fund, India Multi Avenues Fund Limited and India PPP Capacity Building Trust, pursuant to MCA notification GSR 583(E) dated June 13, 2017 as these are the entities other than Companies.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.(Also refer paragraph 4 to 8 of the main audit report).

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one associate companies and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN:20042190AAAABU5152

Place: Mumbai
Date: June 25, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

(Rs. in crore)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	677.90	150.09
Bank balances other than cash and cash equivalents	4	46.10	113.93
Derivative financial instruments	14	4.29	1.66
Receivables			
(i) Trade receivables	5A	17.95	13.64
(ii) Other receivables	5B	0.50	2.94
Investments	6		
- Accounted for using equity method		6,259.84	7,628.00
- Others		421.00	1,045.27
Other financial assets	7	17.72	63.05
Non-financial assets			
Income tax assets (net)	8	51.54	81.69
Deferred tax assets (net)	9	0.66	-
Property, plant and equipment	10	86.01	102.63
Right of Use Asset	16	45.64	-
Goodwill	11a	779.17	779.17
Other intangible assets	11	7.50	3.07
Other non-financial assets	12	34.62	66.33
Contract asset	13	-	59.28
Assets directly associated with disposal group classified as held for sale	36	118.62	447.12
Total assets		8,569.06	10,557.87
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	14	0.42	0.08
Payables			
(I) Trade payables	15A		
(i) total outstanding dues of micro enterprises and small enterprises		0.25	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		13.49	20.97
(II) Other payables	15B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		0.03	3.63
Lease liabilities	16	47.34	-
Other financial liabilities	17	60.93	61.75
Non-financial Liabilities			
Income tax liabilities (net)	18	11.68	18.35
Provisions	19	26.01	14.44
Deferred tax liabilities (net)	20	5.78	13.12
Other non-financial liabilities	21	37.86	24.59
Liabilities directly associated with disposal group classified as held for sale	36	44.58	16.13
EQUITY			
Equity share capital	22	1,596.36	1,596.36
Other equity	23	6,724.33	8,788.45
Equity attributable to owners of IDFC Limited		8,320.69	10,384.81
Total liabilities and equity		8,569.06	10,557.87

See accompanying notes to the consolidated financial statements

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

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE FROM OPERATIONS			
Interest income	24	20.14	14.73
Net gain on fair value changes	25	12.68	31.32
Fees income		306.16	309.09
Dividend income	26	1.74	0.33
Total revenue from operations		340.72	355.47
Other income	27	32.13	162.67
Total income		372.85	518.14
EXPENSES			
Finance costs	28	2.58	5.51
Impairment on financial instruments	29	11.22	37.55
Employee benefits expenses	30	118.94	139.06
Depreciation, amortisation and impairment	31	31.57	13.93
Other expenses	32	120.20	177.15
Total expenses		284.51	373.20
Profit/(Loss) before share of net profits of investments accounted for using equity method and tax		88.34	144.94
Share of net profit/(loss) of associates and joint ventures accounted for using equity method		(1,004.45)	(845.97)
Profit/(Loss) before tax from continuing operations		(916.11)	(701.03)
INCOME TAX EXPENSE:			
- Current tax		67.47	73.42
- Deferred tax		(7.22)	(192.49)
- Tax adjustment for prior years		0.14	(29.39)
Total tax expense		60.39	(148.46)
Profit/(Loss) from continuing operations		(976.50)	(552.57)
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations		(19.18)	(234.28)
Income tax expense of discontinued operations		0.45	35.19
Net profit/(loss) from discontinued operation		(19.63)	(269.47)
Profit/(loss) for the year		(996.13)	(822.04)
Other comprehensive income ('OCI')			
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		(378.87)	35.68
- Income tax relating to these items		-	(7.23)
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.85)	(3.55)
- OCI arising from discontinued operation		1.12	(2.27)
- Share of OCI of associates and joint ventures accounted for using equity method		(56.47)	(78.51)
- Income tax relating to these items		0.20	17.04
Other comprehensive income (net of tax)		(434.87)	(38.84)
Total comprehensive income		(1,431.00)	(860.88)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit/(Loss) is attributable to:			
- Owners		(994.90)	(839.18)
- Non-controlling interests		(1.23)	17.14
Other comprehensive income is attributable to:			
- Owners		(434.87)	(38.80)
- Non-controlling interests		-	(0.04)
Total comprehensive income is attributable to:			
- Owners		(1,429.77)	(877.98)
- Non-controlling interests		(1.23)	17.10
Total comprehensive income attributable to owners:			
- Continuing operations		(1,412.50)	(589.14)
- Discontinued operations		(18.50)	(271.74)
Earnings per equity share (for continuing operations):			
- Basic (Rs.)		(6.12)	(3.46)
- Diluted (Rs.)		(6.12)	(3.46)
Earnings per equity share (for discontinued operations):			
- Basic (Rs.)		(0.12)	(1.69)
- Diluted (Rs.)		(0.12)	(1.69)
Earnings per equity share (for continuing and discontinued operations):			
- Basic (Rs.)		(6.24)	(5.15)
- Diluted (Rs.)		(6.24)	(5.15)

See accompanying notes to the consolidated financial statements

This is the consolidated statement of profit and loss referred to in our report of even date.

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

	Number	Amount
		(Rs. in crore)
As at March 31, 2018	1,596,354,566	1,596.35
Issued during the year	3,750	0.01
As at March 31, 2019	1,596,358,316	1,596.36
Issued during the year	-	-
As at March 31, 2020	1,596,358,316	1,596.36

B. Other equity

(Rs. in crore)

	Reserves and surplus						Other comprehensive income		
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options out-standing account	Foreign currency translation reserve	Equity instru-ments through OCI	Total other equity
As at March 31, 2018	2,523.46	3,053.25	1,077.46	314.53	2,691.82	13.51	0.66	4.91	9,835.88
Profit for the year	-	-	-	-	(839.18)	-	-	-	(821.33)
Other comprehensive income	-	-	-	-	(37.87)	-	-	(0.94)	(38.84)
Total comprehensive income for the year	-	-	-	-	(877.05)	-	-	(0.94)	(860.17)
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	13.78	-	-	13.78
ii) Options exercised during the year	0.01	-	-	-	-	(0.62)	-	-	(0.61)
iii) Options lapsed during the year	-	-	-	-	2.74	(2.74)	-	-	-
iv) Options cancelled during the year	-	-	-	-	-	(1.32)	-	-	(1.32)
- Dividends paid	-	-	-	-	(119.73)	-	-	-	(119.73)
- Dividend distribution tax	-	-	-	-	(10.97)	-	-	-	(10.97)
- Adjustment on sale of subsidiary [refer note 36 (a)]	-	-	(32.53)	-	32.53	-	-	-	(151.15)
- Consolidation of subsidiary	-	-	-	-	-	-	-	-	5.57
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	78.57	-	-	-	78.57
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	27.11	-	27.11
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	73.04	-	(73.04)	-	-	-	-
As at March 31, 2019	2,523.47	3,053.25	1,117.97	314.55	1,724.86	22.61	27.77	3.97	8,788.45
Change in accounting policy (refer note 56)	-	-	-	-	(2.21)	-	-	-	(2.21)
Restated balance at April 1, 2019	2,523.47	3,053.25	1,117.97	314.55	1,722.65	22.61	27.77	3.97	8,786.24
Profit for the year	-	-	-	-	(994.90)	-	-	-	(994.90)
Other comprehensive income	-	-	-	-	(434.87)	-	-	-	(434.87)
Total comprehensive income for the year	-	-	-	-	(1,429.77)	-	-	-	(1,429.77)
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	1.10	-	-	1.10
ii) Options exercised during the year	-	-	-	-	-	-	-	-	-
iii) Options lapsed during the year	-	-	-	-	0.98	(4.62)	-	-	(3.64)
iv) Options cancelled during the year	-	-	-	-	-	-	-	-	-
- Dividends paid	-	-	-	-	(502.85)	-	-	-	(502.85)
- Dividend distribution tax	-	-	-	-	(128.12)	-	-	-	(128.12)
- Others	-	-	-	-	(13.31)	-	-	-	(13.31)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	24.37	-	-	-	24.37
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9.69)	-	(9.69)
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	39.37	-	(39.37)	-	-	-	-
As at March 31, 2020	2,523.47	3,053.25	1,157.34	314.55	(365.42)	19.09	18.08	3.97	6,724.33

Total equity (primarily surplus in statement of profit and loss) includes Rs. 42.16 crores (March 31, 2019: Rs. 50.18 crores) pertaining to IDFC Foundation held for specified purposes.

See accompanying notes to the consolidated financial statements

This is the consolidated statement of changes in equity referred to in our report of even date

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax from:			
- Continuing operations		(916.11)	(701.03)
- Discontinued operations		(19.18)	(234.28)
- Other Comprehensive Income		(434.87)	(38.84)
Profit/(Loss) before tax including discontinued operations		(1,370.16)	(974.15)
Adjustments :			
Depreciation, amortisation and impairment	31	31.57	13.93
Net (gain) / loss on sale of property, plant and equipments	27	(0.02)	0.02
Impairment of financial instruments	29	11.22	37.55
Employee share based payment expense	30	5.94	19.20
Net (gain) / loss on sale of investments including fair valuation	25	(12.68)	(31.32)
Dividend income	26	(1.74)	(0.33)
Goodwill Impairment	11	-	367.22
Interest expense	28	2.58	5.51
Interest income	24	(20.14)	(14.73)
Operating profit before working capital changes		(1,353.43)	(577.10)
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	(1.87)	10.09
Loans	6	-	4,190.31
Other financial assets	7	31.49	(25.75)
Other non financial assets	12	90.99	31.20
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	15	(10.83)	(103.63)
Other financial liabilities	17	10.34	(16.58)
Other non financial liabilities	21	72.18	(9.13)
Cash generated from operations		192.30	4,076.51
Less : Income taxes paid (net of refunds)		(44.93)	(81.00)
Net cash inflow / (outflow) from operating activities		(1,206.06)	3,418.41
CASH FLOW FROM INVESTING ACTIVITIES :			
Assets directly associated with disposal group classified as held for sale	36	356.95	(447.12)
(Increase)/ decrease in investments		2,005.90	584.93
(Increase)/ decrease property, plant and equipments	10	(19.38)	4.76
Right of use Assets	16	(45.64)	-
Dividends received	26	1.74	0.33
Interest Received		18.93	35.63
Investments / Maturity in Bank Fixed Deposit		67.84	(24.89)
Net cash inflow / (outflow) from investing activities		2,386.34	153.64

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM FINANCING ACTIVITIES :			
Issue of equity share capital	22	-	ß
Dividend paid (including dividend distribution tax)	23a	(630.97)	(130.70)
Proceeds from fresh issue of debt securities (net of issue expenses)		-	809.11
Repayment from fresh issue of debt securities		-	(575.00)
Deconsolidation of Subsidiary due to loss of control		-	(3,777.71)
Interest paid	28	(2.58)	(5.51)
Increase / (decrease) in minority interest		(9.59)	(127.77)
Opening Adjustment		(9.33)	78.57
Net cash inflow / (outflow) from financing activities		(652.47)	(3,729.01)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		527.81	(156.96)
Add : Cash and cash equivalents at beginning of the year	3	150.09	307.05
Cash and cash equivalents at end of the year	3	677.90	150.09

*Purchase of investments include Rs. Nil (March 31, 2019: Rs. 5.50 crores) and proceeds from disposal / redemption of investments include Rs. Nil (March 31, 2019: Rs. 12.26 crores) held by IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.
For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

BACKGROUND

IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI' The registered office of the Company is located 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai – 600018 , Tamil Nadu and corporate office located at 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400021.

These financial statements are for the group consisting the Company and its subsidiaries. The Group is a financial conglomerate with interests in Bank, Asset Management - public and alternate, Investment Banking, Broking and Infra Debt Funds as its businesses. In accordance with RBI guideline on licensing of new bank in private sector, the Group has implemented Holding Company structure through its 100% subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL'). Under the guidelines, all regulated financial services entities should be held through a Non-Operating Financial Holding Company. Non-financial services entities i.e. IDFC Projects, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Foundation are direct subsidiaries of the Company.

All investment in regulated financial subsidiaries i.e. IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Infrastructure Finance Limited and IDFC Securities Limited are held through its wholly owned subsidiary, IDFC FHCL. Some of these regulated financial subsidiaries have investments in foreign subsidiaries i.e. IDFC Capital (Singapore) PTE Limited, IDFC Securities Singapore PTE Limited, IDFC Capital (USA) Inc., IDFC Investment Managers (Mauritius) Limited. Investments in associates comprise of IDFC First Bank Limited by IDFC FHCL, Jetpur Somnath Tollways Limited by its wholly owned subsidiary, IDFC Projects Limited and Novopay Solutions Private Limited directly by IDFC Limited.

The shares of the Company and its associate IDFC First Bank Limited are listed on National Stock Exchange of India (NSE) Limited and Bombay Stock Exchange (BSE) Limited.

These consolidated financial statements were authorised for issue by the Board of Directors on June 25, 2020.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amounts:

- certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments.

(iii) Order of liquidity

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013on October 11, 2018, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 47.

b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions within Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Refer Note 2 for significant judgements and assumptions made in determining that the Group does not have control over certain entities it even though it holds more than half of their voting rights.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Refer Note 2 for significant judgements and assumptions made in determining that the Group has significant influence over certain entities it even though it holds less than 20% of their voting.

(iii) Joint ventures

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note e (ii) below.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of IDFC Limited assesses the financial performance and position of the Group and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker, consists of the directors of the Group (both executive and independent). Refer note 38 for segment information presented.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (Rs.), which is IDFC Limited's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/ expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

(i) Classification and subsequent measurement of financial assets:

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortised cost

The classification requirements for debt and equity instruments are described below:

<u>Debt Instruments</u>

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans, mutual fund units, venture capital fund and corporate bonds.

For investments in debt instruments, measurement will depend on the classification of debt instruments depending on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Business model assessment

The business model reflects how the Group manages the assets to generate cash flows. The business model determines whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- experience on how the cash flows for these assets were collected,
- how the asset's performance and the business model is evaluated and reported to key management personnel,
- the risks that affect the performance of the business model and how these risks are assessed and managed,
- how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Solely Payment of Principle and Interest ("SPPI") Assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk associated with the principal amount outstanding, other basic lending risks (for e.g. liquidity risk) and a profit margin that is consistent with a basic lending arrangement. When assessing a financial asset with a modified time value of money element, the Group consider both qualitative and quantitative characteristics to determine whether the modified time value of money element provides consideration for just the passage of time.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. Such changes are expected to be very infrequent and none occurred during the period.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. debentures, bonds etc. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Fair value through other comprehensive income: Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost that are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method, considering any discount/ premium and qualifying transaction costs being an integral part of instrument.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through OCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group has designated at FVOCI investments in a small portfolio of equity securities. The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Gains and losses on equity investments at FVTPL are included in the statement of profit or loss.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its financial instrument. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 49 provides more detail of how the expected credit loss allowance is measured.

Interest Income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- significant extension of the loan term when the borrower is not in financial difficulty.
- significant change in the interest rate.
- change in the currency the loan is denominated in.
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset, recognises a 'new' asset at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate

(iv) De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities and equity instruments

(i) Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Classification and subsequent measurement

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

(iii) De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

f) Derivative financial instruments

The Group holds derivative financial instruments to meet the investment objective of the fund or the product. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

g) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind AS 115,Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation

- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Brokerage fees income

a) Brokerage fees – over time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transactions executed. The revenue for such contracts is recognised over the term of the contract.

b) Brokerage fees – point in time

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

(ii) Interest Income

Interest income is recognised using effective interest rate method.

(iii) Dividend income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) Fees, commission and other income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Fees and commission that are not integral to effective interest rate are recognised on accrual basis over the life of instrument.

Fees integral to the effective interest rate include origination fees, commissions received or paid by the Group relating to the creation or acquisition of a financial asset or issuance of a financial liability. Loan origination fees is deferred as a part of interest income under the effective interest rate method.

All other fees, commissions and other income and expense items are generally recognised on an accrual basis by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided, except guarantee commission which is recognised pro-rata over the period of the guarantee.

Asset management and other service fees principally includes asset-based asset management fees, which are recognized in the period in which the services are performed. In certain asset management fee arrangements, the Group is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. The Group may be required to return all, or part, of such performance-based incentive fee depending on future performance of these assets relative to performance benchmarks. The Group records performance-based incentive fee revenue when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to claw back or contingency. Under this principle the Group records a deferred performance-based incentive fee liability to the extent it receives cash related to the performance-based incentive fee prior to meeting the revenue recognition criteria delineated above.

Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.

i) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that enough taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity

j) Goods and service tax

Expenses and assets are recognised net of the goods and services tax paid, except:

(i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) when receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

k) Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to April 1, 2017, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Till March 31, 2019

Group as a lessee

The Group's leases do not transfer substantially all of the risks and benefits incidental to ownership of the leased items. Therefore such leases are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

With effect from April 1, 2019

Group as a lessee

From April 1, 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group has is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Asset and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a indicative AAA equivalent borrowing rate.

Lease payment are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payment associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

m) Cash and cash equivalents

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

n) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(i) Depreciation methods estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile Phone – 2 years   b) Motor Cars – 4 years

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

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

o) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Computer Software

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 recognised as an expense when incurred. The Group amortises intangible assets using straight-line method over a period of three years.

p) Impairment of non-financial asset

i) As per IND AS 36 investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing whether there is any impairment management considers indications through external and internal sources of information. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

ii) Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

q) Retirement and other employee benefits

(i) Defined contribution plan

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made as and when services are rendered. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Compensated absences

Based on the leave rules of the Group companies, employees are not permitted to accumulate leave. Any unveiled privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t) Share-based payments

The Holding Company and two of its subsidiaries has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Holding Company / Subsidiary Company that vest in a graded manner and that are to be exercised within a specified period.

Fair value is determined by using option valuation models, which consider the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity are credited to common shares.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 51 for details.

u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceed

w) Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

x) Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "crores" as per the requirement of Schedule III, unless otherwise stated.

y) New and amended standards adopted

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing on April 1, 2019:

- Ind AS 116, Leases;
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income taxes

The Company had to change its accounting policies as a result of adopting IND AS 116. This is disclosed in note 56.

2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement considered by the Group in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 48.

c) Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

d) Consolidation decision

For details regarding consolidation of;

i) Entity where shareholding is more than 50%, as an associate, and

ii) Section 8 company, as a subsidiary, Refer note 52.

3. CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.01	ß
Cheques on hand	-	-
Balances with banks:		
- In current accounts	74.14	11.99
- In saving accounts *	0.76	0.01
- In deposit accounts	602.99	138.09
Total	677.90	150.09

* Balances pertaining to IDFC Foundation held for specified purposes.

i) The Group has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- In earmarked accounts		
Investor education awareness on behalf of IDFC mutual fund	-	3.60
Unclaimed dividend	1.48	2.13
- In deposit accounts*	44.53	108.12
Balance held as margin money	0.09	0.08
Total	46.10	113.93

* Includes Rs. 11.88 crores (March 31, 2019: Rs. 33.50 crores) pertaining to IDFC Foundation held for specified purposes.

5A. TRADE RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	17.95	13.64
Receivables - Credit impaired	5.90	6.01
(less): Allowance for impairment loss	(5.90)	(6.01)
Total	17.95	13.64

5B. OTHER RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	0.50	2.94
Receivables - Credit impaired	7.83	-
(less): Allowance for impairment loss	(7.83)	-
Total	0.50	2.94

i) No trade receivables and other receivables are due from director or other officer of the Company either severally or jointly with any other person.

ii) No trade receivables and other receivables are due from firms or private companies (including LLPs) in which any director of the Company is a partner, a director or a member.

6. INVESTMENTS

(Rs. in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
As at March 31, 2020					
Mutual fund units#	-	216.85	216.85	-	216.85
Venture capital fund units/ AIFs@	-	166.39	166.39	-	166.39
Equity instruments	0.05	37.70	37.75	-	37.75
Associates	-	-	-	6,154.91	6,154.91
Joint Ventures	-	-	-	107.80	107.80
Trustee units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	420.95	421.00	6,262.71	6,683.71
(Less): Impairment loss allowance (see note ii)	-	-	-	(2.87)	(2.87)
Total (A) - Net	0.05	420.95	421.00	6,259.84	6,680.84
Investments outside India	-	-	-	-	-
Investments in India	0.05	420.95	421.00	6,262.71	6,683.71
Total (B) - Gross	0.05	420.95	421.00	6,262.71	6,683.71
(Less): Impairment loss allowance	-	-	-	(2.87)	(2.87)
Total (B) - Net	0.05	420.95	421.00	6,259.84	6,680.84
As at March 31, 2019					
Mutual fund units#	-	658.35	658.35	-	658.35
Venture capital fund units@	-	309.46	309.46	-	309.46
Alternative investment fund	-	0.93	0.93	-	0.93
Equity instruments	0.05	29.38	29.43	-	29.43
Debentures and bonds	-	47.09	47.09	-	47.09
Preference shares	-	-	-	-	-
Associates	-	-	-	7,520.01	7,520.01
Joint Ventures	-	-	-	107.99	107.99
Trustee Units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	1,045.22	1,045.27	7,628.00	8,673.27
(Less): Impairment loss allowance	-	-	-	-	-
Total (A) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27
Investments outside India	-	103.41	103.41	-	103.41
Investments in India	0.05	941.81	941.86	7,628.00	8,569.86
Total (B) - Gross	0.05	1,045.22	1,045.27	7,628.00	8,673.27
(Less): Impairment loss allowance	-	-	-	-	-
Total (B) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27

* Investment in associates and joint ventures measured using equity method of accounting as per Ind AS 28 are classified as others.

\# Includes Rs. 11.90 crores (March 31, 2019: Rs. 10.92 crores) pertaining to IDFC Foundation held for specified purposes.

@ The above investments in venture capital units are subject to restrictive covenants.

i) The investment in certain equity shares are strategic investments and not held for trading purpose. Therefore, the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss and the Group considered this to be more relevant.

ii) Provision of Rs. 2.67 crore has been made on Novopay Solutions Private Limited (Associate of the Group). Performance of Novopay has lead to substantial erosion of its net worth. Accordingly investment has been completley impaired in current year.

iii) More information regarding the valuation methodologies are disclosed in Note 48.

7. OTHER FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Interest accrued on deposits / other advances	1.21	3.32
Contingent consideration receivable [refer note 36 (a)(iii)]	-	36.52
Security deposits	16.62	19.40
Other receivables	1.88	4.86
Other deposits	-	0.95
Total (A) - Gross	19.71	65.05
(Less): Impairment loss allowance	(1.99)	(2.00)
Total (B) - Net	17.72	63.05

8. INCOME TAX ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Advance payment of fringe benefit tax (net of provision)	0.01	0.01
Advance payment of Income tax (net of provision)	51.53	81.68
Total	51.54	81.69

9. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Lease Liability	9.70	-
Security Deposit	0.12	-
Property, plant and equipments	(9.16)	-
Total	0.66	-

10. PROPERTY, PLANT AND EQUIPMENT

(Rs. in crore)

	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Office Equipments	Computers	Wind mills	Total
Year ended March 31, 2019								
Opening gross carrying amount	42.79	9.36	1.94	7.14	2.41	9.30	59.96	132.94
Additions	-	0.29	0.24	0.80	0.67	1.95	-	3.95
Assets included in a disposal group classified as held for sale	-	(3.25)	(0.32)	(3.50)	(0.56)	(2.03)	-	(9.70)
Translation exchange difference	-	0.06	0.03	-	0.01	0.04	-	0.14
Disposals	-	-	(0.24)	(2.82)	(0.35)	(0.59)	-	(4.00)
Closing gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	123.33
Accumulated depreciation								
Opening accumulated depreciation	0.82	1.19	0.31	2.50	0.75	2.35	4.60	12.52
Depreciation charge during the year	0.82	1.47	0.31	1.02	0.69	2.02	4.60	10.93
Assets included in a disposal group classified as held for sale	-	(0.17)	(0.01)	(1.39)	(0.11)	(0.50)		(2.18)
Impairment loss	1.25	-	-	-	-	-	-	1.25
Translation exchange difference	-	0.06	0.02	-	0.02	0.04	-	0.14
Disposals	-	-	(0.11)	(1.31)	(0.21)	(0.33)	-	(1.96)
Closing accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	20.70
Net carrying amount as at March 31, 2019	39.90	3.91	1.13	0.80	1.04	5.09	50.76	102.63
Year ended March 31,2020								
Gross carrying amount								
Opening gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	123.33
Additions	-	1.35	0.12	0.81	0.51	4.47	-	7.26
Disposals	-	-		(0.21)	(0.02)	(0.15)	-	(0.38)
Closing gross carrying amount	42.79	7.81	1.77	2.22	2.67	12.99	59.96	130.21
Accumulated depreciation								
Opening accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	20.70
Depreciation charge during the year	0.82	2.45	0.18	0.46	0.62	2.85	4.62	12.00
Impairment loss	3.37	0.27	-	-	-	-	8.14	11.78
Disposals	-	-	-	(0.14)	(0.02)	(0.12)	-	(0.28)
Closing accumulated depreciation	7.08	5.27	0.70	1.14	1.74	6.31	21.96	44.20
Net carrying amount as at March 31, 2020	35.71	2.54	1.07	1.08	0.93	6.68	38.00	86.01

11. INTANGIBLE ASSETS

(Rs. in crore)

	Computer software	Total
Year ended March 31, 2019		
Opening gross carrying amount	5.02	5.02
Additions	1.95	1.95
Assets included in a disposal group classified as held for sale	(0.90)	(0.90)
Disposals and transfers	(0.05)	(0.05)
Closing gross carrying amount	6.02	6.02
Accumulated amortisation		
Opening accumulated amortisation	1.49	1.49
Amortisation during the year	1.74	1.74
Assets included in a disposal group classified as held for sale	(0.25)	(0.25)
Disposals and transfers	(0.03)	(0.03)
Closing accumulated amortisation	2.95	2.95
Net carrying amount as at March 31, 2019	3.07	3.07
Year ended March 31,2020		
Gross carrying amount		
Opening gross carrying amount	6.02	6.02
Additions	7.10	7.10
Disposals and transfers	-	-
Closing gross carrying amount	13.12	13.12
Accumulated amortisation		
Opening accumulated amortisation	2.95	2.95
Amortisation during the year	2.67	2.67
Disposals and transfers	-	-
Closing accumulated amortisation	5.62	5.62
Net carrying amount as at March 31, 2020	7.50	7.50

a) Impairment tests for goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group tests whether goodwill has suffered any impairment on an annual basis. The goodwill pertaining to the CGU's are as follows:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
CGU's of IDFC Asset Management Company Limited [Refer note (i) below]	779.17	779.17
Total	779.17	779.17

i) IDFC Asset Management Company Limited

The recoverable amount of this CGU is based on its value in use. The recoverable amount is determined based on value-in-use, after considering current economic conditions and trends, estimated future operating results, growth rates. The calculations uses cash flow projections based on financial budgets approved by management and are extrapolated using estimated growth rates.

The carrying amount does not exceed the recoverable amount of the cash generating units. Accordingly, there were no impairment recorded for the year ended March 31, 2020 and March 31, 2019. An analysis of the sensitivity of the computation to a change in key parameters (operating results, discount rates and growth rates), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

12. OTHER NON-FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	9.14	9.08
Supplier advances	2.47	5.38
Balances with government authorities - cenvat credit available	14.72	17.71
Receivable from gratuity trust	0.99	-
Other advances	9.60	37.61
Advances to Employees	0.14	-
Less: Allowance for impairment loss	(2.44)	(3.45)
Total	34.62	66.33

13. CONTRACT ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Contract assets	-	59.28
Less: Allowance for impairment loss	-	-
Total	-	59.28

Significant change in contract assets

Contract assets pertains to carried and catch-up interest receivable from IDFC S.P.I.C.E. Fund (which was closed in February 2019). The contract asset is recognised in accordance with Ind AS 115 on Revenue from contracts with customers wherein the right to receive carried and catch-up interest is conditioned upon sale of underlying securities by the Company as the asset manager.

The contract assets receivable as at March 31, 2019 have been realised during the year.

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives as per its funds investment strategies i.e long / short investment approaches. Derivative instruments are held for generating returns as per funds investment strategy purposes and not limited to risk management purpose.

Details of the derivative instrument in which the funds invests includes Equity and Index Futures and Options. The details of the derivative instrument is given below:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Fair value assets		
- Equity options (at fair value)	4.29	1.66
	4.29	1.66
Fair value liabilities		
- Equity futures (at fair value)	0.42	0.08
Total	0.42	0.08

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is market rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 49.

15A. TRADE PAYABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	0.25	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13.49	20.97
Total	13.74	20.97

15B. OTHER PAYABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	0.03	3.63
Total	0.03	3.63

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the Company and relied upon by the auditors, is as follows:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	0.25	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

16. LEASES

The Group leases various offices. Rental contracts are typically made for fixed periods of 11 months to 9 years, but may have extension options as described in (iii) below.

(i) Amount recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

(Rs. in crore)

	As at March 31, 2020	As at April 1, 2019*
Right-of-use assets		
Buildings	45.64	-
Total	45.64	-

	As at March 31, 2020	As at April 1, 2019*
Lease Liabilities		
Current	9.51	-
Non-current	37.83	-
Total	47.34	-

*For adjustments recognised on adoption of Ind AS 116 on April 1, 2019, please refer note 56.

Addition to the right-of-use assets during the current financial year is Rs. 25.73 crores.

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss account shows the following amounts relating to leases:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Depreciation charge of right-of-use assets		
Buildings	6.49	-
Total	6.49	-

	As at March 31, 2020	As at March 31, 2019
Interest expense	2.41	-
Expense relating to short-term leases	7.16	-
Other income - interest on unwinding of deposit	(0.22)	-
Total	9.35	-

The total cash outflow for leases for the year ended March 31, 2020 was Rs. 6.39 crores.

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

17. OTHER FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend	1.48	2.13
Security deposits	1.69	1.44
Amount payable to Minority shareholder	17.69	28.51
Employee benefit payable	36.50	29.67
Other payables	3.57	-
Total	60.93	61.75

18. INCOME TAX LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Provision for income tax (net of advance tax)	11.64	18.31
Provision for fringe benefit tax (net of advance tax)	0.04	0.04
Total	11.68	18.35

19. PROVISIONS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Provision for gratuity [Refer note 35(b)]	3.26	4.79
Loan commitment	22.63	9.65
Other Funds	0.12	-
Total	26.01	14.44

20. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipments	8.15	7.00
Financial assets at fair value through profit or loss	(1.01)	0.17
Fair valuation of security deposits	-	6.89
Cash settled share based payments	(1.36)	(1.30)
Investment in associates	-	0.36
Total deferred tax liabilities	5.78	13.12

21. OTHER NON-FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Income and other amounts received in advance	0.07	0.21
Liabilities for restricted grants*	7.02	3.44
Cash settled share based payments	5.40	4.47
Statutory dues	15.32	16.47
Other Payables	10.05	-
Total	37.86	24.59

* Liabilities for restricted grants includes Rs. 7.02 crores (March 31, 2019: Rs. 3.44 crores) pertaining to IDFC Foundation held for specified purposes.

22. EQUITY SHARE CAPITAL

(Rs. in crore)

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Authorised shares				
Equity shares of Rs. 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of Rs. 10 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of Rs. 10 each	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Total	1,596,358,316	1,596.36	1,596,358,316	1,596.36

a) Movements in equity share capital

(Rs. in crore)

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35
Shares issued during the year	-	-	3,750	0.01
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36

b) Terms and rights attached to equity shares

The Group has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 51.

d) Details of shareholders holding more than 5% of the shares in the Group

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47

23A. RESERVES AND SURPLUS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Surplus in the statement of profit and loss	(365.42)	1,724.86
Securities premium	2,523.47	2,523.47
General reserve	314.55	314.55
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25
Share options outstanding account	19.09	22.61
FVOCI - equity investments	3.97	3.97
Foreign currency translation reserve	18.08	27.77
Statutory reserves	1,157.34	1,117.97
Total	6,724.33	8,788.45

a) Surplus in the statement of profit and loss

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,724.86	2,691.81
Change in accounting policy (refer note 56)	(2.21)	-
Restated balance at April 1, 2019	1,722.65	2,691.81
Net profit for the period	(994.90)	(839.18)
Other comprehensive income	(434.87)	(37.87)
Share based payments		
- Options lapsed during the year	0.98	2.74
- Dividends paid	(502.85)	(119.73)
- Dividend distribution tax	(128.12)	(10.97)
- Adjustment on sale of subsidiary	-	32.53
- Others	(13.31)	-
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	24.37	78.57
Transfers to :		
- Special reserve u/s. 45-IC of the RBI Act,1934	(39.37)	(73.04)
Closing Balance	(365.42)	1,724.86

b) Securities premium

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	2,523.47	2,523.46
Changes during the year	-	0.01
Closing balance	2,523.47	2,523.47

c) General reserve

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	314.55	314.55
Appropriations during the year	-	-
Closing balance	314.55	314.55

d) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,117.97	1,077.46
Appropriations during the year	39.37	40.51
Closing balance	1,157.34	1,117.97

f) Share options outstanding account

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	22.61	13.51
Employee stock option expense for the year	1.10	13.78
Options exercised during the year	-	(0.62)
Options lapsed during the year	-	(2.74)
Options cancelled during the year	(4.62)	(1.32)
Closing balance	19.09	22.61

23B. OTHER RESERVES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
FVOCI - equity investments	3.97	3.97
Foreign currency translation reserve	18.08	27.77
Total	22.05	31.74

a) FVOCI - equity investments

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	3.97	4.91
Change in fair value of FVOCI - equity investments	-	(0.94)
Closing balance	3.97	3.97

b) Foreign currency translation reserve

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	27.77	0.66
Exchange differences on translation of foreign operations	(9.69)	27.11
Closing balance	18.08	27.77

23C. NATURE AND PURPOSE OF RESERVE

a) Securities premium

It is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

c) FVOCI - equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI - equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

d) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

e) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 51)

f) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

As per section 36(1)(viii) of Income tax act, 1961, deduction shall be allowed in respect of any special reserve created and maintained by specified entities, for an amount not exceeding twenty percent (20%) of the profits derived from eligible business (computed under the head Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

g) Foreign currency translation reserve

Exchange difference arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy are accumulated in special reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

24. INTEREST INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial assets measured at amortised costs:		
Interest on investments	2.91	8.21
Interest on deposits with banks	17.23	6.52
Total	20.14	14.73

25. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/(loss) on financial instruments at FVTPL		
On trading portfolio		
- Debt instrument at FVTPL	1.45	1.03
On financial instruments designated at FVTPL	11.23	30.29
Total (A)	12.68	31.32
Fair value changes:		
Realised	71.57	65.87
Unrealised	(58.89)	(34.55)
Total (B)	12.68	31.32

26. DIVIDEND INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income from financial instruments at FVTPL	1.74	0.33
Total	1.74	0.33

27. OTHER INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on income tax refund	0.59	-
Other interest	0.22	0.04
Corpus donations	-	20.82
Other donations	-	ß
Rental income	3.68	3.68
Trusteeship Fees	0.50	-
Gain on transfer of business (Refer note 37)	-	116.37
Restricted grants	6.70	2.27
Sitting fees	0.03	0.02
Gain on sale of property, plant and equipment	0.02	0.10
Sale of power	10.72	10.57
Forex gain	6.72	-
Miscellaneous income	2.95	8.80
Total	32.13	162.67

28. FINANCE COST

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost:		
- Interest on debt securities	-	-
Other borrowing costs	2.58	5.51
Total	2.58	5.51

29. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On Financial instruments measured at Amortised Cost:		
Loan commitment	-	8.95
Security deposit	-	(0.03)
Provision against non-performing loans and advances	-	2.74
Provision on doubtful debts	7.53	-
Impairment on loans/ investments	3.69	25.89
Total	11.22	37.55

30. EMPLOYEE BENEFIT EXPENSE

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	103.66	110.11
Contribution to provident and other funds [Refer note 35(a)]	4.36	4.79
Gratuity expense [Refer note 35(b)]	2.57	1.63
Employee share based payment expense [Refer note 51(d])	5.94	19.20
Staff welfare expense	2.41	3.33
Total	118.94	139.06

31. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation and impairment of property, plant and equipment	22.41	12.18
Amortisation of intangible assets	2.67	1.75
Depreciation on Right to Use Asset	6.49	-
Total	31.57	13.93

32. OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Rent	8.41	16.41
Rates and taxes	5.37	3.61
Electricity	1.54	1.59
Repairs and maintenance		
- Equipments	3.78	3.52
- Others	6.43	6.67
Insurance charges	0.38	0.91
Travelling and conveyance	4.47	7.17
Printing and stationery	1.62	2.28
Communication costs	2.49	3.53
Advertising and publicity	14.22	13.85
Professional fees	20.16	21.98
Directors' sitting fees	0.68	0.87
Commission to directors	0.40	1.20
Bad debts written off	0.36	0.04
Loss on disposal of property, plant and equipment (net)	-	0.11
Other operating expenses	20.61	40.83
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	3.93	0.10
Auditors' remuneration [refer note (a) below]	1.65	1.17
Shared service costs recovered	1.67	8.76
Grants to implementing partners	2.46	4.82
Financial inclusion and skill development	-	9.67
Fee for research fellows	-	1.81
Donations	-	0.05
Bank charges	0.02	0.03
Distribution fees	-	9.28
Miscellaneous expenses	19.55	16.89
Total	120.20	177.15

a) Breakup of Auditors' remuneration

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Audit fees	1.06	0.71
Tax audit fees	0.08	0.04
Other Services	0.46	0.12
Out-of-pocket expenses	0.05	0.30
Total	1.65	1.17

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the period Rs. 3.42 crores (March 31, 2019: Rs. 0.10 crores). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is Rs. 3.93 crore (March 31, 2019 : Rs. 0.10 crore), which comprise of following:

	Year ended March 31, 2020	Year ended March 31, 2019
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	3.93	0.10
Total	3.93	0.10

There is no outstanding to be paid in cash out of total amount spent on Corporate Social Responsibility (CSR) related activities.

The Group has made excess contribution for CSR to Prime Minister Relief Fund due to the nationwide Covid-19 crisis. The Ministry of Corporate Affairs has clarified that Group's contribution to the PM Cares Fund over and above the minimum prescribed CSR spend can be offset against the CSR obligation of subsequent years.

33. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
I. Tax expense recognised in statement of profit and loss		
Current tax		
Current tax on profit for the year	67.92	108.61
Adjustments for current tax of prior years	0.14	(29.39)
Total current tax expense	68.06	79.22
Deferred tax		
Decrease / (Increase) in deferred tax assets	(2.53)	15.31
(Decrease) / Increase in deferred tax liabilities	(4.69)	(207.80)
Total deferred tax expense/(benefit)	(7.22)	(192.49)
Total tax expense for the year	60.84	(113.27)
Income tax attributable to:		
- Profit from continuing operations	60.39	(148.46)
- Profit from discontinued operations	0.45	35.19
	60.84	(113.27)

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2020 and March 31, 2019 is as follows:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit from continuing operations before tax expense	(916.11)	(701.03)
Profit from discontinued operations before tax expense	(19.18)	(234.28)
Tax at India's statutory income tax rate of 25.17% (previous year 29.12%)	(235.41)	(272.36)
Tax effect of the amount which are not taxable in calculating taxable income	(0.36)	(30.54)
Effect for tax losses for which no deferred tax asset was recognised	253.13	12.51
Effect for tax profits for which no deferred tax liability was recognised	-	(6.84)
Effect of tax on income taxable under different tax rates	9.67	80.69
Changes in opening deferred tax asset/ liability due to changes in tax rates	(1.25)	-
Expenses not deductible for tax purposes	14.40	116.12
Adjustments for current tax of prior periods	0.14	(29.39)
Effect of reversal of opening deferred tax asset as utilization is not probable	(0.72)	5.99
Different statutory tax rates applied by the group entities	8.93	4.88
Tax impact on reversal of income	18.66	-
MAT credit utilisation	(8.59)	-
Other	2.24	5.68
Income tax expense at effective tax rate	60.84	(113.27)
Effective tax rate	(6.64%)	16.16%

c) Tax losses

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Unused tax losses for which no deferred tax asset has been recognised	309.68	391.28
Potential tax benefit at 25.17% (March 31, 2018: 29.12%)	77.95	113.94

d) Unrecognised temporary differences

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	284.93	491.58
- Undistributed earnings of joint venture**	73.15	72.95
- Unrecognised differed tax liabilities relating to the above temporary differences	90.13	164.39

* Certain subsidiaries of the Group have undistributed earnings of Rs. 284.93 crores (March 31, 2019: Rs. 491.58 Crores) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity has ability to control the timing of distributions from these subsidiaries.

The Group has not recognised deferred tax asset on accumulated losses of certain subsidiaries and associates, as the Group does not foresee a reasonable certainty of sufficient future income available against which these accumulated losses can be utilised.

** The joint ventures of the Group have undistributed earnings of Rs. 73.15 crores (March 31, 2019: Rs. 72.95 Crores) which will be remitted to IDFC Foundation having joint control over these joint venture .The IDFC Foundation is a Section 8 Company registered for specified purpose with an intention to prohibit payment of dividends to its shareholders i.e. IDFC Limited and hence no differed tax liability is recognised as the Group will not receive any distribution out of these profits in the foreseeable future.

34. OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

The Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. Rent includes gross rental expenses of Rs. 11.75 crores (March 31, 2019: Rs. 12.68 crores). The committed lease rentals in the future are:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Not later than one year	0.64	11.75
Later than one year and not later than five years	-	1.97
Later than five years	-	-

From April 01, 2019, the Group has recognised right-of-use assets for these leases, see note 16 on leases and note 56 for change in accounting policy.

35. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

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:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	3.50	3.94
Pension fund	0.70	0.62
Superannuation fund	0.16	0.23

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance Sheet

(Rs. in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	16.56	11.77	4.79
Current service cost	2.43	-	2.43
Interest expense/(income)	1.12	0.68	0.44
Return on plan assets	-	0.23	(0.23)
Actuarial loss / (gain) arising from change in financial assumptions	2.18	0.00	2.18
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	(1.13)	-	(1.13)
Actual return on plan assets less interest on plan assets	-	0.11	(0.11)
Employer contributions	-	4.94	(4.94)
Liabilities assumed / settled	(0.17)	-	(0.17)
Assets acquired / settled	-	-	-
Benefit payments	(1.34)	(1.34)	-
As at March 31, 2020	19.66	16.40	3.26

	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	19.66	16.56
Fair value of plan assets	16.40	11.77
Plan liability net of plan assets	3.26	4.79

ii) Statement of Profit and Loss (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Benefit Expenses:		
Current service cost	2.43	1.78
Interest cost	0.31	(0.05)
(Gains) / losses on settlement	(0.17)	-
Total	2.57	1.73
Finance cost	-	-
Net impact on the profit before tax	2.57	1.73
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.10)	(0.07)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	ß
Actuarial gains/(losses) arising from changes in financial assumptions	2.18	(1.68)
Actuarial gains/(losses) arising from changes in experience	(1.13)	(1.86)
Actual return on plan assets less interest on plan assets	(0.12)	0.06
Income tax relating to above	(0.20)	1.09
Net impact on the other comprehensive income before tax	0.64	(2.46)

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2020	As at March 31, 2019
Insurer managed funds		
- Government securities	30.70%	28.49%
- Deposit and money market securities	2.68%	14.88%
- Debentures / bonds	64.75%	54.84%
- Equity shares	1.87%	1.79%
Total	100.00%	100.00%

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2020	As at March 31, 2019
Discount rate	5.50 to 6.85	6.70 to 7.90
Salary escalation rate*	9%	9%

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Mortality in Service : Indian Assured Lives Mortality (2012-14)

vi) Sensitivity (Rs. in crore)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.35%)	0.39%
Salary escalation rate	0.50%	0.37%	(0.34%)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.52%)	0.56%
Salary escalation rate	0.50%	0.55%	(0.51%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity

The defined benefit obligations shall mature after year end as follows:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
within 12 months	3.32	3.55
Between 2-5 years	3.26	4.14
Between 5-10 years	3.31	8.59
Beyond 10 years	22.04	24.78

The weighted average duration to the payment of these cash flows is 0.73 years to 10.58 years (previous year 1.09 years to 9.72 years).

36. DISCONTINUED OPERATION

a) IDFC Infrastructure Finance Limited

The Group had entered into a Share Purchase Agreement ("SPA") with National Infrastructure and Investment Fund II ('NIIF') on October 30, 2018, for sale of its entire investment in NIIF Infrastructure Finance Limited ("NIIFL") (Formerly known as IDFC Infrastructure Finance Limited). Pursuant to the said agreement, the sale is to be completed in two tranches. The Group had sold 278,000,000 shares (51.48%) in IIFL to NIIF on March 12, 2019 ("Tranche I") for a total consideration of Rs. 425.43 crores.

The remaining equity investment i.e. 162,000,000 shares (30%) of NIIFL ("Tranche II") had been considered as an investment in associate as the Group continued to exercise significant influence over it. Under the SPA, the sale of Tranche II shares were subject to certain terms, conditions, and regulatory approvals. The Group expected the sale of IIFL to be highly probable and classified it as held for sale as on March 31, 2019. Further, the fair value less cost to sale of the investment was higher than the carrying value as on March 31, 2019, hence no impairment loss had been considered for recognition.

During the current year, on March 30, 2020, the Company sold the remaining equity investment i.e. 162,000,000 shares (30%) of NIIFL ("Tranche II") to Assem Infrastructure Finance Limited (NBFC - IFC) of NIIF for a total consideration of Rs. 265.91 cr. The said sale transaction resulted into a gain of Rs. 65.91 crores. This is after reversing the contingent consideration of Rs. 36.52 crores during the current year and also after taking into account the cost to sell the said investments amounting to 3.80 crores.

With this transaction NIIFL has ceased to be an associate of the Group.

Financial information and cash flow for IIFL till February 28, 2019 post which company ceased to be a subsidiary.

i) Financial performance and cash flow information (after inter-company eliminations) (In Rs. crore)

	Year ended March 31, 2019 *
Revenue	402.03
Expenses	308.31
Profit before tax	93.72
Tax expense	-
Profit after tax	93.72
Other comprehensive income	(0.14)
Total comprehensive income	93.58
Total comprehensive income attributable to owners	76.25
Gain on sale of the subsidiary after tax (refer note (ii) below)	(13.28)
Total profit from discontinued operation attributable to owners	62.97
Net cash inflow from operating activities	(251.80)
Net cash inflow (outflow) from investing activities	(0.68)
Net cash (outflow) from financing activities	228.03
Net increase in cash generated from discontinued operation	(24.45)

ii) Details of the sale of subsidiary

	(In Rs. crore) Year ended March 31, 2019 *
Cash consideration	388.91
Contingent consideration receivable (refer note iii below)	36.52
Fair value of retained interest of 30%	266.23
Less: Transaction cost	(7.36)
Net consideration received	684.30
Net assets disposed off	(667.39)
Gain on sale before tax	16.91
Income tax expense on gain	
- Current tax	30.19
Gain on sale after tax	(13.28)

* includes figures for the period April 1, 2019 to Feb 28, 2019.

iii) Significant estimate: Contingent consideration receivable

IDFC Financial Holding Company Limited ('IDFC FHCL') had entered into a share sale agreement with National Infrastructure and Investment Fund II ("NIIF") on October 30,2018. As per the agreement the shares were transferred to NIIF in two tranches on completion of certain conditions. Under Tranche I, the total sale consideration was Rs. 452.15 crores for sale of 51.48% stake of NIIF Infrastructure Finance Limited ("NIIFIFL"). The said consideration was partly paid in cash and the balance amounting Rs. 63.24 crores was contingent on receipt of tax exemption notification from CBDT under section 10(47) of the Income Tax Act, 1961.

A contractual right to receive cash when the contingency is resolved, met the definition of a financial asset and consequently, a contingent asset of Rs. 36.52 crores was recognised by the Company which represented the fair value of the said contingent consideration as on March 31, 2019 for the sale of 51.48% stake in NIIFIFL.

During the current year, the CBDT issued a notification dated October 21, 2019 notifying NIIFIFL under section 10(47) of the Income Tax Act, 1961 w.e.f. financial year 2019-20 (i.e., from the financial year starting April 1, 2019). Pursuant to the said CBDT notification notifying IIFL prospectively rather than retrospectively, IDFC FHCL in the current year has derecognised the contingent consideration asset of Rs. 36.52 crores.

iv) The carrying amounts of assets and liabilities as on date of sale (March 11, 2019):

	(In Rs. crore)
Cash and cash equivalents	7.55
Loans	4,612.98
Investments	77.12
Other financial assets	31.67
Income tax assets	72.95
Property, plant and equipment	1.30
Other non-financial assets	0.45
Total assets	4,804.02
Debt securities	3,823.20
Other financial liabilities	155.34
Provisions	1.29
Other non-financial liabilities	5.10
Total liabilities	3,984.93
Net assets derecognised	
- Attributable to IDFC Limited	667.39
- Non-controlling interest	151.71

b) IDFC Securities Limited

On July 25, 2019, the Board of Directors of IDFC FHCL decided to terminate the Share Purchase Agreement ("SPA") signed with TCG Advisory Services Private Limited ("TCG") for the sale of its entire investment in IDFC Securities Limited ("ISL"), as IDFC FHCL & TCG could not reach a mutually agreeable terms and conditions.

Subsequently on November 7, 2019 IDFC FHCL entered into a SPA with Mr. Dharmesh Mehta & other strategic investors ("DM") for sale of entire investment in ISL. As per the said agreement, the entire stake in the equity shares of ISL would be sold to DM for a total consideration of Rs. 86.00 crores as against the carrying value of ISL in the books of the Company amounting to Rs. 162.00 crores. Under the SPA, the sale is subject to certain terms, conditions and regulatory approvals and the Company considers it highly probable that the said sale will be completed in next 12 months. Accordingly, the investment in ISL is classified as held for sale as on March 31, 2020.

Further, as the fair value less cost to sell this investment is lower than the carrying value as at March 31, 2020 ; an impairment loss of Rs. 76.00 crores has been recognised in the statement of profit and loss and the said investment in ISL is carried at the Net realisable value of Rs. 86.00 crores as at March 31, 2020.

i) Financial performance and cash flow information (after intercompany eliminations) (In Rs. crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	42.77	54.90
Expenses	(50.35)	(56.36)
Impairment loss	(11.60)	(343.38)
Profit/ (Loss) before tax	(19.18)	(344.84)
Tax expense (net)	0.44	5.03
Profit/ (Loss) after tax	(19.63)	(349.87)
Other comprehensive income	1.12	(2.13)
Total comprehensive income/ (loss) from discontinued operation attributable to owner	(18.51)	(352.00)
Net cash inflow from operating activities	(41.51)	1.83
Net cash inflow (outflow) from investing activities	82.86	(25.20)
Net cash (outflow) from financing activities	(57.40)	(25.79)
Net increase in cash generated from discontinued operation	(16.05)	(49.16)

ii) The carrying amounts of assets and liabilities as at March 31, 2020 are as follows: (In Rs. crore)

	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	9.99	10.02
Bank balances other than cash and cash equivalents	25.35	58.10
Receivables	5.07	4.67
Loans	0.04	0.02
Investments	-	50.90
Other financial assets	43.89	5.02
Income tax assets	11.88	16.23
Deferred tax assets	2.20	1.91
Property, plant and equipment	5.98	6.55
Goodwill	12.24	23.84
Intangible assets	14.43	0.36
Other non-financial assets	3.49	3.21
Total assets	134.56	180.83
Payables	42.67	1.59
Provisions	-	2.43
Income tax liabilities	0.02	0.35
Other non-financial liabilities	2.55	11.75
Total liabilities	45.24	16.12
Net assets	89.32	164.71

37. ASSET HELD FOR SALE DURING THE PREVIOUS YEAR

IDFC Alternatives Limited, a wholly owned subsidiary of the Group, had entered into a business transfer agreement with Global Infrastructure Partners India LLP (GIP) on April 27, 2018 and Investcorp Asia Services PTE Ltd (Investcorp) on July 26, 2018 to transfer investment management rights, identified assets and identified liabilities as a business undertaking on a going concern basis for a lump sum consideration without being values assigned to individual assets and liabilities. The transaction qualified to be a slump sale u/s 2(42C) of the Income Tax Act, 1961. The business undertaking transfer comprised of:

a) The investment management rights for the following funds:

   i) India Infrastructure Fund I (GIP)
   ii) India Infrastructure Fund II (GIP)
   iii) Real Estate Fund 1 (Investcorp)
   iv) Real Estate Fund 2 (Investcorp)
   v) Private Equity Fund 3 (Investcorp)
   vi) Private Equity Fund 4 (Investcorp)

b) Transferred assets which were used or held for use specifically in relation to the business undertaking

c) Assumed liabilities incurred specifically in relation to the business undertaking

However the transfer of business undertaking specifically excluded other businesses of IDFC Alternatives Limited.

i) Transfer of business management rights for India Infrastructure Fund I &II

The business management rights of India Infrastructure Fund I (registered as Venture Capital Fund under VCF regulations) and India Infrastructure Fund II (registered as Alternate Investment Fund - Category I under AIF regulation) were transferred to Global Infrastructure Partners India LLP.

Subject to the terms and conditions of the slump sale agreement, the Global Infrastructure Partners India LLP had paid a consideration of USD 2.62 crores (Rs. 178.87 crores) for the transfer of the business undertaking inclusive of any transfer tax payable. The net profit on sale was Rs. 111.36 crores in previous year.

ii) Transfer of business management rights for Real Estate Fund (1 &2) and Private Equity Fund (3&4)

The business management rights of Private equity and Real Estate Funds were transferred to Investcorp Asia Services PTE limited. The consideration paid by the Invest Corp was USD 0.071 crores (Rs. 5.01 crores). The net profit on sale was Rs. 5.01 crores.

38. SEGMENT INFORMATION

(In Rs. crore)

	Year ended 31-Mar-20	Year ended 31-Mar-19
Segment revenues		
- Financing	246.99	77.38
- Asset management	335.42	330.12
- Others	4.23	1.32
Total segment revenues	586.64	408.82
Add: Unallocated revenues	-	-
Less: Inter-segment adjustments	(245.92)	(53.35)
Total Revenues	340.72	355.47
Segment results		
- Financing	(18.89)	(43.08)
- Asset management	107.63	190.60
- Others	(0.40)	(2.58)
Total segment results	88.34	144.94
Add / (Less): Unallocated	-	-
Add: Share of profit from associates and joint ventures accounted under equity method	(1,004.45)	(845.97)
Profit before tax	(916.11)	(701.03)
Segment assets		
- Financing	705.67	793.06
- Asset management	1,389.98	1,345.02
- Others	42.77	263.66
Total segment assets	2,138.42	2,401.74
Unallocated		
- Banking	6,152.03	7,516.60
- Others	159.99	192.41
- Disposal group held for sale	118.62	447.12
Total assets	8,569.06	10,557.87
Segment liabilities		
- Financing	39.15	26.50
- Asset management	129.73	92.64
- Others	17.09	5.37
Total segment liabilities	185.97	124.51
Unallocated		
- Others	17.82	32.42
- Disposal group held for sale	44.58	16.13
Total liabilities	248.37	173.06

38. SEGMENT INFORMATION

	Year ended 31-Mar-20	Year ended 31-Mar-19
Capital employed		
- Financing	666.52	766.56
- Asset management	1,260.25	1,252.38
- Others	25.68	258.29
Total segment capital employed	1,952.45	2,277.23
Unallocated		
- Banking	6,152.03	7,516.60
- Others	142.17	159.99
- Disposal group held for sale	74.04	430.99
Total capital employed	8,320.69	10,384.81

(In Rs. crore)

i) The Group identifies primary segments based on the dominant source, nature of risk and returns and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated by the Chief Operating Decision Maker.

ii) Segment composition :

- Financing includes investing activity
- Asset Management segment includes portfolio management, mutual fund and other alternative funds.

39. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Declared and paid during the year		
Dividends on ordinary shares:		
Dividend Paid in 2020: Nil per share (2019: 0.75 per share)	-	119.73
Interim dividend for 2020: 3.1 per share (2019: Nil per share)	502.85	-
Total dividends paid	502.85	119.73
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2020: Nil per share (2019: Nil per share)	-	-

40. EARNINGS PER SHARE

a) The basic earnings per share has been calculated based on the following:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax available for equity shareholders	(996.13)	(822.04)
Weighted average number of equity shares	1,596,358,316	1,596,357,061

b) The reconciliation between the basic and the diluted earnings per share is as follows:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Basic earnings per share	(6.24)	(5.15)
Effect of outstanding stock options	-	-
Diluted earnings per share	(6.24)	(5.15)

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of shares for computation of Basic EPS	1,596,358,316	1,596,357,061
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS	1,596,358,316	1,596,357,061

41. CONTINGENT LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Claims not acknowledged as debts in respect of:		
- Income-tax demands under appeal (net of provision)	10.50	4.98
- Other claims	1.50	1.50
Total	12.00	6.48

42. CAPITAL COMMITMENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Uncalled liability on shares and other investments partly paid	85.85	64.27
Estimated amount of contracts remaining to be executed on capital account (net of advances)	3.76	6.47
Other commitments*	69.37	69.37
Total	158.98	140.11

*Jetpur Somnath Tollways Private Limited ("JSTPL") had executed the concession agreement with National Highway Authority of India ("NHAI") for construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement. Based on the interim order of Division Bench of Delhi High Court, NHAI has paid 90% of the total debt dues amounting to Rs. 348.60 crores. In such regard, JSTPL has provided a bank guarantee amounting to Rs. 348.60 crores for amount received from NHAI under the interim proceedings.

The Group has disclosed it's share of bank guarantee amounting to Rs. 69.37 crores as commitments for the year ended March 31, 2020 and March 31, 2019.

43. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) Refer note 39 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 55 for impact of covid on the Group.

(ii) IDFC FIRST Bank Limited in June 2020 raised equity capital by way of issue of equity shares on preferential basis amounting to Rs. 2,000 crore to augment their capital base. IDFC as a promoter of the Bank, invested a sum of Rs. 800 crore (to maintain 40% stake as required under RBI Guidelines of February 2013) through its wholly owned subsidiary IDFC Financial Holding Company Limited.

(iii) On November 7, 2019 the Group executed definitive agreements with Mr. Dharmesh Mehta & other investors for the sale of its entire investment in IDFC Securities Limited ('ISL'). The sale was subject to certain terms, conditions and regulatory approvals. The sale was concluded in June 2020 post receiving all regulatory approvals. The assets and liabilities of ISL have been classified as held for sale as on March 31, 2020 and have been presented separately in Consolidated Balance Sheet.

44. The figures of Rs. 50,000 or less have been denoted by ß.

45. (a) Financial statements of subsidiaries prepared on non-going concern basis

Certain subsidiaries of the Group had discontinued their business operations and don't have any defined plan for future commercial operations .Hence , the use of going concern assumption is inappropriate for preparation of the financial statements.

Following subsidiaries are consolidated on non going concern basis-

IDFC Trustee Company Limited

IDFC Projects Limited

IDFC Alternatives Limited

45. (b) IDFC Foundation did not lay before the Shareholders the consolidated financial statements for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Companies Act, 2013 ("Act") due to non- availability of audited financial statements of one of its material jointly controlled entities Delhi Integrated Multi- Modal Transit System Limited (a joint venture between IDFC Foundation and Government of Delhi) and consequently, compliances as per the provisions of section 137(1) of the Act have not been done to the extent this section is applicable to the consolidated financial statements. These were adopted by the Board of Directors in its meeting held on February 13, 2019 and the same was approved by the Shareholders in its Extraordinary General Meeting held on March 11, 2019. IDFC Foundation has filed applications with the Hon'ble Company Law Tribunal on May 10, 2019, for compounding of aforesaid non-compliance, which are pending for the disposal. Consequently, the resulted financial impact of these non-compliances in the above result is not ascertainable.

45. (c) As per section 123(3) of the Companies Act, 2013 IDFC FHCL should have declared and paid this dividend on or after October 1, 2018 instead of paying the same on August 2, 2018. As per provision of section 123(3) [amended in Feb 2018] of the Companies Act, 2013 the interim dividend should have been declared out of profits generated in the financial year till the quarter preceding the date of declaration of interim dividend. IDFC FHCL though oversight missed this amendment and had made an application to Registrar of Companies and Regional Director, Chennai for compounding of offence u/s 441 of the Companies Act, 2013. During the current year, IDFC FHCL received the Order from the Registrar of Companies and Regional Director, Chennai Regional Director dated October 10, 2019 and pursuant to the same paid requisite compounding fees of Rs. 10,000/- as per the Order. The said order was filed with Registrar of Companies on October 15, 2019 and Registrar of Companies approved the same on October 25, 2019.

45. (d) IDFC FHCL had not appointed Key Managerial Personnel and Chief Financial Officer for the year ended March 31,2019. During the year, the Board of Directors of IDFC FHCL had appointed Chief Executive Officer, Chief Financial Officer and Company Secretary.

45. (e) The Board of Directors of IDFC Financial Holding Company Limited (wholly owned subsidiary of Holding Company) and the Holding Company on November 8, 2019 had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC FHCL to the Holding Company.

45. (f) IDFC FHCL filed an application with Hon'ble National Company Law Tribunal ('NCLT'), Chennai bench on December 12, 2019 for reduction of 65 crore equity shares of Rs. 10/-each to be reduced at par in accordance with provisions of Section 66 of the Companies Act 2013. NCLT approval is awaited.

45. (g) The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited ('Merging entities') with erstwhile IDFC Bank Limited ('IDFC - CFL Merger') has been accounted under the applicable accounting standard to the Bank as per the specific provisions of the scheme approved by the NCLT and based on clarification by Ind AS Technical Facilitation Group ('ITFG'). Accordingly, the merger has been accounted under 'Purchase Method' - Accounting Standard 14 on 'Accounting for Amalgamations' and net assets of erstwhile Capital First Limited and its subsidiaries aggregating to Rs. 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 137,71,09,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of Rs. 2,390.53 crore and recorded accordingly. Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, Goodwill on amalgamation of Rs. 2,390.53 crore and intangible of merging entities of Rs. 208.82 crore acquired or arising on amalgamation have been fully amortised through profit and loss account in the year ended March 31, 2019 under the merger accounting as per accounting standard 14.

45. (h) IDFC FIRST Bank has sought for renewal of dispensation from the Reserve Bank of India, which was valid till December 31, 2019, to grandfather certain loan accounts which were given by the erstwhile Capital First Limited as a Non Banking Financial Company (NBFC). Whilst the application for dispensation is pending approval with RBI, the Bank expects that the dispensation will be granted and that this matter has no material financial impact on the results of the Bank.

45. (i) IDFC Infrastructure Finance Limited is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014. The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014.The Company had applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act. The CBDT has issued a notification dated October 21, 2019 notifying NIIFL under Section 10(47) of Income Tax Act, 1961 with effect from April 1, 2019 (i.e. from Assessment year 2020-21). As a result, the group has reversed contingent consideration receivable of Rs. 37.23 crore accrued till March 31, 2020.

45. (j) On November 14, 2019 MAS cancelled the CMS license issued to IDFC Securities (Singapore) Pte. Ltd., Wholly Owned Subsidiary ('WOS') of IDFC Securities Limited. Further the WOS is in the process of liquidation subject to regulatory approval.

45. (k) On October 31, 2019 MAS cancelled the CMS license issued to IDFC Capital (Singapore) Pte. Ltd., WOS of IDFC Alternatives Limited. Further the WOS is in the process of liquidation subject to regulatory approval.

46. CAPITAL MANAGEMENT

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and continue as a going concern entity.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The management monitors the return on capital as well as the level of dividends to the shareholders. The Group's goal is to continue to be able to provide return to the shareholders by continuing to distribute dividends in future period.

47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in crore)

	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	677.90	-	677.90	150.09	-	150.09
Bank balance other than cash and cash equivalents above	45.85	0.25	46.10	46.85	67.08	113.93
Derivative financial instruments	4.29	-	4.29	1.66	-	1.66
Receivables						-
(I) Trade receivables	17.95	-	17.95	13.64	-	13.64
(II) Other receivables	0.50	-	0.50	2.94	-	2.94
Investments	421.00	6,259.84	6,680.84	1,045.27	7,628.00	8,673.27
Other financial assets	9.32	8.40	17.72	57.72	5.33	63.05
Non-financial assets						-
Income tax assets (Net)	-	51.54	51.54	-	81.69	81.69
Deferred tax assets (Net)	-	0.66	0.66	-	-	-
Property, plant and equipment	38.00	12.30	50.30	1.28	61.45	62.73
Intangible assets under development	-	45.64	45.64	-	-	-
Investment Property	35.71	-	35.71	39.90	-	39.90
Goodwill	-	779.17	779.17	-	779.17	779.17
Other intangible assets	-	7.50	7.50	-	3.07	3.07
Other non-financial assets	34.62	-	34.62	63.09	3.24	66.33
Contract assets	-	-	-	59.28	-	59.28
Disposal group held for sale	118.62	-	118.62	447.12	-	447.12
Total assets	1,403.76	7,165.30	8,569.06	1,928.84	8,629.03	10,557.87
Financial liabilities						
Derivative financial instruments	0.42	-	0.42	0.08	-	0.08
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.25	-	0.25	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13.49	-	13.49	20.97	-	20.97
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	0.03	-	0.03	3.63	-	3.63
Lease liabilities	-	47.34	47.34	-	-	-
Other financial liabilities	43.24	17.69	60.93	33.24	28.51	61.75
Non-financial Liabilities						
Income tax liabilities (Net)	11.68	-	11.68	18.35	-	18.35
Deferred tax liabilities (Net)	-	5.78	5.78	-	13.12	13.12
Provisions	26.01	-	26.01	14.44	-	14.44
Other non-financial liabilities	32.46	5.40	37.86	20.12	4.47	24.59
Disposal group held for sale	44.58	-	44.58	16.13	-	16.13
Total liabilities	172.16	76.21	248.37	126.96	46.10	173.06
Net	1,231.60	7,089.09	8,320.69	1,801.88	8,582.93	10,384.81

48. FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

The following table provides categorization of all financial instruments at carrying value except non-current investments in joint venture and associates which are carried at cost.

(Rs. in crore)

As at March 31, 2020	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	216.85	-	-
- Venture capital fund units	166.39	-	-
- Equity instruments*	37.70	0.05	-
- Trustee units #	0.01	-	-
Derivative financial assets	4.29	-	-
Cash and Cash Equivalents	-	-	677.90
Bank balances other than cash and cash equivalents	-	-	46.10
Trade receivables	-	-	18.45
Other financial assets	-	-	17.72
Total financial assets	425.24	0.05	760.17
Financial Liabilities			
Derivative financial liabilities	0.42	-	-
Trade payables	-	-	13.77
Lease liabilities	-	-	47.34
Other financial liabilities	-	-	60.93
Total financial liabilities	0.42	-	122.04

As at March 31, 2019	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	658.35	-	-
- Venture capital fund units	309.46	-	-
- Equity instruments*	29.38	0.05	-
- Debt securities	47.09	-	-
- Alternate Investment Funds	0.93	-	-
- Trustee units #	0.01	-	-
Derivative financial assets	1.66	-	-
Cash and Cash Equivalents	-	-	150.09
Bank balances other than cash and cash equivalents	-	-	113.93
Trade receivables	-	-	16.58
Contingent consideration [Refer Note 48 (g)]	36.52	-	-
Other financial assets	-	-	26.53
Total financial assets	1,083.40	0.05	307.13
Financial Liabilities			
Derivative financial liabilities	0.08	-	-
Trade payables	-	-	24.60
Other financial liabilities	-	-	61.75
Total financial liabilities	0.08	-	86.35

Includes Rs. 11.90 crores (March 31, 2019: Rs. 10.92 crores) pertaining to IDFC Foundation held for specified purposes.

* The equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Group considered this to be more relevant.

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2020 (In Rs. crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	6	216.85	-	-	216.85
- Venture capital fund units		-	-	166.39	166.39
- Equity shares		28.76	8.94	-	37.70
- Trustee Units		0.01	-	-	0.01
Financial Investments at FVOCI					
- Equity shares	6	-	0.05	-	0.05
Derivative not designated as hedge					
Equity / Index option contracts	14	4.29	-	-	4.29
Total financial assets		249.90	8.99	166.39	425.29
Financial liabilities					
Derivative not designated as hedge					
Equity / Index futures contracts	14	0.42	-	-	0.42
Total financial liabilities		0.42	-	-	0.42

As at March 31, 2019 (In Rs. crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	6	658.35	-	-	658.35
- Venture capital fund units		-	-	309.46	309.46
- Equity shares		29.38	-	-	29.38
- Debt securities		-	47.09	-	47.09
- Alternative Investment Fund		-	-	0.93	0.93
- Trustee Units		0.01	-	-	0.01
Contingent consideration	7	-	-	36.52	36.52
Financial Investments at FVOCI					
- Equity shares	6	-	0.05	-	0.05
Derivative not designated as hedge					
Equity / Index option contracts	14	1.66	-	-	1.66
Total financial assets		689.40	47.14	346.91	1,083.45
Financial liabilities					
Derivative not designated as hedge					
Equity / Index futures contracts	14	0.08	-	-	0.08
Total financial liabilities		0.08	-	-	0.08

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes investment in listed equity instruments, mutual fund units and derivative contracts. The fair value of all equity and derivative instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not frequently traded in an active market (i.e. investments in units of traded bonds) is determined using valuation techniques which maximize the use of observable market data either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The instruments are valued based on quoted prices for the similar instruments but for which significant unobservable adjustments are required to reflect the difference between the instruments. This is the case for unlisted equity securities , contingent consideration and venture capital fund units included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020 and March 31, 2019.

c) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for listed equity instruments, future contracts and option contracts.
- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units is determined using NAV at the reporting date as declared by the issuer. ^
- the fair values of derivative instruments are valued at the settlement price provided by the respective stock exchange.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis, market comparable method and based on recent transactions.

^ Considering the current scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy the Company has taken appropriate haircuts and provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2020.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

d) Valuation Process

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team directly reports to the chief financial officer (CFO). Discussion on valuation processes and result are held between CFO and the team regularly in line with Group's quarterly reporting periods.

The main level 3 inputs for unlisted equity instruments, venture capital funds and contingent consideration used by the Group are derived and evaluated as follows:

Discount rates are determined specific to the counterparties (including assumptions about credit default rates) to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.

Contingent Consideration - Discounted cash flow techniques is used to value contingent consideration as on March 31, 2019. The cash flows are based on estimated probability of outcome of notification based on managements assessment supported by legal advice.

e) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, other financial assets, trade and other payables, short term commercial papers and other financial liabilities. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

The Group considers the fair values of financial assets and financial liabilities measured at amortised cost approximates their carrying value, where fair values are calculated by discounting the future cash flows using rate adjusted for the counterparties credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

f) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended March 31, 2020 and March 31, 2019:

(In Rs. crore)

	Venture capital units	Unlisted equity securities	Contingent Consideration	Total
As at March 31, 2018	278.03	5.80	-	283.83
Acquisitions/ (Disposal) during the year	62.04	(5.80)	36.52	92.76
Gains/(losses) recognised profit and loss	(30.61)	-	-	(30.61)
As at March 31, 2019	309.46	-	36.52	345.98
Acquisitions/ (Disposal) during the year	(137.34)	-	-	(137.34)
Gains/(losses) recognised profit and loss	(5.73)	-	(36.52)	(5.73)
As at March 31, 2020	166.39	-	-	166.39

g) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Contingent consideration	-	36.52	Probability for outcome	51%-71%	Basis tax experts' opinion which states that "fair chance more likely than not that the retrospective tax exemption from CBDT will be received", a 60% probability of favourable outcome was assigned to the outcome. The discount rate used for present value was 8% (risk free rate plus small spread for counterparty credit spread). Since the probability weighting of outcome is a significant accounting judgement, it has been disclosed in the financial statements that if the maximum probability level for "more likely than not" of 71% were used (in place of 60%), the receivable on Balance sheet and gain in P&L would be higher by Rs. 6.70 crores (keeping all other variables constant). In the same manner, if the minimum probability level for "more likely than not" of 51% were used, the receivable on Balance sheet and gain in P&L would be lower by Rs. 5.48 crores (keeping all other variables constant). During the current year, the CBDT issued a notification dated October 21, 2019 notifying NIIFIFL under section 10(47) of the Income Tax Act, 1961 w.e.f. financial year 2019-20 (i.e., from the financial year starting April 1, 2019). Pursuant to the said CBDT notification notifying IIFL prospectively rather than retrospectively, the Company in the current year has derecognised the contingent consideration asset of Rs. 36.52 crores.
Venture Capital Funds	166.39	309.46	Net asset Value	10%	Whilist these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management's assessment of the possible net change in underlying prices. A 10% increase / (decrease) in the net asset value would increase/ (decrease) in the Groups' gain / (loss) by Rs. 12.45 crore (March 31, 2019 : Rs. 22.04 crore)

49. FINANCIAL RISK MANAGEMENT

49.1 Introduction

Risk management is an integral part of the business practices of the Group. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The process of risk management is paramount to the Group and each employee is accountable for risks relating to his/her responsibilities. The key risk management tenets adopted by the Group includes maker-checker principle and three levels of defence (first level - employee, second level - risk team, third level - internal audit). The Group is exposed to credit risk, interest rate risk, liquidity risk, price risk and operations risk through its business operations.

49.2 Risk management structure

The Group has set up a robust risk governance framework based on the following key principles:

- The Board has ultimate responsibility for the Group's risk management framework. The board is principally responsible for approving the Group's risk related strategies and policies.
- To ensure that the Group has a sound system of risk management and internal controls in place, the board has established a risk committee. The risk committee assists the board in relation to the oversight and review of the Group's risk management principles and policies, strategies, appetite, processes and controls. The risk committee has direct access to the Group's management and has open communication with them.
- Policies, processes and systems are put in place for effective risk management.
- The Group's Resources team is primarily responsible for funding and liquidity risks and is guided by the asset liability management policy. The market risks of the Group are supervised by the asset liability committee.
- The Business team monitors project assets on regular basis and highlights pending compliances to senior management on quarterly basis. It also conducts annual site visits and monitors financial covenants.
- Annual review of financial and operational performance of projects and their re-rating is conducted by the risk team.
- Risk management processes are also audited quarterly by internal audit and findings and recommendations are provided to the audit committee.

49.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL (viz, debt securities, mutual fund units, alternative investment fund units and venture capital fund units).

a) Expected credit loss methodology

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer note 49(b)(i) below for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer note 49(b)(ii) below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer note 49(b)(iii) below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with Ind AS 109 is that it should consider forward-looking information

The following diagram summarises the impairment requirements under Ind AS 109:

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	**Lifetime expected credit losses**	**Lifetime expected credit losses**

i) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met.

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

Qualitative criteria:

For all financial instruments held by the Group, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a regular basis for all financial instruments held by the Group. In relation to financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the risk committee.

ii) Policy for write-off of financial assets

All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

iii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

PD Estimation:

- “Probability of default” (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

- For Stage 1, 12 month PD are calculated.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.
- For Stage 3, Lifetime PD is taken as 100%.

Exposure at default:

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a “credit conversion factor (CCF)” which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:

Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and security coverage.

In case of re-financing of operating road project, the Group enters into a tripartite agreement with the concessionaire and NHAI/ any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as nil since the entire credit exposure arising out of loan agreement is secured by way of tripartite agreement with Government authorities.

ECL computation:

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

b) Credit risk exposure

i) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period in loan commitments due to various factors:

	Stage 1 (12M ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2018	-	-	28.15	28.15
- arising during the year	-	-	-	-
- utilised	-	-	18.50	18.50
Impairment allowance as at March 31, 2019	-	-	9.65	9.65
- arising during the year	-	-	12.98	12.98
- utilised	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	22.63	22.63

*Refer note 42 for details of financial guarantee provided to lenders of Jetpur Somnath Tollways Private Limited.

(ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The following table explains the changes in the loss allowance on trade and other receivables between the beginning and at the end of the annual period due to various factors:

	(Rs. in crore)
Loss allowance as at March 31, 2018	8.25
Add/(less): changes during the year	(2.24)
Loss allowance as at March 31, 2019	6.01
Add/(less): changes during the year	7.72
Loss allowance as at March 31, 2020	13.73

49.3.1 Other financial assets

The Group has credit risk exposure in cash and cash equivalents, deposits with banks, and other financial assets. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low. The Group has no significant concentration of credit risk.

49.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows. The Group has developed internal control processes for managing liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Group maintains investments in highly marketable securities that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at March 31, 2020	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	13.77	-	13.77
Derivative liabilities (net settled)	0.42	-	0.42
Lease Liabilities	-	47.34	47.34
Other financial liabilities	43.24	17.69	60.93
Total undiscounted financial liabilities	57.43	65.03	122.46

As at March 31, 2019	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	24.60	-	24.60
Derivative liabilities (net settled)	0.08	-	0.08
Other financial liabilities	33.24	28.51	61.75
Total undiscounted financial liabilities	28.25	28.51	86.43

49.5 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and prices.

49.5.1 Interest Rate Risk - Investment in debt oriented mutual fund

i) Exposure

The exposure of the Group towards interest rate changes arising from investment in following securities at the end of the reporting period are as follows:

	As at March 31, 2020	As at March 31, 2019
Investment in debt oriented mutual funds	199.92	650.97
Investment in debt securities	-	47.09
Total	199.92	698.06

ii) Sensitivity*

The Groups' investments in debt-oriented mutual funds are in highly rated schemes and financial institutions. The Group's objective is to invest in debt-oriented mutual fund scheme which further make investments in high quality debt and money market instruments.

The table summarises the impact of the increase/(decrease) of the benchmark on the Group's profit for the period. The analysis is based on the assumption that the relevant benchmark has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Group's investments moved in line with the benchmark.

	Impact on profit after tax	
	Year ended March 31, 2020	Year ended March 31, 2019
Benchmark: Increase 100 bps (previous year 100 bps)	1.81	9.73
Benchmark: Decrease 100 bps (previous year 100 bps)	(1.81)	(9.73)

* Group has made investments in various debt securities which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to their respective benchmarks.

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to these investments, the Group has indirect exposure to interest rate changes on Net Asset Value of mutual fund units.

49.5.2 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices caused by factor affecting all similar instruments traded in the market.

The price risk arises due to uncertainties about the future Net Asset Values (NAV)/market price of investments. To manage its price risk arising from investments, the Group diversifies its investment portfolio. Diversification is done in accordance with the guidelines set by the Group's-Risk Management Policies as approved by the Board of Directors.

The Group's exposer to the price risk arises from investment in equity instrument classified as FVTPL or FVOCI, investments in units of equity-oriented mutual funds, venture capital funds, debt securities and derivative contracts (i.e. equity options and futures) measured at FVTPL as at reporting date. The following table explains Group's exposure to price risk is as follows:

49.5.2.1 Exposure

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Investment in equity instruments (at FVTPL)	37.70	29.38
Investment in equity instruments (at FVOCI)	0.05	0.05
Investment in equity-oriented mutual fund	16.93	7.37
Investment in venture capital fund units	166.39	309.46
Investment in Alternate Investment Fund	-	0.93
Equity / Index option contracts	4.29	1.66
Equity / Index futures contracts	(0.42)	(0.08)
Total	224.94	348.77

49.5.2.2 Sensitivity

The table below summarises the impact of increases/decreases of the benchmark on the Group's equity and profit for the period:

	Impact on profit after tax[4]		Impact on OCI[4]	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Investment in equity-oriented mutual fund units[1]				
- Increase 1% (previous year 1%)	0.12	0.07	-	-
- Decrease 1% (previous year 1%)	(0.12)	(0.07)	-	-
Investment in equity instruments including derivatives contracts (at FVTPL)[2]				
- Increase by 15% (previous year 15%)	2.29	1.52	-	-
- Decrease by 15% (previous year 15%)	(2.29)	(1.52)	-	-
Investment in equity instruments (at FVOCI)[3]				
- Increase 16 % (previous year 16 %)	-	-	-	-
- Increase 16 % (previous year 16 %)	-	-	-	-
Investment in venture capital fund units				
- Increase 10% (previous year 10%)	12.45	22.04	-	-
- Increase 10% (previous year 10%)	(12.45)	(22.04)	-	-

(1) The Group has investments in equity oriented mutual funds which are tracked with different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.

(2) Investment in equity instruments (including derivatives) at FVTPL are tracked to BSE 200 Index or Nifty 50 Index. The analysis is based on the assumption that the BSE 200 Index or Nifty 50 has increased by 15% or decreased by 15% with all other variables held as constant, and that all the Group's investments moved in line with the index.

(3) Investment in equity instruments (at FVOCI) are tracked to NSE Small cap 100 Index. The analysis is based on the assumption that the NSE Small Cap 100 index has increased by 16% or decreased by 16% with all other variables held constant, and that all the Group's investments moved in line with the index.

(4) Profit for the period would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value through profit or loss. Other components of equity would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value though other comprehensive income.

49.5.3 Foreign currency risk:

The Group does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date. This mitigates the foreign currency risk exposure for the Group.

50. The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including IDFC FIRST Bank, have introduced a variety of measures to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.

51. EMPLOYEE SHARE BASED PAYMENTS

a) IDFC Limited - Employee stock option scheme (equity settled):

The Group has introduced IDFC Employee Stock Option Scheme to enable the employees of the all the Group companies participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Group under the ESOS is recognised as an employee benefits expense with a corresponding increase in share option outstanding account under other equity. However, the fair value of options granted to the employees of associate of the Group is recognised as an increase in the investment in associate and a credit to share option outstanding account under other equity as per the Group share based payment guidance under Ind AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary equity share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	68.52	27,216,085	73.80	26,917,685
Granted during the year	-	-	55.75	8,400,000
Exercised during the year	-	-	43.40	(3,750)
Forfeited during the year	66.87	(6,104,000)	70.89	(7,001,350)
Lapsed/expired during the year	81.48	(7,830,667)	82.60	(1,096,500)
Closing balance	61.64	13,281,418	68.52	27,216,085
Vested and exercisable	61.63	13,240,018	74.69	18,500,593

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2020 was Rs. Nil (March 31, 2019 Rs. 43.40).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
06-Jun-11	26-Apr-17 to 1-Apr-19	81.96	-	7,350,000
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	-	30,000
08-Jun-12	8-Jun-19	129.70	-	200,000
20-May-13	20-May-19 to 31-Jan-19	99.26	-	66,667
01-Aug-13	01-Aug-19 to 01-Aug-21	66.33	-	200,000
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	42,000	46,000
01-Oct-13	01-Oct-19 to 01-Oct-21	53.34	-	400,000
03-Mar-14	03-Mar-20 to 03-Mar-22	56.97	-	1,250,000
01-Jul-14	01-Jul-20 to 01-Jul-22	81.84	-	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	-	600,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	700,000	1,000,000
03-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	2,034,564	3,889,364
03-Nov-15	03-Nov-21 to 03-Nov-23	58.40	-	325,000
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	300,000	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	100,000	175,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	158,754	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	103,500	178,500
27-Apr-18	27-Apr-2023	55.40	8,200,000	8,400,000
Total			13,281,418	27,216,085
Weighted average remaining contractual life of options outstanding at end of period			3.20	2.47

Fair value of options granted:

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended March 31, 2020 and March 31, 2019 included:

Assumptions	Year ended March 31, 2020	Year ended March 31, 2019
Expected - Weighted average volatility *	NA	39%
Expected dividends	NA	0.45%
Expected term (In years)	NA	3
Risk free rate	NA	7.44%
Market price	NA	55.4
Grant date	NA	27-Apr-18
Expiry date	NA	27-Apr-22
Fair value of the option at grant date	NA	18.87

* The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) IDFC AMC - Employee stock option scheme (cash settled):

(i) IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of IDFC group, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Company Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind AS 102 - Group share based payments, the said employee stock option scheme is classified as "Cash settled share based payments" in the consolidated financial statements of the Group.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	-	-	-	-
Granted during the year	699.03	599,000	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	699.03	599,000	-	-
Vested and exercisable	-	-	-	-

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
January 01, 2020	01-Jan-28	699.03	599,000	-
Total			599,000	-

(ii) IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of IDFC group, introduced Employee Stock Option Scheme, 2017 ("ESOS - 2017") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Company Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind AS 102 - Group share based payments, the said employee stock option scheme is classified as "Cash settled share based payments" in the consolidated financial statements of the Group.

The fair value of the options was determined using the Black-Scholes model using the following inputs as at the grant date:-

Grants made during the year ended March 31, 2020 and March 31, 2019:

	As at March 31, 2020	As at March 31, 2019
Stock Price (Rs.)	699.03	6,345.54
Volatility	0.50	0.48
Risk-free Rate	0.06	0.07
Exercise Price (Rs.)	699.03	9,646.93
Time To Maturity (In Years)	5.25	4.53
Dividend yield	0.06	0.02
Option Fair Value	213.13	1,936.22

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options *	Average exercise price	Number of options *
Opening balance	964.69	435,750	964.69	443,890
Granted during the year	-	-	964.69	10,000
Exercised during the year	-	-	-	-
Forfeited during the year	(964.69)	(36,210)	964.69	(18,140)
Lapsed/expired during the year	-	-	-	-
Closing balance	964.69	399,540	964.69	435,750

* The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
09-Sep-17	09-Sep-25	964.69	380,120	410,930
06-Nov-17	06-Nov-25	964.69	9,420	9,420
01-Feb-18	01-Feb-26	964.69	-	5,400
11-Apr-18	11-Apr-26	964.69	10,000	10,000
Total			399,540	435,750

c) IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an associate of the Group, got demerged from the IDFC Limited under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted certain employee stock option over its shares to the employees of the IDFC Group. The employee share based payments arrangement between the Group and its associate is outside the scope of Ind AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind AS 8, the Group has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind AS 102.

Applying Ind AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Group is recognised as an employee benefits expense with a corresponding decrease in investment in associate.

d) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
IDFC Limited - Employee stock option scheme (equity settled)	1.11	14.70
IDFC AMC - Employee stock option scheme (cash settled)	2.94	4.49
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	1.89	0.01
Total	5.94	19.20

52. INTEREST IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at March 31, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)		Ownership interest held by non-controlling interests (%)	
			As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IDFC Alternatives Limited	Fund Management Services	India	100%	100%	-	-
IDFC AMC Trustee Company Limited	Trusteeship services	India	100%	100%	-	-
IDFC Asset Management Company Limited	Asset management services	India	100%	100%	-	-
IDFC Projects Limited	Project management services	India	100%	100%	-	-
IDFC Securities Limited	Stock broking	India	100%	100%	-	-
IDFC Trustee Company Limited	Trusteeship services	India	100%	100%	-	-
IDFC Infrastructure Finance Limited (till March 11, 2019)	Infrastructure lending	India	-	-	-	-
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	-	-
IDFC Capital (Singapore) Pte Ltd	Asset management services	Singapore	100%	100%	-	-
IDFC Capital (USA) Inc.	Asset management services	USA	100%	100%	-	-
IDFC Securities Singapore Pte Ltd	Stock broking	Singapore	100%	100%		-
IDFC Investment Managers (Mauritius) Limited	Asset management services	Mauritius	100%	100%	-	-
IDFC IEH Conservative Fund	AIF Category III Fund	India	73%	61%	27%	39%
IDFC IEH Tactical Fund	AIF Category III Fund	India	71%	78%	29%	22%
India Multi Avenues Fund Limited	Investing	India	100%	100%	-	-
IDFC Foundation*	Not-for-profit organization	India	100%	100%	-	-

* The subsidiary is limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is Rs. 55 crores (March 31, 2019: Rs. 63 Crores)

(i) Significant judgement: Consolidation of IDFC Foundation

Under Ind AS 110, an investor controls an investee if it has power over investee, exposure to variable return and an ability to use its power to affect investee's returns. IDFC Foundation is wholly owned subsidiary of IDFC Limited. The variable returns under Ind AS do not need to be financial in nature, it can be either in the form of synergistic benefits or enhanced reputation. Since IDFC Foundation's CSR activities are promoted in the name of IDFC Group under Ind AS 110, it can reasonably help IDFC Group to developed its reputation and get synergistic benefits out of it.

b) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at March 31, 2020 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest	Relationship	Accounting Method	Quoted fair value		Carrying value	
				As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IDFC First Bank Limited (Refer note (i) below)	40.00%	Associate	Equity Method	4,059.56	10,615.32	6,140.27	7,511.05
IDFC Infrastructure Finance Limited (w.e.f March 12, 2019 & till March 29,2020)	30.00%	Associate	Equity Method	- *	- *	-	266.23
Novopay Solutions Private Limited#	23.83%	Associate	Equity Method	- *	- *	-	2.73
Jetpur Somnath Tollways Private Limited	26.00%	Associate	Equity Method	- *	- *	-	-
Delhi Integrated Multi - Modal Transit System Limited	50.00%	Joint Venture	Equity Method	- *	- *	59.45	57.95
Infrastructure Development Corporation (Karnataka) Limited (“iDeck”)	49.49%	Joint Venture	Equity Method	- *	- *	48.34	50.03
Total equity accounted investments				4,059.56	10,615.32	6,248.06	7,887.99

Amount in the associate is impaired and stands at Nil value

* Note: Unlisted entity - no quoted price available

i) For impairment assessment refer note 1 p) i) of accounting policies.

i) Significant judgement: existence of significant influence

IDFC FIRST Bank Limited is in the banking business and offers financial solutions using technology and a service-oriented approach to corporate and private customers in India.

Under previous GAAP, as the Group held 52.88% in IDFC FIRST Bank Limited (formerly IDFC Bank Limited), it was consolidated as a subsidiary as per AS-21. Accordingly, the assets, liabilities, incomes and expenses of IDFC FIRST Bank Limited were consolidated line by line. Under Ind AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC First Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind AS 28.

ii) Commitments and contingent liabilities in respect of associates and joint ventures

(In Rs. crore)

	As at March 31, 2020	As at March 31, 2019
Contingent liabilities – associates		
Derivative and non-fund based exposure	109,616.62	117,123.60
Income Tax	0.04	0.04
Bank Guarantee from PNB (submitted to NHAI)	90.64	90.64
Other Bank Guarantee	15.41	15.25
Total commitments and contingent liabilities	109,722.71	117,229.53

iii) Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not IDFC Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(In Rs. crore)

Summarised balance sheet	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Financial assets	153,683.21	169,387.90
Financial liabilities	142,065.80	154,380.70
Net financial assets	11,617.41	15,007.20
Non-financial assets	5,792.96	4,663.18
Non-financial liabilities	1,449.12	238.58
Provisions	924.25	858.30
Net Non-financial Asset	3,419.59	3,566.30
Net Assets	15,037.00	18,573.50

(In Rs. crore)

Reconciliation to carrying amounts	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Opening Net Assets	18,573.50	15,221.59
Profit during the year	(2,510.33)	(1,497.34)
Other comprehensive income for the year	(1,088.04)	(92.69)
Dividends paid (including DDT)	-	(307.79)
Equity shares issued during the year (including share premium)	46.32	5,140.93
Other reserve movement	15.55	108.80
Closing net assets	15,037.00	18,573.50
Group's Share in %	40%	40%
Group's Share in Rs.	6,014.80	7,429.40
Employee share based payment charge	1.89	0.01
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	123.58	81.64
Carrying Amount	6,140.27	7,511.05

(In Rs. crore)

Summarised statement of profit and loss	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Total Income	7,036.46	4,846.47
Profit for the year	(2,510.33)	(1,497.34)
Other comprehensive income	(1,088.04)	(92.69)
Total comprehensive income	(3,598.37)	(1,590.03)

(In Rs. crore)

Breakup of Other Comprehensive Income	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Other Comprehensive Income to the extent not to be reclassified to Profit or Loss	(140.86)	76.86
Other Comprehensive Income/ (Loss) to the extent that may be reclassified to Profit or Loss	(947.18)	(169.55)
Total Other Comprehensive Income/ (Loss)	(1,088.04)	(92.69)

iv) Individually immaterial associates

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates that are accounted for using the equity method. (In Rs. crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Aggregate carrying amount of individually immaterial associates	-	-
Aggregate amounts of the Group's share of:		
- Profit/(loss) from continuing operations	-	-
- Gain on dilution in stake	-	2.73
- Other comprehensive income	-	-
Total comprehensive income	-	2.73

v) Amount recognised in the statement of profit and loss (In Rs. crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Share of profits from associates	(1,439.35)	(664.90)
Gain/(loss) on dilution in stake in IDFC FIRST Bank Limited	-	(225.67)
Gain on dilution in stake in Novopay Solutions Private Limited	-	2.73
Share of profits from joint ventures	(0.23)	8.85
Total share of profits from associates and joint ventures	(1,439.58)	(878.99)

vi) Unrecognized share of loss of an associate (In Rs. crore)

	As at March 31, 2020	As at March 31, 2019
Unrecognised share of loss of an associate:		
-Jetpur Somnath Tollways Private Limited		
Opening balance of unrecognised share of loss	(136.93)	(134.59)
Share in Profit/ (loss) during the period	(1.65)	(2.34)
Closing balance of unrecognised share of loss	(138.58)	(136.93)

The Group has absorbed the share of losses in Jetpur Somnath Tollways Private Limited only to the extent of its investment value.

53. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2020

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In Rs. crore)	As % of consolidated profit or Loss	(In Rs. crore)	As % of consolidated other comprehensive Income	(In Rs. crore)	As % of consolidated total comprehensive income	(In Rs. crore)
Parent company								
IDFC Limited	111.24	9,255.57	(6.44)	64.18	(0.01)	0.04	(4.49)	64.22
Indian subsidiary companies								
IDFC Alternatives Limited	3.24	270.00	0.19	(1.87)	-	-	0.13	(1.87)
IDFC AMC Trustee Company Limited	0.00	0.27	(0.00)	0.02	-	-	(0.00)	0.02
IDFC Asset Management Company Limited	3.52	292.62	(8.04)	80.05	0.15	(0.65)	(5.55)	79.40
IDFC Projects Limited	(1.13)	(93.92)	0.09	(0.87)	-	-	0.06	(0.87)
IDFC Securities Limited	0.89	73.76	0.84	(8.36)	(0.26)	1.12	0.51	(7.23)
IDFC Trustee Company Limited	0.01	0.57	(0.03)	0.30	-	-	(0.02)	0.30
IDFC Financial Holding Company Limited	109.52	9,112.97	(10.65)	106.10	-	-	(7.41)	106.10
IDFC Foundation	0.66	55.16	0.80	(7.98)	0.01	(0.04)	0.56	(8.02)
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited (till 11th March 2019)	-	-	-	-	-	-	-	-
IDFC IEH Conservative fund (w.e.f 15th February 2018)	0.48	39.70	0.08	(0.75)	-	-	0.05	(0.75)
IDFC IEH Tactical fund (w.e.f 16th February 2019)	0.29	24.52	0.36	(3.57)	-	-	0.25	(3.57)
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	0.05	3.78	(0.93)	9.25	-	-	(0.65)	9.25
IDFC Capital (USA) Inc.	0.09	7.44	(0.01)	0.08	-	-	(0.01)	0.08
IDFC Securities Singapore Pte Ltd	0.00	0.30	0.28	(2.81)	-	-	0.20	(2.81)
IDFC Investment Managers (Mauritius) Limited	0.00	0.18	0.07	(0.65)	-	-	0.05	(0.65)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	73.80	6,140.27	100.80	(1,004.13)	100.08	(435.22)	100.58	(1,439.35)
Novopay Solutions Private Limited	-	-	0.29	(2.87)	-	-	0.20	(2.87)
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	0.71	59.45	(0.16)	1.64	0.03	(0.14)	(0.10)	1.50
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.58	48.34	0.14	(1.44)	(0.00)	0.01	0.10	(1.43)
Total (A)	303.95	25,290.99	77.67	(773.70)	100.00	(434.87)	84.46	(1,208.58)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(203.74)	(16,952.61)	22.45	(223.65)	-	-	15.63	(223.65)
b) Non-controlling interests								
- IDFC IEH Conservative Fund	(0.13)	(10.65)	(0.02)	0.20	-	-	(0.01)	0.20
- IDFC IEH Tactical Fund	(0.08)	(7.04)	(0.10)	1.02	-	-	(0.07)	1.02
Total (B)	(203.95)	(16,970.30)	22.33	(222.43)	-	-	15.54	(222.43)
Total (A) + (B)	100.00	8,320.69	100.00	(996.13)	100.00	(434.87)	100.00	(1,431.00)

53. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2019

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In Rs. crore)	As % of consolidated profit or Loss	(In Rs. crore)	As % of consolidated other comprehensive Income	(In Rs. crore)	As % of consolidated total comprehensive income	(In Rs. crore)
Parent company								
IDFC Limited	93.91	9,778.74	(15.57)	127.89	0.59	(0.23)	(14.84)	127.66
Indian subsidiary companies								
IDFC Alternatives Limited	3.81	397.10	(9.28)	76.20	-	-	(8.86)	76.20
IDFC AMC Trustee Company Limited	0.00	0.25	(0.01)	0.06	-	-	(0.01)	0.06
IDFC Asset Management Company Limited	2.82	293.23	(5.54)	45.51	4.79	(1.86)	(5.07)	43.65
IDFC Projects Limited	(0.89)	(93.05)	3.32	(27.27)	-	-	3.17	(27.27)
IDFC Securities Limited	1.33	138.09	1.14	(9.35)	5.48	(2.13)	1.33	(11.48)
IDFC Trustee Company Limited	0.07	7.51	(0.12)	0.98	-	-	(0.11)	0.98
IDFC Financial Holding Company Limited	86.49	9,006.87	(0.91)	7.44	-	-	(0.86)	7.44
IDFC Foundation	0.61	63.18	(0.59)	4.83	0.95	(0.37)	(0.52)	4.46
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited (till 11th March 2019)	6.49	675.80	(10.24)	84.07	0.42	(0.16)	(9.75)	83.91
IDFC IEH Conservative fund (w.e.f 15th February 2018)	0.35	36.91	0.11	(0.87)	(3.41)	1.32	(0.05)	0.45
IDFC IEH Tactical fund (w.e.f 16th February 2019)	0.19	19.88	0.03	(0.26)	(0.71)	0.27	(0.00)	0.02
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	2.18	226.62	0.22	(1.79)	-	-	0.21	(1.79)
IDFC Capital (USA) Inc.	0.06	6.76	(0.01)	0.09	-	-	(0.01)	0.09
IDFC Securities Singapore Pte Ltd	0.01	0.84	0.58	(4.80)	-	-	0.56	(4.80)
IDFC Investment Managers (Mauritius) Limited	0.01	1.06	0.04	(0.32)	-	-	0.04	(0.32)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	72.13	7,511.05	76.93	(631.87)	87.82	(34.11)	77.42	(665.98)
IDFC Infrastructure Finance Limited (w.e.f 12th March 2019)	-	-	-	-	-	-	-	-
Novopay Solutions Private Limited	0.03	2.73	(0.33)	2.73	-	-	(0.32)	2.73
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	0.56	57.95	(0.77)	6.33	(0.11)	0.04	(0.74)	6.38
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.48	50.03	(0.28)	2.32	(0.42)	0.16	(0.29)	2.48
Total (A)	270.63	28,181.55	38.73	(318.08)	95.44	(37.07)	41.29	(355.15)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(170.90)	(17,796.74)	63.45	(521.10)	4.56	(1.77)	60.79	(522.87)
b) Non-controlling interests								
- IDFC Infrastructure Finance Limited	-	-	(2.09)	17.14	-	-	(1.99)	17.14
- IDFC IEH Conservative Fund	0.22	22.75	(0.09)	-	-	-	(0.08)	-
- IDFC IEH Tactical Fund	0.06	5.76	-	-	-	-	-	-
Total (B)	(170.63)	(17,768.23)	61.27	(503.96)	4.56	(1.77)	58.71	(505.73)
Total (A) + (B)	100.00	10,413.32	100.00	(822.04)	100.00	(38.84)	100.00	(860.88)

54. RELATED PARTY TRANSACTIONS

a) Subsidiaries

Direct:

IDFC Foundation
IDFC Financial Holding Company Limited
IDFC Projects Limited
IDFC Alternatives Limited (w.e.f November 14, 2019)
IDFC Trustee Company Limited (w.e.f November 14, 2019)

Through subsidiaries:

IDFC Alternatives Limited (upto November 13, 2019)
IDFC Asset Management Company Limited
NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (till 11th March 2019)
IDFC Securities Limited
IDFC Capital (USA) Inc.
IDFC Capital (Singapore) Pte. Ltd.
IDFC Investment Managers (Mauritius) Limited
IDFC Securities Singapore Pte. Limited
IDFC AMC Trustee Company Limited
IDFC Trustee Company Limited (upto November 13, 2019)
India Multi Avenues Fund Limited
IDFC IEH Tactical Fund (w.e.f 16th February 2019)
IDFC IEH Conservative Fund (w.e.f 15th February 2018)

b) Joint ventures

Through subsidiaries:

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited
Karnataka Rail Infrastructure Development Company (Karnataka) Limited (upto December 17, 2018)
India PPP Capacity Building Trust

c) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited (formely known as "IDFC Bank Limited")
IDFC FIRST Bharat Limited (formely known as "IDFC Bharat Limited")
Millennium City Expressways Private Limited
Jetpur Somnath Tollways Private Limited
Emerging Markets Private Equity Fund LP (upto April 04, 2019)
Investcorp Real Estate Yield Fund (previously known as IDFC Real Estate Yield Fund) (upto January 30, 2019)
Investcorp Score Fund (previously known as IDFC Score Fund) (upto January 30, 2019)
Investcorp Private Equity Fund II (previously known as IDFC Private Equity Fund IV) (upto January 30, 2019)
Investcorp Infrastructure Fund 1 (previously known as IDFC Infrastructure Fund 3) (upto January 30, 2019)
India Infrastructure Fund (upto July 01, 2018)
India Infrastructure Fund II (upto July 01, 2018)

NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (w.e.f March 12, 2019 till March 30, 2020)

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO
Mr. Bipin Gemani - Chief Financial Officer (w.e.f December 19, 2018)
Mr. Vinod Rai - Independent director
Ms. Ritu Anand -Independent director (w.e.f. August 16, 2019)
Ms. Marriane Okland - Independent director (upto September 30, 2019)
Mr. S S Kohli - Independent director (upto September 30, 2019)
Mr. Ajay Sondhi - Independent director (w.e.f. November 08, 2019)

Sitting fees and Commission to directors has been disclosed as "Directors' Sitting Fees" & "Commission to directors" under "other expenses" in note 32.

(In Rs. crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefit	7.16	5.11
Long-term employee benefit	1.04	0.47
Total	8.20	5.58

Consolidated disclosure of related party transaction and balances for the year ended March 31, 2020

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

(In Rs. crore)

	Associates / JV's / Others 2020	Associates / JV's / Others 2019	Key Management Personnel 2020	Key Management Personnel 2019
INCOME				
Interest	10.18	5.11	-	-
Fee income	0.23	270.20	-	-
Shared service recovery	2.15	22.22	-	-
Brokerage received	0.23	0.04	-	-
Rental Income	3.54	3.95	-	-
Corpus donation received	-	20.82	-	-
Sitting fees received	0.03	0.02	-	-
EXPENDITURE				
Remuneration paid	-	-	8.20	5.58
Shared service cost	1.34	5.20	-	-
License Fees	-	0.16	-	-
Fees on Cancellation of Forward Contract	-	4.65	-	-
Expenses related to contract assets	-	2.44	-	-
Lease rent	0.04	0.11	-	-
ASSETS / TRANSACTIONS				
Purchase / subscription of investments	45.99	969.23	-	-
Amount received on sale proceeds of investment	-	560.96	-	-
Transfer of fixed assets	-	0.57	-	-
Current account balance	67.13	8.11	-	-
Fixed deposits placed	1,415.78	1,415.99	-	-
Fixed deposits matured	866.09	1,515.51	-	-
Fixed deposits - Balance outstanding	609.42	59.79	-	-
Interest accrued on deposits	0.90	4.07	-	-
Other receivables	1.33	95.49	-	-
Contract assets	-	59.28	-	-
Outstanding Investment in Mutual Fund	-	157.08	-	-
Outstanding Preference investment	89.55	88.74	-	-
Outstanding Equity investment	7,597.10	7,587.54	-	-
LIABILITIES / TRANSACTIONS				
Other payables- balance outstanding	-	0.07	-	-
Trade payables- balance outstanding	4.99	5.09		
Security deposit o/s	1.77	1.77	-	-

55. COVID IMPACT

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and 14 days across the country to contain the spread of virus.

The Group's operations are included in essential services and have continued through the lock down declared by the government. The Group has made an assessment of its liquidity position applying stress scenarios. The Group believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

The Group has further assessed the recoverability and carrying value of its assets comprising Investments, Property, Plant and Equipment, Intangible assets and other assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

56. CHANGES IN ACCOUNTING POLICY

Impact on the financial statements - lease accounting

The Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparative for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously being classified as 'Operating Leases' under the principles of IND AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. To determine the incremental borrowing rate, the Company uses a indicative AAA equivalent borrowing rate.

i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonable similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at April 1, 2019
- accounting for operating leases with remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected not the reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an arrangement contains a Lease.

ii) Measurement of lease liabilities and right-of-use assets

The associated lease liabilities and right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

iii) Adjustments recognised in the balance sheet on April 1, 2019

The changes in accounting policy affected the following items in the balance sheet on April 1, 2019:

- property, plant and equipment - decrease by Rs. 0.27 crores
- right-of-use assets - increase by Rs. 18.07 crores
- deferred tax assets (net) - increase by Rs. 0.77 crores
- prepayments - decrease by Rs. 0.82 crores
- lease liabilities - increase by Rs. 19.31 crores
- security deposit - decrease by Rs. 0.65 crores

The net impact on retained earnings on April 1, 2019 was decrease of Rs. 2.21 crores

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

IDFC LIMITED

IDFC LIMITED

Corporate Identity Number: L65191TN1997PLC037415 info@idfc.com; www.idfc.com
Regd. Office: 4th Flr., Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018 **Tel:** +91 44 4564 4202 **Fax:** +91 44 4564 4222
Corp. Office: 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400 021 **Tel** +91 22 2282 1549 **Fax:** +91 44 22 2421 5052

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting **("AGM")** of the Members of IDFC Limited **("IDFC"** or **"the Company")** will be held on Friday, September 25, 2020 at 11:00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS

1. **To consider and adopt:**
   a. the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the Reports of the Board of Directors and the Auditors thereon; and
   b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the Report of the Auditors thereon.

2. To approve, with or without modification, appointment of a Director in place of Mr. Soumyajit Ghosh (DIN: 07698741), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. **Appointment of Mr. Ajay Sondhi as an Independent Director**

   To consider, and if thought fit, to pass, the following as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of, Sections 149, 152, 160, 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Ajay Sondhi (DIN: 01657614) in respect of whom the Company has received a notice in writing from a Member signifying the intention to propose Mr. Ajay Sondhi as a candidate for the office of an Independent Director, be and is hereby appointed as an Independent Director of the Company w.e.f. November 08, 2019 to hold office for a consecutive period of 3 (three) years.

   RESOLVED FURTHER THAT Mr. Ajay Sondhi shall not be liable to retire by rotation during his tenure as an Independent Director.

   RESOLVED FURTHER THAT the Board of Directors of the Company or Mr. Mahendra N Shah, Company Secretary & Compliance Officer, be and are hereby severally authorized to sign and file the requisite forms and returns and other documents with the statutory/regulatory authority/ies and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

4. **Reappointment of Mr. Sunil Kakar as Managing Director & CEO**

   To consider, and if thought fit, to pass, the following as **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, approval of the Board be and is hereby accorded to appoint Mr. Sunil Kakar (DIN - 03055561), as Managing Director & Chief Executive Officer ("MD & CEO"), designated Key Managerial Personnel of the Company w.e.f. July 16, 2020 till September 30, 2022, on the terms and conditions, including remuneration, as set out hereunder,

   i. **Basic Salary:** in the range of Rs. 9 lacs to Rs. 12 lacs per month.

   ii. **Perquisites and Allowances:** In addition to the Basic Salary, Mr. Sunil Kakar will also be entitled to the perquisites and allowances like house rent allowance or rent free furnished accommodation in lieu thereof, house maintenance allowance, variable pay / performance linked incentives, employee stock options, conveyance allowance, medical reimbursement, leave travel allowance, special allowance, use of Company car for official purposes, telephone at residence, contribution to provident fund, superannuation fund and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors of the Company with Mr. Kakar from time to time. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable.

   RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. Kakar within the terms mentioned above.

   RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits in any the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Mr. Kakar as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

RESOLVED FURTHER THAT Mr. Kakar shall not be liable to retire by rotation during his tenure as MD & CEO.

RESOLVED FURTHER THAT for purpose of giving effect to the foregoing resolution, the Board of Directors or any Committee thereof and / or Mr. Mahendra N Shah, Company Secretary & Compliance Officer, be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

By order of the Board of Directors

Mahendra N Shah
Company Secretary

Mumbai | August 27, 2020

NOTES:

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (**"MCA"**) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as **"MCA Circulars"**) permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means (**"VC / OAVM"**), without physical presence of the Members at a common venue. In compliance with applicable provisions of the Companies Act, 2013 (**"the Act"**) read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**), the 23rd Annual General Meeting of the Company is being conducted through Video Conferencing (**"VC"**) **(hereinafter referred to as "AGM' or "e-AGM")**. SEBI has also by its Circular no SEBI/HO/CFD/CMD1/CIR/p/2020/79 dated May 12, 2020, has provided for relaxation on similar lines in holding of AGM for the current financial year. In accordance with the Secretarial Standard - 2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM. Further, Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice
2. The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed hereto. Brief resume and other details of Director proposed to be appointed / reappointed as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 ("SEBI LODR Regulations") are given in the Exhibit to the Notice.
3. **e-AGM:** Company has appointed KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. **Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The said Resolution/Authorization should be sent electronically through their registered email address to the Scrutinizer at scrutinizer.idfc@kfintech.com with a copy marked to mahendra.shah@idfc.com
6 (a) Members are requested to address all correspondence, including change in address / bank account details, to KFin Technologies Private Limited [Unit: IDFC Limited], Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, India ("KFin"). Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository Participants ("DP").
   (b) SEBI vide its circular dated April 20, 2018 has made it mandatory for the Company to collect copy of Income Tax Permanent Account Number (PAN) and bank account details of all security holders holding securities in physical form. Accordingly, all Shareholders holding shares in physical form are requested to submit duly attested documents to KFin.
   (c) As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in physical mode can download the nomination form by logging in https://kprism.kfintech.com/ or write to einward.ris@kfintech.com for the nomination registration process. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form.
   (d) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities or mutation of names of the deceased shareholder. In view of this and to eliminate all risks associated with physical shares and for ease of managing their portfolio members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited for any assistance in this regard.
8. **Attending e-AGM:** Member will be provided with a facility to attend the e-AGM through video conferencing

platform provided by KFin Technologies Private Limited. Members may access the same at https://emeetings.kfintech.com/ by clicking on "Video Conference" and access the shareholders'/ members' login by using the remote e-voting credentials which shall be provided as per Note No. 18 below. Kindly refer note no. 17 below for detailed instruction for participating in e-AGM through Video Conferencing. The Members can join the e-AGM 15 minutes before the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.

9. As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, scrutinizer etc.
10. A member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 , Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent KFin Technologies Private Limited. Kindly refer Note no. 18 below for detailed instruction for remote e-voting.
12. **Voting during the AGM:** Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Private Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 19 below for instruction for e-voting during the AGM.
13. The Company has fixed **Friday, September 18, 2020** as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM.
14. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March, 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at www.idfc.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively where the Company's shares are listed. The same is also available on the website of KFin Technologies Private Limited at the website address https://evoting.kfintech.com/.
16. **Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)**
    i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
        a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.
        b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by sending an e-mail request at the email ID einward.ris@kfintech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.
    ii. Those members who have not registered their email addresses with the Company's RTA / Depository Participants, as the case may be, are requested to visit https://ris.kfintech.com/email_registration/ and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions. In case of any queries, shareholder may write to einward.ris@kfintech.com.
    iii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.
17. **Instructions to the Members for attending the e-AGM through Video Conference:**
    i. **Attending the e-AGM:** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at logging in https://emeetings.kfintech.com/ using the login credentials and click on "Video Conference". Select the EVENT and click on the camera icon to join the meeting.
    ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 18 below.
    iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
    iv. Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.
    v. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due

to fluctuation in their respective networks. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

vi. **Submission of Questions / queries prior to e-AGM:**

a. Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e. mahendra.shah@idfc.com at least 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members questions will be answered only if they continue to hold the shares as of cut-off date.

b. Alternatively, shareholders holding shares as on cut-off date may also visit https://emeetings.kfintech.com/ and click on the tab "Post Your Queries Here"" to post their queries/ views/ questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.

vii. **Speaker Registration before e-AGM:** In addition to above, speaker registration may also be allowed during the remote e-voting period. Shareholders who wish to register as speakers are requested to visit https://emeetings.kfintech.com/ and click on 'Speaker Registration' during this period. Shareholders are requested to wait for their turn to be called by the Chairman of the meeting or the moderator as the case maybe, during the Question Answer Session. **Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 17(vi) above.**

viii. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the e-AGM on the website of the Company at the following weblink:
http://www.idfc.com/investor_relations/annual_report.htm

ix. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to: Shivangi.mistry@idfc.com

18. **Instructions for members for remote e-Voting:**

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Private Limited **('remote e-voting')**.

Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting **(e-voting)** when window for e-voting is activated upon instructions of the Chairman

i. The remote e-voting facility will be available during the following period:

a. Day, date and time of commencement of remote e-voting: **Monday, September 21, 2020** at 9:00 a.m.

b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: **Thursday, September 24, 2020** at 5:00 p.m.

ii. Details of Website: https://emeetings.kfintech.com/

iii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being **Friday, September 18, 2020**. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.

iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose name is recorded as on Friday, August 28, 2020 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires shares of the Company and becomes Member of the Company after Friday, August 28, 2020 being the date reckoned for sending the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. September 18, 2020, may obtain the User Id and password in the manner as mentioned below:

a) If the mobile number of the Member is registered against Folio No./ DPID Client ID, the Member may send SMS:
MYEPWD <space> Folio number or DPID Client ID to +91-9212993399

Example for NSDL:
MYEPWD<SPACE>IN12345612345678

Example for CDSL:
MYEPWD<SPACE>402345612345678

Example for Physical: MYEPWD<SPACE>
1234567890

If e-mail address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the home page of https://emeetings.kfintech.com/, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

b) Member may call KFin's Toll free number 1-800-3454-001.

c) Member may send an e-mail request to evoting@kfintech.com.

v. Details of persons to be contacted for issues relating to e-voting:
Ms. Krishna Priya M , Manager - Corporate Registry,
KFin Technologies Private Limited,
Unit: IDFC
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Contact No. 040-6716 2222/ 7961 1000

Toll Free No.: 18003454001,
E-mail: priya.maddula@kfintech.com

vi. Details of Scrutinizer: Mr. B. Narasimhan (FCS No. 1303 and COP No. 10440) of M/s BN & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

viii. The procedure and instructions for remote e-Voting facility are as follows:

   i. Open your web browser during the remote e-voting period and navigate to https://emeetings.kfintech.com/

   ii. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No. or DP ID /Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.

   iii. After entering these details appropriately, click on "LOGIN".

   You will now reach password change menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like *, #, @, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

   iv. You need to login again with the new credentials.

   v. On successful login, the system will prompt you to select the E- Voting Event Number for Company's Name.

   vi. If you are holding shares in Demat form and had logged on to https://emeetings.kfintech.com/ and casted your vote earlier for any other Company, then your existing login id and password are to be used.

   vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. Friday, September 18, 2020 under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut- off date.

   viii. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

   ix. Members holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/demat accounts.

   x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

   xi. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote.

   xii. During the voting period, Members can login any number of times till they cast their vote on the Resolution(s).

   xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: scrutinizer.idfc@kfintech.com with a copy to mahendra.shah@idfc.com. They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_5519"

   In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members available at the download section of https://emeetings.kfintech.com/ or contact Ms. Krishna Priya M of KFin Technologies Private Limited at 040- 6716 1510 or at 1800-3454-001 (toll free).

ix. The Scrutinizer's decision on the validity of the vote shall be final.

x. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the e-AGM, however such Member shall not be allowed to vote again during the e-AGM.

xi. The Scrutinizer after scrutinising the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer's Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

xii. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company i.e. www.idfc.com and on the website of KFin Technologies Private Limited i.e. https://emeetings.kfintech.com/. The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited. The result shall also be displayed on the Notice Board at the Registered Office of the Company.

xiii. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.

19. Instructions for members for Voting during the e-AGM session:

i. The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.

ii. E-voting during the AGM is integrate with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.

iii. Members / shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.

ANNEXURE TO NOTICE

Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out all material facts:

Item no. 3

The Nomination and remuneration Committee of the Company recommended the appointment of Mr. Ajay Sondhi (DIN: 01657614) as an Additional Directors in the category of Independent Director on the Board of IDFC Limited. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company approved the appointments of Mr. Ajay Sondhi as an Additional Directors in the category of Independent Director w.e.f. November 08, 2019.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from Members proposing the candidature of Mr. Ajay Sondhi for the office of Independent Director.

The profile of Mr. Ajay Sondhi in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of their remuneration last drawn have been provided in the Exhibit to this Notice.

Except Mr. Ajay Sondhi, none of the Directors or their relatives, is in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of an Ordinary Resolution as set out in Item No. 3 for approval of the Shareholders.

Item no. 4

Mr. Sunil Kakar was appointed as Managing Director & Chief Executive Officer of IDFC Limited in the capacity of Key Managerial Person for a period of 3 years with effect from July 16, 2017. His term expired on July 15, 2020.

The profile of Mr. Sunil Kakar in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of their remuneration last drawn have been provided in the Exhibit to this Notice.

Mr. Kakar took over the charge as MD & CEO after resignation of Mr. Vikram Limaye. He has been able to execute the strategic plans of the Company as decided by the Board and shareholders. The Company needs to unlock the value for shareholders of IDFC and to do corporate restructuring as per the directions / approvals of the regulatory authority. Mr. Kakar has a key role for proposed restructuring.

Based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the shareholders at this meeting, the Board of Directors of the Company, at its meeting held on June 25, 2020 approved the re-appointment of Mr. Sunil Kakar as MD & CEO of IDFC Limited from July 16, 2020 till September 30, 2022 on such terms and conditions as mentioned in the resolution set out in item no. 4.

The Company is only a Holding /Investment Company and does not have any business / operations. The strategic plan for the company is to simplify the corporate structure and unlock value for the shareholders. In the process , the Company may / may not have adequate profits for each financial year. Accordingly, approval of the shareholders is sought by way of special resolution so that, in case the Company has no profits or inadequate profits at the end of any financial year, the remuneration as decided by the Board or any Committee thereof from time to time, may be paid to Mr. Sunil Kakar as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made thereunder from time to time.

Mr. Sunil Kakar is a qualified professional and is not related to any Director / major Shareholder.

Except Mr. Sunil Kakar, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of a Special Resolution as set out in Item No. 4 for approval of the Shareholders.

By order of the Board of Directors

Mahendra N Shah
Company Secretary

Mumbai | August 27, 2020

EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of Directors proposed to be appointed / reappointed.

Name of the Director	**Mr. Soumyajit Ghosh**	**Mr. Ajay Sondhi**	**Mr. Sunil Kakar**
Date of Birth	October 11, 1974	July 23, 1960	October 1, 1957
Age	46 years	60 years	62 years
Date of Appointment	January 11, 2017	November 08, 2019	July 16, 2020
Brief Profile	He is B.Sc. Statistics (Hons) and acts as a Nominee Director of Government of India. Mr. Soumyajit Ghosh is Under Secretary with Department of Financial Services (DFS), Ministry of Finance, Government of India. He has experience in Administration of Financial Rules and has handled administrative matters pertaining to Promotions of All India Services, legal issues and procurement matters, including defense procurement. Presently, he is handling administrative and other matters relating to Financial Institutions namely, EXIM Bank, IIFCL, IFCI Limited etc. He is also handling the issues relating to the revival of stressed assets in infrastructure sector.	Mr. Ajay Sondhi is based in Singapore and is the Founder and CEO of Sentinel Advisors Pte Ltd, a boutique business and strategy advisory services firm focusing on India, ASEAN and North Asia markets, with particular sector focus on Financial Services, Health Sciences and Real Estate. Mr. Sondhi has over 33-year career in wholesale, investment and private banking in India and overseas. Mr. Sondhi was the Regional Head for Private Wealth Management at Goldman Sachs Singapore from 2008 till taking early retirement in mid-2014. Prior to that he was head of Global India markets for Citi Private Bank based in Singapore from 2005 to 2008. Mr. Sondhi has previously been Vice Chairman and MD of Kotak Mahindra Capital Company and a Board member of Kotak Mahindra Bank, India; MD and Country Head for UBS AG, India; Group CEO for Barclays Bank / BZW, India; and Director & Head – South Asia for Salomon Brothers, Hong Kong. Mr. Sondhi started his career with Citibank in India, and held various positions in corporate banking culminating in becoming Country Corporate Bank and Corporate Finance Head before he left in 1993. Mr. Sondhi holds a Master in Management Studies degree from Jamnalal Bajaj Institute of Management Studies, Mumbai, and is a graduate of St. Stephens College, Delhi University.	Mr. Sunil Kakar is the Managing Director & CEO of IDFC Limited. He started his career at Bank of America where he worked for 18 years in various roles, covering Business Planning & Financial Control, Branch Administration and Operations, Market Risk Management, Project Management and Internal Controls. As a CFO from 1996 to 2001, Mr. Kakar spearheaded the Finance function at Bank of America in India. After Bank of America, Mr. Kakar was the CFO at Max New York Life Insurance Company since 2001. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation. As part of the start-up team in Max New York Life, Mr. Kakar was a key part of core group which led the successful development of the insurance business. He joined IDFC in 2011 as the Group Chief Financial Officer and was responsible for Finance & Accounts, BusinessPlanning and Budgeting, Investor Relations, Resource Raising and IT. He was also a member of IDFC Group's Management Committee. After the demerger of IDFC Ltd and IDFC Bank, he moved to the bank as one of the founding members that led the transition of IDFC into a universal bank. He was a member of the Executive Committee of the bank and led Strategic Planning & Budgeting, Finance & Accounts and Investor Relations at IDFC Bank. Mr. Kakar holds an MBA in Finance from XLRI and a degree in engineering from IIT Kanpur.
No. of Board Meetings attended during 2019-20	3 out of 6	2 out of 2	6 out of 6

EXHIBIT TO NOTICE (Contd.)

Name of the Director	**Mr. Soumyajit Ghosh**	**Mr. Ajay Sondhi**	**Mr. Sunil Kakar**
Directorships held in all other companies	NIL	1. Meeba Holding Pte. Ltd., Singapore 2. Maxx Medical Pte Ltd, Singapore 3. Noora Health, USA	1. IDFC FIRST Bank Limited 2. IDFC Projects Limited 3. IDFC Alternatives Limited 4. IDFC Foundation 5. Uniquest Infra Ventures Private Limited 6. IDFC Asset Management Company Limited 7. IDFC Trustee Company Limited 8. Novopay Solutions Private Limited
Memberships / Chairmanships of Committees of the Board of all companies [Includes only Audit and Stakeholders Relationship Committee]	Membership in Stakeholders Relationship Committee of IDFC Limited	Membership in Audit Committee of IDFC Limited	Membership in Audit Committee of 1. IDFC FIRST Bank Limited 2. IDFC Foundation
Number of Equity Shares held in the Company	NIL	NIL	1,00,000 (one lac)
Inter-se relationship with other Directors / Manager / KMP	Mr. Soumyajit Ghosh and Mr. Anshuman Sharma are Nominee Directors of Government of India (“GoI”). GoI is the largest shareholder of the Company.	No relationship	No relationship. Mr. Sunil Kakar is a qualified professional and is not related to any Director / major Shareholder.
Details of Remuneration sought to be paid	NIL	i) Sitting Fees; and (ii) Commission* *Refer Table 3 of the Corporate Governance Report which forms part of this Annual Report	As provided in resolution set out in Item No. 4 of the Notice
Remuneration last drawn by the Director	NIL	Please refer to MGT-9	Please refer to MGT-9

NOTES

NOTES

IDFC LIMITED
www.idfc.com | info@idfc.com

REGISTERED OFFICE
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu,
Teynampet, Chennai - 600 018
TEL: +91 44 4564 4202
FAX: +91 44 4564 4222

CORPORATE OFFICE
906/907, 9th Floor,
Embassy Centre,
Jamnalal Bajaj Road,
Nariman Point, Mumbai – 400021
TEL: +91 22 2282 1549
FAX: +91 22 2421 5052