

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **IDFC LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March, 2017, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 3 to the consolidated financial statements which describes the demerger of the financial undertaking of the Holding Company, as defined in the Scheme of Arrangement under section 391-394 of the Companies Act, 1956 approved by the Hon'ble Madras High Court vide its order dated June 25, 2015 into the IDFC Bank Limited with effect from October 1, 2015.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 757.71 crore as at 31 March, 2017, total revenues of ₹ 373.35 crore and net cash outflows amounting to ₹ 183.28 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Three subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

INDEPENDENT AUDITORS' REPORT

- (b) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 6.29 crore as at 31st March, 2017, total revenues of ₹ 3.36 crore and net cash outflows amounting to ₹ 0.44 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 68.76 crore for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries referred in the Other Matters paragraph above 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account 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 prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2017 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and subsidiary companies incorporated in India.
- (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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates- Refer Note 40 to the consolidated financial statements.
 - The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India.
 - The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditors by the Management of the respective Group entities.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. Ramesh

Partner
(Membership No. 70928)

Mumbai | April 28, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of IDFC Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are companies incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, 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 internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates three subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

P. R. Ramesh

Partner
(Membership No. 70928)

Mumbai | April 28, 2017

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

		(₹ IN CRORE)		
	NOTES	AS AT MARCH 31, 2017	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
EQUITY AND LIABILITIES				
Shareholders' funds				
(a) Share capital	8	1,595.94		1,594.02
(b) Reserves and surplus	9	9,223.92		8,508.97
			10,819.86	10,102.99
Share application money pending allotment	10		-	5.66
Minority Interest	11		7,096.31	6,635.17
Non-current liabilities				
(a) Long-term borrowings	12	36,431.96		43,184.88
(b) Other long-term liabilities	13	1,273.03		658.66
(c) Deferred tax liability (net)	22	17.93		17.61
(d) Long-term provisions	14	292.56		336.67
			38,015.48	44,197.82
Current liabilities				
(a) Short-term borrowings	15	50,286.87		16,710.42
(b) Trade payables	16			
(i) Total outstanding dues of micro enterprises and small enterprises		0.02		-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		528.76		463.26
(c) Other current liabilities	17	7,763.87		8,351.16
(d) Short-term provisions	18	3,036.97		402.40
			61,616.49	25,927.24
TOTAL			117,548.14	86,868.88
ASSETS				
Non-current assets				
(a) Fixed assets				
(i) Tangible assets	19 (a)	604.28		534.53
(ii) Intangible assets	19 (b)	311.96		233.74
(iii) Intangible assets under development		5.90		29.19
			922.14	797.46
(b) Goodwill on consolidation	20		1,286.06	957.09
(c) Non-current investments	21		14,699.66	10,415.07
(d) Deferred tax asset (net)	22		1,342.25	1,740.01
(e) Long-term loans and advances				
(i) Loans	23	36,827.79		39,934.57
(ii) Others	24	1,152.02		1,000.92
			37,979.81	40,935.49
(f) Other non-current assets	25		70.33	179.47
			56,300.25	55,024.59
Current assets				
(a) Current investments	26		36,329.70	20,287.85
(b) Trade receivables	27		54.39	35.87
(c) Cash and bank balances	28		5,282.43	3,034.14
(d) Short-term loans and advances				
(i) Loans	23	15,163.44		6,966.62
(ii) Others	24	434.27		382.32
			15,597.71	7,348.94
(e) Other current assets	25		3,983.66	1,137.49
			61,247.89	31,844.29
TOTAL			117,548.14	86,868.88

See accompanying notes forming part of the financial statements (see note 1 to 44)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

P.R. Ramesh
Partner

Mumbai | April 28, 2017

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

Vinod Rai
Independent Non-Executive Chairperson

Bipin Gemani
Chief Financial Officer

Vikram Limaye
Managing Director & CEO

Ketan Kulkarni
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)	
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
I INCOME			
Revenue from operations	29	10,458.18	8,942.28
Other income	30	9.54	28.08
TOTAL INCOME (I)		10,467.72	8,970.36
II EXPENSES			
Employee benefits expense	31	794.20	640.04
Finance costs	32	6,650.33	5,735.55
Provisions and contingencies	33	277.91	326.74
Other expenses	34	805.20	526.25
Depreciation and amortisation expense	19(a)&(b)	148.62	62.38
TOTAL EXPENSES (II)		8,676.26	7,290.96
III PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (I - II)		1,791.46	1,679.40
IV Exceptional items	4	-	(2,638.72)
V PROFIT BEFORE TAX (III+IV)		1,791.46	(959.32)
VI TAX EXPENSE			
Current tax		84.05	657.02
Deferred tax		402.67	(977.09)
Tax adjustment for prior years		(3.85)	(47.85)
Minimum alternate tax (credit) / charge		-	0.46
TOTAL TAX EXPENSE (VI)		482.87	(367.46)
VII PROFIT AFTER TAX (BEFORE SHARE OF LOSS FROM ASSOCIATES AND ADJUSTMENT FOR SHARE OF MINORITY INTEREST) (V-VI)		1,308.59	(591.86)
VIII Share of net loss from associates		(68.76)	(64.98)
IX Share of profit of minority interest	11	(540.75)	(277.96)
X PROFIT/ (LOSS) FOR THE YEAR (VII+VIII+IX)		699.08	(934.80)
XI EARNINGS PER EQUITY SHARE (NOMINAL VALUE OF SHARE ₹ 10 EACH)			
Basic (₹)		4.38	(5.87)
Diluted (₹)		4.38	(5.87)

See accompanying notes forming part of the financial statements (see note 1 to 44)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

P.R. Ramesh
Partner

Mumbai | April 28, 2017

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

Vinod Rai
Independent Non-Executive Chairperson

Bipin Gemani
Chief Financial Officer

Vikram Limaye
Managing Director & CEO

Ketan Kulkarni
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)	
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax		1,791.46	(959.32)
Adjustments for:			
Depreciation and amortisation expense	19(a)&(b)	148.62	62.38
Provision for employee benefits		(6.85)	9.99
Provisions and contingencies	33	277.91	326.74
Exceptional Items - Provisions and Contingencies	4	-	2,638.72
Interest expense	32	6,450.39	5,451.22
Interest Income	29(a)	(8,773.94)	(7,600.51)
Amortisation / (writeback) of premium on long term investments		29.31	(11.39)
Unrealised loss on foreign currency revaluation		(57.59)	(250.46)
Profit on sale of other investments (net)	29(d)	(653.66)	(765.89)
Foreign currency translation reserve	7(s)	(5.40)	11.93
(Profit)/ loss on sale of fixed assets (net)	34	5.17	3.27
Interest paid		(6,132.80)	(4,906.77)
Interest received		8,476.50	7,834.29
		(242.34)	2,803.52
Operating profit before working capital changes		1,549.12	1,844.20
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets			
Trade receivables		(18.52)	8.98
Long-term loans & advances		379.46	(313.40)
Short-term loans & advances		(74.78)	(70.25)
Other non-current assets		19.19	22.56
Other current assets		(2,458.78)	(730.28)
Adjustments for increase / (decrease) in operating liabilities			
Trade payables		65.52	(66.80)
Other long-term liabilities		(5.50)	14.31
Other current liabilities		92.84	258.99
		(2,000.57)	(875.89)
Direct taxes paid		2,013.31	(1,152.38)
CASH GENERATED/ (USED IN) FROM OPERATIONS		1,561.86	(184.07)
Loans (disbursed) / repaid (net)		(5,367.95)	3,177.74
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		(3,806.09)	2,993.67

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

		(₹ IN CRORE)		
	NOTES	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including intangible assets under development)			(281.59)	(437.78)
Sale of fixed assets			3.05	1.22
Purchase of other investments			(569,304.49)	(883,271.25)
Cash paid for acquisition of Subsidiary			(315.25)	-
Sale proceeds of other investments			549,520.98	892,354.38
Opening adjustment	6&9(I)		16.71	(7.00)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES			(20,360.59)	8,639.57
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from fresh issue of shares (net of issue expenses)			0.15	18.93
Proceeds from borrowings			3,171,751.99	2,271,589.79
Repayment of borrowings			(3,145,290.41)	(2,281,088.19)
Dividend paid (including dividend distribution tax)			-	498.78
Increase / (Decrease) in minority interest	11		(79.61)	90.08
NET CASH FROM / (USED IN) FINANCING ACTIVITIES			26,382.12	(8,890.61)
Net increase / (decrease) in cash and cash equivalents (A+B+C)			2,215.44	2,742.63
Cash and cash equivalents as at the beginning of the year	28		2,967.74	225.11
Cash and cash equivalents as at the end of the year	28		5,183.17	2,967.74
			2,215.44	2,742.63

See accompanying notes forming part of the consolidated financial statements (see note 1 to 44).

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

P.R. Ramesh
Partner

Mumbai | April 28, 2017

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

Vinod Rai
Independent Non-Executive Chairperson

Bipin Gemani
Chief Financial Officer

Vikram Limaye
Managing Director & CEO

Ketan Kulkarni
Company Secretary

01 GROUP INFORMATION

IDFC Limited ('the Holding Company') is a public company, incorporated in India and regulated by the Reserve Bank of India ('the RBI') as a Non Banking Finance Company ('NBFC'). During the year ended March 31, 2016, one of the subsidiary, IDFC Bank Limited ('the Bank' / 'the Banking Company') commenced Banking Operations with effect from October 1, 2015 on receipt of final Banking license from the RBI after satisfying the conditions as prescribed under the New Banking guidelines and the in-principal approval from the RBI to set up an Universal Bank. Under the New Banking guidelines, all banking business including the lending business must be carried out only by Bank. Accordingly, under the Scheme of Arrangement u/s. 391-394 of the Companies Act, 1956 ('Scheme of Arrangement') between IDFC Limited ('Transferor Company') and IDFC Bank Limited ('Transferee Company') and their respective Shareholders and creditors as approved by the Hon'ble Madras High Court, the Financing Undertaking as defined under the Scheme of Arrangement was demerged from IDFC Limited to IDFC Bank Limited. In consideration of the demerger of the Financing Undertaking to IDFC Bank Limited, equity shares of IDFC Bank Limited were issued to the Shareholders of IDFC Limited in the proportion of 1:1 for equity shares held of IDFC Limited.

The Financing Undertaking comprises of all outstanding loans and deposits, borrowings, investments, current assets, sundry debtors, all debts, liabilities including contingent liabilities, licenses, approvals, tax credit, properties - movable and immovable, plant and machinery, furniture and fixtures, office equipment, software and licenses, insurance, policies, all contracts, agreements, collateral, all staff and employees employed in connection with Financing Undertaking etc.

Under the New Banking Guidelines all investment in Bank must be held through a Non Operative Financial Holding Company ('NOFHC') and all investments in financial services entities regulated by the RBI or other financial sector regulator must be held through NOFHC. Accordingly investments in IDFC Securities Limited, IDFC Alternatives Limited, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited), IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Trustee Company Limited were transferred to IDFC Financial Holding Company Limited ('IDFC FHCL' or 'NOFHC'). Under the New Banking guidelines the NOFHC must hold 40% of the Bank's equity shares for a minimum period of 3 years.

Pursuant to the guidelines and transfer of the investments in the financial services entities under IDFC Financial Holding Company Limited, IDFC Limited holds 100% of IDFC FHCL and IDFC FHCL in turn holds 53% of equity shares of IDFC Bank Limited and 47% of the equity shares of IDFC Bank Limited were issued to the Shareholders of IDFC Limited on demerger of Financing Undertaking. The Holding Company and its fifteen subsidiary companies, one entity over which the Holding Company has indirect control and four jointly controlled entities constituted the Group. The Group also has three associate companies. The Group is engaged in banking business, asset management and investment banking & institutional broking.

02 BASIS OF PREPARATION

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

03 DEMERGER OF FINANCING UNDERTAKING

Pursuant to the filing and approval of the Scheme of Arrangement between IDFC Limited ('Transferor Company') and IDFC Bank Limited ('Transferee Company') and their respective Shareholders and creditors, by the Hon'ble Madras High Court vide its order dated June 25, 2015 and on fulfillment of all conditions specified under the Scheme of Arrangement and on receipt of the final banking license from the RBI by IDFC Bank Limited, the Financing Undertaking of the Transferor Company was transferred at the book value to the Transferee Company with effect from October 1, 2015. Accordingly, assets aggregating to ₹ 66,237.46 crore and liabilities aggregating to ₹ 60,002.90 crore, resulting in net assets of ₹ 6,234.56 crore along with contingent liabilities of ₹ 285.63 crore, capital commitment of ₹ 840.05 crore and notional principal of derivative contracts of ₹ 13,903.57 crore pertaining to the Financing Undertaking were transferred from Transferor Company to Transferee Company.

In consideration, the Transferee Company issued equity shares of Face value ₹ 10 each in the ratio of 1:1 to the Shareholders of Transferor Company on the record date as determined by the Board of Directors. The Company through its wholly owned subsidiary, IDFC FHCL, has invested ₹ 7,030.07 crore resulting in effective equity holding of 53% in IDFC Bank Limited.

In accordance with the accounting treatment, as provided under the Scheme of Arrangement;

- (i) The credit balance in the debenture redemption reserve is transferred and credited to general reserve;
- (ii) IDFC has reduced the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the Financing Undertaking transferred to IDFC Bank Limited;
- (iii) The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Financing Undertaking transferred to the transferee company, is debited proportionately to Reserves and Surplus (including the Securities Premium Account) other than statutory reserves created under Section 451C of the Reserve Bank of India Act, 1934, under section 36(1)(viii) of the Income tax Act, 1961 and the stock option outstanding reserve as described in (iv) below. Accordingly, adjustments are made in Securities Premium Account ₹ 3,701.31 crore, General Reserve ₹ 918.89 crore,
- (iv) below.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Statement of Profit and Loss account of ₹ 1,607.80 crore and Stock Option Outstanding Account of ₹ 6.56 crore on demerger of Financing Undertaking of IDFC Limited into IDFC Bank Limited;

- (iv) Stock option outstanding reserve is reduced in the proportion of the net book value of the Financing Undertaking to the net worth of transferor company

Details of net assets transferred on demerger of Financing Undertaking of IDFC Limited are as under:

	(₹ IN CRORE)
Cash and bank balances	2.55
Balances with banks and money at call and short notice	1,190.07
Investments	18,464.25
Advances	41,936.63
Fixed assets	535.16
Other assets	4,108.80
	66,237.46
Less: Borrowings	56,720.74
Other liabilities and provisions	3,282.16
	60,002.90
Net Assets	6,234.56

04 EXCEPTIONAL ITEMS:

Pursuant to the approval granted by the Reserve Bank of India ("RBI") to utilise the balance in Statutory Reserves to create specific provision against identified stressed assets, the Holding Company had created specific provisions of ₹ 2,500.00 crore on such assets in the previous year. This one time provision along with reversal of unrealised interest of ₹ 138.72 crore on stressed assets had been charged to the Statement of Profit and Loss and classified as exceptional item in the previous year. In accordance with the RBI approval, an amount equivalent to ₹ 1,634.80 crore (provisions of ₹ 2,500.00 crore net of deferred tax asset of ₹ 865.20 crore) was transferred from Special Reserve u/s 45IC of RBI Act, 1934 to the balance of the surplus in Statement of Profit and Loss in Reserves and Surplus.

05 BASIS OF CONSOLIDATION

- (a) The Consolidated Financial Statements comprise the individual financial statements of the Holding Company, its subsidiaries and associates as on March 31, 2017 and for the year ended on that date. The Consolidated Financial Statements have been prepared on the following basis:
- i The financial statements of the Holding Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under Section 133 of the Companies Act, 2013 to the extent applicable and practices generally prevalent in the banking industry in India.
 - ii Investments in associates by the Holding Company and its subsidiaries are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as capital reserve / goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013 to the extent applicable.
 - iii The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same Balance Sheet date as that of the Holding Company, i.e. March 31, 2017.
 - iv The excess of the cost to the Holding Company of its investment in the subsidiaries and the associates over the Holding Company's portion of equity is recognised in the financial statements as goodwill and is tested for impairment on an annual basis.
 - v The excess of the Holding Company's portion of equity of the subsidiaries and the associates on the acquisition date over its cost of investment is treated as capital reserve.
 - vi Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made. Net profit / loss for the year of the subsidiaries attributable to minorities is identified and adjusted against the consolidated profit after tax of the Group.
 - vii In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

NAME OF SUBSIDIARY	MARCH 31, 2017	MARCH 31, 2016
	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)	PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i IDFC Alternatives Limited [see note 6(i)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	100.00
ii IDFC Asset Management Company Limited @ [see note 6(i),(iii) & (vii)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	75.00
iii IDFC AMC Trustee Company Limited @ [see note 6(i) & (vii)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	75.00
iv IDFC Capital (Singapore) Pte. Limited (subsidiary of IDFC Alternatives Limited)	100.00	100.00
v IDFC Capital (USA) Inc. (subsidiary of IDFC Securities Limited)	100.00	100.00
vi IDFC Finance Limited [see note 6(iv)] (subsidiary of IDFC Projects Limited w.e.f. September 28, 2015) (merged with IDFC Projects Limited w.e.f. April 1, 2016)	-	100.00
vii IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited) @ [see note 6(i) & (v)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	81.48	81.48
viii IDFC Investment Advisors Limited [see note 6(iii)] (Merged with IDFC Asset Management Company Limited w.e.f. April 1, 2015)	-	-
ix IDFC Investment Managers (Mauritius) Limited @ [see note 6(vii)] (subsidiary of IDFC Asset Management Company Limited)	100.00	75.00
x IDFC Projects Limited [see note 6(iv)]	100.00	100.00
xi IDFC Securities Limited [see note 6(i)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	100.00
xii IDFC Securities Singapore Pte. Limited (subsidiary of IDFC Securities Limited)	100.00	100.00
xiii IDFC Trustee Company Limited [see note 6(i)] (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	100.00	100.00
xiv IDFC Bank Limited @ (subsidiary of IDFC Financial Holding Company Limited w.e.f. July 10, 2015)	52.88	52.98
xv IDFC Financial Holding Company Limited [see note 6(i)]	100.00	100.00
xvi IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited) [see note (ii)] (subsidiary of IDFC Bank Limited w.e.f. October 13, 2016)	52.88	-

@ Consequent to the change in effective ownership in these subsidiaries, the consolidated net worth of the current year is higher by ₹ 42.08 crore (Previous year lower by ₹ 6,583.37 crore) and the consolidated profit of the current year is lower by ₹ 0.09 crore (Previous year ₹ 250.50 crore).

All the subsidiaries are incorporated in India, except:

- i IDFC Capital (Singapore) Pte. Limited, a Company incorporated in Singapore.
- ii IDFC Capital (USA) Inc., a Company incorporated in the United States of America.
- iii IDFC Investment Managers (Mauritius) Limited, a Company incorporated in Mauritius.
- iv IDFC Securities Singapore Pte. Limited, a Company incorporated in Singapore.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

NAME OF ASSOCIATE	FACE VALUE (₹)	NUMBER OF SHARES	AS AT MARCH 31, 2017
			PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i. Jetpur Somnath Tollways Private Limited (Associate of IDFC Projects Limited)	10.00	42,637,400	26.00
ii. Feedback Infra Private Limited (Associate of IDFC Bank Limited)	10.00	4,026,689	13.01
iii. Millennium City Expressways Private Limited (Associate of IDFC Bank Limited)	10.00	218,287,481	15.85

NAME OF ASSOCIATE	FACE VALUE (₹)	NUMBER OF SHARES	AS AT MARCH 31, 2016
			PROPORTION OF EFFECTIVE OWNERSHIP INTEREST (%)
i. Jetpur Somnath Tollways Private Limited (Associate of IDFC Projects Limited)	10.00	42,637,400	26.00
ii. Feedback Infra Private Limited (Associate of IDFC Bank Limited)	10.00	4,026,689	13.04
iii. Millennium City Expressways Private Limited (Associate of IDFC Bank Limited)	10.00	194,000,000	15.83

06 CHANGE IN HOLDING IN SUBSIDIARIES AND ASSOCIATES:

- (i) IDFC Financial Holding Company Limited was incorporated on November 7, 2014 as a direct subsidiary of the Holding Company. The shares of IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Trustee Company Limited, IDFC Securities Limited, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited) were transferred by the Holding Company to IDFC Financial Holding Company Limited on July 9, 2015.
- (ii) IDFC Bank has acquired 100% equity shares of Grama Vidiyal Micro Finance Limited (now known as IDFC Bharat Limited), a Non Banking Finance Company- Micro Finance Institution (NBFC-MFI) on receipt of final approval from RBI and satisfaction of all conditions. Grama Vidiyal Micro Finance Limited has become a wholly owned subsidiary of the IDFC Bank Limited w.e.f. October 13, 2016.
- (iii) IDFC Asset Management Company Limited had filed a petition with the Hon'ble Bombay High Court on December 26, 2014 to obtain its sanction to a Scheme of Amalgamation for merger of IDFC Investment Advisors Limited, a subsidiary of IDFC Asset Management Company Limited with IDFC Asset Management Company Limited. IDFC Asset Management Company Limited and IDFC Investment Advisors Limited received the sanction and have since merged in accordance to the Scheme of Amalgamation with effect from April 1, 2015.
- (iv) IDFC Projects Limited purchased 100% stake in IDFC Finance Limited from IDFC Limited, the Holding Company on September 28, 2015. Thereafter, IDFC Projects Limited has merged its wholly owned subsidiary, IDFC Finance Limited into itself as a part of overall reorganisation process undertaken at group level. The appointed date of merger was April 1, 2016 as had been approved by the Hon'ble Bombay High Court vide its order dated November 18, 2016.
- (v) During the previous year, IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited) had issued 18.52% of its equity shares on preferential basis to external Shareholders.
- (vi) During the previous year, IDFC Bank Limited allotted 47% of its equity shares to the Shareholders of IDFC Limited on demerger of Financing Undertaking.
- (vii) IDFC Financial Holding Company Limited has acquired additional 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, thereby making these subsidiaries and IDFC Investment Managers (Mauritius) Limited wholly owned subsidiaries of the Group.

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

07 SIGNIFICANT ACCOUNTING POLICIES**(a) Cash and cash equivalents**

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

(b) Cash flow statement

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

(c) Investments**Holding Company & NBFC in the Group**

- Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as specified under Section 133 of the Companies Act, 2013. Current investments also include current maturities of long-term investments and also current portion of long-term investments. All other investments are classified as long-term investments.
- All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss. Purchase and sale of investments are recorded on trade date.
- Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised gain is ignored, while net depreciation is provided for. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investments. Premium paid over the face value of long-term investments is amortised over the life of the investments on a straight line method.
- Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at lower of book value and fair value / market value on the date of transfer.

Banking Company in the group**Classification:**

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

- (i) Held for Trading (HFT),
- (ii) Available for Sale (AFS) or
- (iii) Held to Maturity (HTM).

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

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments are recorded on value date except for equity shares which are recorded on trade date. However for the purpose of consolidation and in compliance with Schedule III of the Companies Act, 2013, the above Classification are revised to current and non-current investments. HFT and AFS category investments are classified as current investments and HTM category investments are classified as non-current investments.

Valuation:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

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

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is recognised on cash basis.

■ Short sales:

Short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position are recognised in the Profit and Loss Account.

■ Other than NBFCs and Banking Company in the Group

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

(d) Repurchase and resale transactions (Repo)

In accordance with the RBI guidelines Repo and Reverse Repo transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

(e) Advances

In accordance with the RBI guidelines, advances are classified as performing and non-performing. These advances are stated net of specific provisions, provisions for funded interest term loan classified as non-performing advances, claims received from Export Credit Guarantee Corporation of India Ltd. (ECGC) and provisions in lieu of diminution in the fair value of restructured asset. Non-Performing advances are further classified as Sub-Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). In addition, based extant environment or specific information on risk of possible slippages or current pattern of servicing, the group makes provision on identified advances in infrastructure sector which are classified as standard advances as these are not non-performing advances ('Identified Advances').

(f) Tangible fixed assets

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

(g) Depreciation on tangible fixed assets

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

a) Mobile phones b) Motor Cars.

Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation. Depreciation in respect of leasehold improvements is provided on a straight - line method over the extended period of the lease.

(h) Intangible assets and amortisation

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(i) Impairment of assets

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

(j) Expense under employee stock option schemes

The Holding Company and two of its subsidiaries has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 ('the Guidelines') / Employees Stock Option Scheme 2007 ('ESOS 2007') / Employees Stock Option Scheme 2015 ('ESOS 2015'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Holding Company / Subsidiary Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price / fair value on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to the Statement of Profit & Loss.

(k) Employee benefits

▪ Defined contribution plan

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

▪ Defined benefit plan

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

▪ Compensated absences

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

(l) Borrowing costs

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

(m) Segment reporting

▪ Primary segment (Business segment)

The major activities of the Group dovetails around financing activity. The other business segment like asset management, investment banking & institutional broking do not individually have income and/or assets more than 10% of the total income and/or assets of the Group. Accordingly, segment information for asset management, investment banking & institutional broking is grouped under business segment 'others'.

▪ Secondary segment (Geographical segment)

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(n) Revenue recognition

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

- Interest Income is recognised on accrual basis in the Statement of Profit and Loss, except in the case of Non-Performing Assets (NPAs) and Identified Advances, where it is recognised upon realisation. The unrealised interest, fees and charges booked in respect of NPAs and identified advances is reversed and recognised on cash basis.
- Interest Income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non-coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.
- Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership / syndication fee is recognised as income on completion of the significant act / milestone and when right to recovery is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.
- Brokerage is recognised on trade date basis and is net of statutory payments.
- Asset management fees is recognised on accrual basis.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other fees and charges are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due, except guarantee commission which is recognised pro-rata over the period of the guarantee.
- Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- Profit / loss on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- Profit / loss on sale of investments is recognised on value date basis by Banking Company as per RBI guidelines. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and long-term investments.
- Profit on sale of loan assets through direct assignment / securitisation is recognised over the residual life of the loan / pass through certificate in terms of the RBI guidelines. Loss arising on account of direct assignment / securitisation is recognised upfront on sale in the Statement of Profit & Loss.
- Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.
- Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

(o) Leases

▪ Where the assets are taken on lease

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

▪ Where the assets are given on lease

Leases under which risks and benefits of ownership of the asset are not substantially transferred are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as specified under Section 133 of the Companies Act, 2013. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

(p) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year.

(q) Taxes on income

- Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.
- Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and right for such set off are legally enforceable. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.
- Minimum alternate tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that normal income tax will be payable. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow.
- Since the Holding Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income-tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus a permanent difference. Accordingly, no deferred tax liability has been created in books of account.

(r) Derivative contracts**Holding Company****Interest rate swaps**

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

Currency interest rate swaps

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

Stock futures

- Stock futures are marked-to-market on a daily basis. The debit or credit balance in the 'Mark-to-market margin - stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.
- Credit balance in the 'Mark-to-market margin - stock futures account' in the nature of anticipated profit, is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin - stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- On final settlement or squaring-up of contracts for stock futures, the profit / loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in 'Mark-to-market margin - stock futures account' is recognised in the Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of such contract is determined using the weighted average method for calculating profit / loss on squaring-up.
- 'Initial margin account - stock futures', representing initial margin paid is disclosed under loans and advances.

Banking Company in the group

- Derivative transactions comprises of forward contracts, futures, swaps and options. The Banking Company undertakes derivative transactions for trading and hedging on-balance sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognized in the Profit and Loss Account.
- For hedge transactions, the Banking Company identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge swaps and funding swaps are not subjected to marked to market, unless underlying transactions are marked to market. In such cases swaps are marked to market with the resultant gain or loss recorded as an adjustment to the market value of the underlying transactions.
- Premium in option transaction is recognized as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed in Profit and Loss Account.
- Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss settled with the exchange. The amounts received / paid on cancellation of option contracts are recognized as realized gain / loss on options. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognized as income / expense on the date of cancellation / termination under 'Other Income'. Any resultant profit or loss on termination of hedge swaps is amortized over the life of the swap or underlying liability whichever is shorter.
- As per the RBI guidelines on 'Prudential Norms for Off balance Sheet Exposures of Banks', a standard asset provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. Realised gain / loss arise when the derivatives expire or mature or when the underlying trading assets / liabilities are sold.

(s) Foreign currency transactions and translations

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

(t) Provisions and contingencies

Provision against loans and advances

NBFC in the group:

- Contingent provision against standard assets is made at 0.40% of the outstanding standard assets, higher than the provisioning requirement of 0.30% in accordance with the RBI guidelines.
- In addition, the Holding Company maintains a general provision as Provision for Contingencies in accordance with the provisioning policy of the Holding Company and additional provision based on the assessment of portfolio including provision against identified advances that qualifies for deduction under Section 36(1)(viiia) of the Income-tax Act, 1961.
- The policy of provisioning against non-performing loans and advances has been decided by the management considering norms prescribed by the RBI under Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. As per the policy adopted by the Holding Company, the provision against non-performing loans and advances are created on a conservative basis, taking into account management's perception of the higher risk associated with the business. Certain non-performing loans and advances are considered as loss assets and full provision has been made against such assets.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

- In January 2014, the RBI has issued guidelines on Restructuring of Advances applicable to Non Banking Finance Companies. As per the guidelines, a provision is required on standard accounts restructured prior to January 24, 2014 at 2.75 % from March 31, 2014, and would further increase to 3.50% from March 31, 2015, 4.25% from March 31, 2016 and 5.00% from March 31, 2017. Restructuring of standard accounts subsequent to January 23, 2014 would attract a provision at 5.00%. The Holding Company has complied with the aforesaid guidelines and on prudent basis a provision at 5.00% has been made on all outstanding restructured accounts in addition to the provision against diminution in fair value of restructured advances. Unrealised income represented by Funded Interest Term Loan ('FITL') on standard accounts restructured after January 23, 2014 are fully provided and such provision against FITL will be reversed on repayment of FITL.

Banking Company in the group

- The Bank makes general provisions on all standard advances based on the rates under each category of advance as prescribed by the RBI. The provision on standard advances is not reckoned for arriving at net NPAs. The provisions towards standard advance is not netted from gross advance but shown separately as "Contingent Provisions against Standard Assets" under "Long-term provisions".
- Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI.
- In case of corporate loans, provision is made for substandard and doubtful assets at the rates prescribed by the RBI. Loss assets and the unsecured portion of doubtful assets are provided / written off as per the extant RBI guidelines or higher as approved by the management. Provision on retail loans and advances, subject to minimum provisioning requirement of the RBI are assessed at borrower level, on the basis of ageing of loans based on internal provisioning policy of the Bank.
- In addition to the minimum provisioning level prescribed by RBI, the group on a prudent basis made provisions on specific advances in infrastructure sector that are not NPAs ('identified advances') but had reason to believe risk of possible slippages on the basis of the extant environment or specific information or current pattern of servicing. These provisions being specific in nature are netted off from gross advances.

Other provisions

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

(u) Securities issue expenses

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

(v) Brokerage expenses

Brokerage paid to the brokers on closed ended funds and commitments in portfolio management schemes are amortised over the tenure of the product or commitment period.

(w) Misdeal stock

Misdeal stock comprises of stock that devolves due to erroneous execution of trades in the normal course of business. These securities are valued at lower of cost or market value on an individual basis. Any profit / loss on such deals is recognised in the Statement of Profit and Loss.

(x) Service tax input credit

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

(y) Operating cycle

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

08 SHARE CAPITAL

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
AUTHORISED				
Equity Shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
		5,000.00		5,000.00
ISSUED, SUBSCRIBED & FULLY PAID-UP				
Equity shares of ₹ 10 each	1,595,941,570	1,595.94	1,594,020,668	1,594.02
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		1,595.94		1,594.02

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

EQUITY SHARES	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Outstanding as at the beginning of the year	1,594,020,668	1,594.02	1,592,780,866	1,592.78
Issued during the year - stock options exercised under the ESOS [see note (c)]	1,920,902	1.92	1,239,802	1.24
Outstanding as at the end of the year	1,595,941,570	1,595.94	1,594,020,668	1,594.02

(b) Terms / rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and ranks pari passu. The dividend proposed by the Board of Directors is subject to approval of the Shareholders at the ensuing Annual General Meeting. During the year the Board of Directors of the Holding Company proposed dividend of ₹ 0.25 per share (2.50%) [Previous Year ₹ Nil].

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

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

	AS AT	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	NUMBER	NUMBER
Outstanding as at the beginning of the year	39,579,341	31,485,043
Add: Granted during the year	4,187,925	12,898,500
Less: Exercised during the year [see note (a)]	1,920,902	1,239,802
Less: Lapsed / forfeited during the year	5,369,110	3,564,400
Outstanding as at the end of the year	36,477,254	39,579,341

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

09 RESERVES AND SURPLUS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(A) SECURITIES PREMIUM ACCOUNT		
Opening balance	2,517.57	6,203.70
Add: premium on exercise of stock options under the ESOS	3.89	15.18
Add : Transferred from stock option account	0.18	-
Less: Transfer to Minority Interest (see note 3)	-	3,701.31
Closing balance	2,521.64	2,517.57
(B) STOCK OPTIONS OUTSTANDING		
Opening balance	7.04	18.23
Less: Transferred to General Reserve [see note 9(f)]	4.92	3.68
Less: Stock options exercised / cancelled	0.18	0.95
Less: Transfer to Minority Interest [see note 3(iii)]	-	6.56
Closing balance	1.94	7.04
(C) DEBENTURE REDEMPTION RESERVE		
Opening balance	-	739.50
Less: Transferred to General Reserve [see note below, 3(i) & 9(f)]	-	(739.50)
Closing balance	-	-
<p>The Holding company had created Debenture Redemption Reserve (DRR) in accordance with Section 71(4) of the Companies Act, 2013 in respect of the public issues of Long-Term Infrastructure Bonds. The Holding Company creates DRR upto 25% of the value of debentures issued through public issue plus accrued interest thereon over the expected life of such debentures in accordance with Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules 2014. The Holding Company is not required to create DRR in respect of privately placed debentures under the Rules. During the previous year, the Holding Company had not created Debenture Redemption Reserve as long term infrastructure bonds were transferred to IDFC Bank Limited upon demerger of financing undertaking and as provided in the Scheme of Arrangement entire Debenture Redemption Reserve amount was transferred to General Reserve [see note 3(i)].</p>		
(D) SPECIAL RESERVE U/S. 36(1)(VIII) OF THE INCOME-TAX ACT, 1961 [SEE NOTE 7(Q)]		
Opening balance	3,198.25	2,853.25
Add: Transfer from surplus in the Statement of Profit and Loss [see note 9(l)]	325.00	345.00
Closing balance	3,523.25	3,198.25
(E) SPECIAL RESERVE U/S. 45-IC OF THE RBI ACT, 1934		
Opening balance	924.60	2,554.42
Add: Transfer from Statement of Profit and Loss [see note 9(l)]	25.40	8.06
Less: Share of Minority Interest	-	0.18
Less: Transfer to surplus in the Statement of Profit and Loss [see note below & 9(l)]	-	2.90
Less: Transfer to surplus in the Statement of Profit and Loss [see note 4 & 9(l)]	-	1,634.80
Closing balance	950.00	924.60

A Group Company has voluntarily surrendered the Certificate of Registration (COR) issued by the RBI for carrying out non-banking financial activities and for discontinuance of the NBFC business, hence special reserve of ₹ Nil (Previous Year ₹ 2.90 crore) is transferred to Statement of Profit & Loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(F) GENERAL RESERVE		
Opening balance	670.85	844.18
Add: Transfer from stock options outstanding [see note 9(b)]	4.92	3.68
Add: Transfer from Debenture Redemption Reserve [see note 9(c)]	-	739.50
Less: Transfer to Minority Interest [see note 3(iii)]	-	918.87
Add: Additions during the year	-	2.36
Closing balance	675.77	670.85
(G) CAPITAL RESERVE ON CONSOLIDATION		
Opening balance	31.66	1.25
Add: Changes due to change in shareholding in group companies	0.67	30.41
Closing balance	32.33	31.66
(H) FOREIGN CURRENCY TRANSLATION RESERVE [SEE NOTE 5(A)(VII)]		
Opening balance	40.11	28.19
Add: Foreign exchange translation in relation to non-integral foreign operations	(5.39)	11.93
Less: Share of minority interest	0.01	0.01
Closing balance	34.71	40.11
(I) STATUTORY RESERVES		
Opening balance	118.00	-
Additions during the year	255.00	118.00
Deduction during the year	-	-
Closing balance	373.00	118.00
As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Banking Company has transferred ₹ 255.00 (Previous Year ₹ 118.00 crore) to Statutory Reserve.		
(J) CAPITAL RESERVE		
Opening balance	82.50	-
Add: Additions during the year	5.50	82.50
Closing balance	88.00	82.50
As per RBI Guidelines applicable to Bank, profit / loss on sale of investments in the 'Held to Maturity' / 'Non-Current Investments' category is recognised in the Profit and Loss Account and profit is there after appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Accordingly, the Banking Company has appropriated ₹ 5.50 crore (Previous Year ₹ 82.50 crore) being profit on sale of non-current investments net of applicable taxes and transferred to statutory reserves.		
(K) INVESTMENT RESERVE		
Opening balance	-	-
Add: Additions during the year	0.55	-
Closing balance	0.55	-
As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. During the year, the Bank has transferred ₹ 0.55 crore (Previous Year ₹ Nil) to Investment Reserve Account.		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ IN CRORE)

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(L) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening balance	918.39	2,439.01
Profit / (Loss) for the year	699.08	(934.80)
Less: Opening adjustment of an associate [see note 21(f)]	(26.60)	7.00
Add: Transfer from Special reserve u/s. 45-IC of the RBI Act, 1934 [see note 9(e)]	-	1,637.70
Less: Appropriations		
Transfer to reserves:		
Statutory Reserves [see note 9(i)]	255.00	118.00
Capital Reserves [see note 9(j)]	5.50	82.50
General Reserve [see note 9(f)]	-	2.36
Investment Reserve [see note 9(k)]	0.55	-
Special reserve u/s. 36(1)(viii) of the Income- tax Act, 1961 [see note 9(d)]	325.00	345.00
Special reserve u/s. 45-IC of the RBI Act, 1934 [see note 9(e)]	25.40	8.06
Changes due to change in shareholding in group companies	9.89	30.87
Transfer to Minority Interest (see note 3)	-	1,607.80
Dividend & dividend distribution tax:		
Dividend on equity shares pertaining to previous year (see note below)	-	0.25
Tax on proposed equity dividend	-	-
Tax on proposed equity dividend by subsidiary companies	-	21.63
Tax on equity dividend for previous year (see note below)	-	0.05
Total appropriations	621.34	2,216.52
Closing balance	1,022.73	918.39
TOTAL RESERVES AND SURPLUS	9,223.92	8,508.97

In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Holding Company paid dividend of ₹ 0.25 crore for the year 2014-15 and tax on dividend of ₹ 0.05 crore as approved by the Shareholders at the respective Annual General Meetings.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

10 SHARE APPLICATION MONEY PENDING ALLOTMENT

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

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	(₹ IN CRORE)	NUMBER	(₹ IN CRORE)
Equity shares of face value ₹ 10 each proposed to be issued	-	-	1,874,416.00	1.87
Total amount of securities premium		-		3.79
TOTAL		-		5.66

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

11 MINORITY INTEREST

	AS AT	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	%	%
INDIRECT (THROUGH IDFC FINANCIAL HOLDING COMPANY LIMITED)		
IDFC Bank Limited	47.12	47.02
IDFC Asset Management Company Limited	-	25.00
IDFC AMC Trustee Company Limited	-	25.00
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	18.52	18.52
INDIRECT (THROUGH IDFC ASSET MANAGEMENT COMPANY LIMITED)		
IDFC Investment Managers (Mauritius) Limited	-	25.00
INDIRECT (THROUGH IDFC BANK LIMITED)		
IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	47.12	-

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Opening minority interest	6,635.17	44.21
Add: Addition in minority interest during the year	(19.28)	6,340.99
Add: Share of profit of minority interest	540.75	277.96
Less: Share of dividend distribution tax by subsidiaries	60.34	28.00
Add: Fluctuation in foreign currency translation reserve	0.01	0.01
Closing Balance	7,096.31	6,635.17

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

12 LONG - TERM BORROWINGS

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
DEBENTURES & BONDS (NON CONVERTIBLE) (UNSECURED) [SEE NOTE (A), (C) & (D)]				
Face value	34,560.90	4,693.27	36,769.75	4,334.85
Less: Unexpired discount on zero percent debentures & bonds [see note (b)]	192.55	6.24	236.74	31.23
	34,368.35	4,687.03	36,533.01	4,303.62
TERM LOANS (UNSECURED) [SEE NOTE (C)]				
From banks [see note (e)]	-	-	50.00	1,048.90
From others [see note (f)]	219.83	38.22	239.93	23.96
	219.83	38.22	289.93	1,072.86
EXTERNAL COMMERCIAL BORROWINGS (UNSECURED) [SEE NOTE (C)]				
From banks (see note (g))	-	671.66	3,735.74	331.30
From others [see note (h)]	622.07	37.23	2,254.82	145.61
	622.07	708.89	5,990.56	476.91
TERM DEPOSITS	1,221.71	-	371.38	-
Amount disclosed under 'other current liabilities' (see note 17)	-	(5,434.14)	-	(5,853.39)
TOTAL LONG-TERM BORROWINGS	36,431.96	-	43,184.88	-
THE ABOVE AMOUNT INCLUDES:				
Secured borrowings [see note (a)]	1,915.00	-	763.00	-
Unsecured borrowings	34,516.96	5,434.14	42,421.88	5,853.39
	36,431.96	5,434.14	43,184.88	5,853.39

- (a) Borrowings of ₹ 1,915.00 crore (Previous year ₹ 763.00 crore) are secured by way of a first floating pari passu charge over investments, other assets, trade receivables, cash and bank balances and loans & advances excluding investments in and other receivables from subsidiaries and affiliates and lien marked assets.
- (b) Unexpired discount is net of ₹ 103.54 crore (Previous year ₹ 195.19 crore) towards interest accrued but not due.
- (c) The entire borrowings were secured till September 30, 2015.
- (d) Interest and repayment terms of long-term borrowings - debentures and bonds (non convertible) (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)				
	BALANCE OUTSTANDING	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING
FIXED RATE					
Above 5 years	10,297.36	7.75 to 9.68	20,097.26	7.98 to 9.68	7.98 to 9.68
3-5 years	6,099.84	7.35 to 9.00	5,937.76	7.5 to 9.25	7.5 to 9.25
1-3 years	18,163.70	7.75 to 9.50	10,694.73	7.98 to 9.50	7.98 to 9.50
FLOATING RATE					
1-3 years	-	NA	40.00	MIBOR+150 bps	MIBOR+150 bps
TOTAL	34,560.90	-	36,769.75	-	-

- (e) Interest and repayment terms of long-term loans from banks (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)				
	BALANCE OUTSTANDING	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING
FLOATING RATE					
1-3 years	-	NA	50.00	9.75	9.75
TOTAL	-	-	50.00	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(f) Interest and repayment terms of long-term loans from others (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
Above 5 years	219.83	2.00	239.93	2.00
TOTAL	219.83		239.93	

(g) Interest and repayment terms of external commercial borrowings from banks (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FLOATING RATE				
Above 5 years	-	NA	91.44	USD 6M LIBOR + 150 bps
3-5 years	-	NA	1,656.50	USD 6M LIBOR + 213 bps
1-3 years	-	NA	1,987.80	USD 6M LIBOR + 114 bps to 213 bps
TOTAL	-		3,735.74	

(h) Interest and repayment terms of external commercial borrowings from others (unsecured):

RESIDUAL MATURITY	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FLOATING RATE				
Above 5 years	168.46	USD 6M LIBOR + 150 bps	227.86	USD 6M LIBOR + 150 bps to 235 bps
Above 5 years	-	NA	1,656.50	USD 3M LIBOR + 225 bps
Above 5 years	-	NA	154.13	INBMK + 183.50 bps
3-5 years	106.81	USD 6M LIBOR + 235 bps	154.13	INBMK + 183.50 bps
3-5 years	346.80	INBMK+183.50 bps	-	NA
1-3 years	-	NA	38.54	INBMK + 183.50 bps
1-3 years	-	NA	23.66	USD 6M LIBOR + 60.20 bps
TOTAL	622.07		2,254.82	

13 OTHER LONG-TERM LIABILITIES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	Lease equalisation (see note 38)	12.73
Interest accrued but not due on borrowings	1,253.65	633.79
Payables against derivative contracts	6.63	23.95
Retention money	0.02	0.02
Other payables	β	β
TOTAL	1,273.03	658.66

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

14 LONG-TERM PROVISIONS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Contingent provision against standard assets [see note (a)]	292.56	336.67
TOTAL	292.56	336.67

- (a) A contingent provision against standard assets has been created based on rate under each category of the outstanding standard assets as prescribed by RBI.

15 SHORT-TERM BORROWINGS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
COMMERCIAL PAPERS (UNSECURED)		
Face value	390.00	-
Less: Unexpired discount [see note (a)]	1.61	-
	388.39	-
COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO) (SECURED) [SEE NOTE (B)]		
	-	9.94
TERM LOANS		
	3,696.38	-
OVERDRAFT		
	59.96	-
DEPOSITS		
Term Deposits	37,418.70	7,009.41
Demand Deposits	946.98	445.07
	38,365.68	7,454.48
REPURCHASE AGREEMENT (REPO) (SECURED) [SEE NOTE (C)]		
	7,776.46	9,246.00
TOTAL SHORT-TERM BORROWINGS	50,286.87	16,710.42
THE ABOVE AMOUNT INCLUDES:		
Secured borrowings	7,776.46	9,255.94
Unsecured borrowings	42,510.41	7,454.48
TOTAL SHORT-TERM BORROWINGS	50,286.87	16,710.42

- (a) Borrowings of ₹ 7,776.46 crore (Previous Year ₹ Nil) are secured by way of a first floating pari passu charge over investments, other assets, trade receivables, cash and bank balances and loans and advances excluding investments in and other receivables from subsidiaries and affiliates of the Holding Company and lien marked assets.
- (b) Borrowings under CBLO is secured against investments in government securities and treasury bills of ₹ Nil (Previous Year ₹ 35.15 crore).
- (c) Borrowings under REPO are secured by assignment of government securities of ₹ 7310.30 crore (Previous Year ₹ Nil).

16 TRADE PAYABLE

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Total outstanding dues of micro enterprises and small enterprises (see note 41)	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Payables against derivative contracts	163.40	146.89
Other trade payables	61.60	29.35
Provision for expenses	303.76	287.02
TOTAL	528.78	463.26

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017**17 OTHER CURRENT LIABILITIES**

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Current maturities of long-term borrowings (see note 12)	5,434.14	5,853.39
Interest accrued but not due on borrowings	1,806.75	2,109.02
Income and other amounts received in advance	90.38	38.06
Funds received for investor education	0.36	0.36
Unclaimed dividend [see note (a)]	2.45	1.84
Unclaimed interest [see note (a)]	49.43	31.73
Security deposit	2.31	-
Lease equalisation (see note 38)	0.22	0.43
Other liabilities	0.01	233.51
Other payables		
Payable to gratuity fund (net) (see note 35)	2.26	4.99
Statutory dues	34.85	25.56
Others	340.71	52.27
TOTAL	7,763.87	8,351.16

(a) No amount of unclaimed dividend and unclaimed interest was due for transfer to the Investor Education and Protection Fund under Section 25 of the Companies Act, 2013 as at the Balance Sheet date.

18 SHORT-TERM PROVISIONS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Provision for employee benefits	-	4.11
Provision for income tax (net of advance payment of tax)	323.01	35.64
Provision for fringe benefit tax (net of advance payment of tax)	3.59	3.59
Provision for Mark to Market on Derivatives	2,710.37	325.15
Tax on proposed equity dividend by subsidiary companies	-	33.91
TOTAL	3,036.97	402.40

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

19 (a) TANGIBLE ASSETS

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
Freehold Land	0.04	-	-	-	0.04	-	-	-	-	-	0.04	0.04
(Previous year)	-	-	(0.04)	-	(0.04)	-	-	-	-	-	(0.04)	
Buildings												
Own Use	341.58	-	14.25	5.84	349.99	45.07	-	5.99	1.44	50.62	299.37	295.50
(Previous year)	(340.20)	-	(4.22)	(2.84)	(341.58)	(40.70)	-	(5.96)	(0.59)	(45.07)	(295.50)	
Leasehold improvements	65.25	0.02	24.43	2.16	87.50	16.16	0.02	11.47	1.44	26.17	60.34	49.09
(Previous year)	(21.23)	0.06	(43.97)	-	(65.25)	(11.06)	0.06	(5.05)	(8)	(16.16)	(49.09)	
Furniture and fixtures												
Own Use	24.93	0.01	17.64	2.05	40.51	6.16	0.01	4.64	1.40	10.39	30.12	18.78
(Previous year)	(13.18)	0.02	(14.35)	(2.62)	(24.93)	(6.66)	0.02	(2.08)	(1.60)	(6.16)	(18.78)	
Vehicles	34.27	-	23.72	4.87	53.11	9.80	-	12.02	2.49	19.33	32.78	25.47
(Previous year)	(16.62)	-	(19.97)	(2.32)	(34.27)	(4.04)	-	(6.65)	(0.89)	(9.80)	(25.47)	
Office equipment												
Own Use	30.33	0.01	15.98	0.76	45.54	15.60	0.01	7.26	0.72	21.13	25.41	13.73
(Previous year)	(20.17)	0.03	(14.32)	(4.19)	(30.33)	(15.30)	0.02	(3.41)	(4.14)	(15.60)	(13.73)	
Computers	91.09	0.02	53.07	0.73	143.42	24.75	0.01	25.13	0.70	48.17	95.26	66.34
(Previous year)	(25.01)	0.03	(71.38)	(5.33)	(91.09)	(18.33)	0.03	(10.99)	(5.59)	(24.75)	(66.34)	
Wind mills	101.25	-	-	-	101.25	35.68	-	4.60	-	41.28	59.97	65.57
(Previous year)	(101.25)	-	-	-	(101.25)	(32.07)	-	(4.60)	-	(35.68)	(65.57)	
TOTAL	688.74	0.06	149.09	15.40	821.37	153.21	0.05	71.11	7.19	218.08	604.28	534.53
(Previous year)	(537.65)	0.14	(168.24)	(17.30)	(688.74)	(128.17)	0.12	(38.74)	(12.82)	(153.21)	(534.53)	

19 (b) INTANGIBLE ASSETS (Other than internally generated)

(₹ IN CRORE)

	GROSS BLOCK				ACCUMULATED AMORTISATION					NET BLOCK		
	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	TRANSLATION EXCHANGE DIFFERENCE	AMORTISATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
Computer software	278.05	-	155.73	-	433.78	44.34	0.01	77.50	-	121.84	311.94	233.71
(Previous year)	(24.43)	0.01	(254.08)	(0.47)	(278.05)	(21.17)	(8)	(23.63)	(0.45)	(44.34)	(233.71)	
Tenancy rights	0.11	-	-	-	0.11	0.08	-	0.01	-	0.09	0.02	0.03
(Previous year)	(0.11)	-	-	-	(0.11)	(0.07)	-	(0.01)	-	(0.08)	(0.03)	
TOTAL	278.16	-	155.73	-	433.88	44.41	0.01	77.51	-	121.93	311.96	233.74
(Previous year)	(24.54)	0.01	(254.08)	(0.47)	(278.16)	(21.23)	(8)	(23.64)	(0.45)	(44.41)	(233.74)	
TOTAL TANGIBLE AND INTANGIBLE ASSETS	966.90	0.06	303.82	15.40	1,255.25	197.62	0.06	148.62	7.19	340.01	916.24	768.27
(Previous year)	(562.19)	0.15	(422.32)	(17.77)	(966.90)	(149.40)	0.13	(62.38)	(13.28)	(197.62)	(768.27)	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

20 GOODWILL ON CONSOLIDATION

	₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Goodwill on subsidiaries	1,286.06	957.09

21 NON-CURRENT INVESTMENTS (AT COST)

	₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
INVESTMENT IN ASSOCIATES		
Equity shares	271.21	246.92
Add: Goodwill on acquisition	9.80	9.80
Add: Adjustment for post acquisition share of loss and reserve of associates [see note (f)]	(152.54)	(87.53)
	128.47	169.19
Preference shares	54.93	46.87
INVESTMENT IN A SUBSIDIARY		
Equity shares [see note 5(c)]	13.00	13.00
OTHER INVESTMENTS		
Equity shares [see note (a)]	51.52	173.94
Preference shares	0.05	0.05
Venture capital units [see note (d)]	715.65	594.76
Government securities [see note 15(b) & 15(c)]	13,863.45	9,443.88
Mutual funds [see note (b)]	14.39	14.18
TOTAL NON-CURRENT INVESTMENTS	14,841.46	10,455.87
Less: Provision for diminution in value of investments [see note (e)]	141.80	40.80
NET NON-CURRENT INVESTMENTS	14,699.66	10,415.07
(a) Aggregate amount of quoted investments		
Cost	0.71	-
Market value	0.82	-
(b) Aggregate amount of investments in unquoted mutual funds		
Cost	13.68	14.18
Market value	16.31	14.85
(c) Aggregate amount of unquoted investments - cost	14,827.07	10,441.69
(d) Investments in venture capital units are subject to restrictive covenants.		
(e) Includes provision against subsidiary of ₹ 13.00 crore (Previous year ₹ 13.00 crore)		
(f) Includes Opening adjustment of ₹ 26.60 crore (Previous year ₹ 7.00 crore) due to change in previous year balances [see note 9(l)].		

22 DEFERRED TAX (NET)

	₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
(a) Provisions	1,391.65	-	1,816.09	-
(b) Others	(6.33)	-	(8.72)	-
(c) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	(43.07)	17.93	(67.36)	17.61
DEFERRED TAX (NET)	1,342.25	17.93	1,740.01	17.61

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as specified under Section 133 of the Companies Act, 2013, the Company has taken charge of ₹ 400.82 crore (Previous Year credit of ₹ 977.09 crore) in the Statement of Profit and Loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

23 LOANS (NET OF PROVISIONS)

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Term loans [see note (a), (c) & (d)]	38,401.90	11,462.77	42,603.92	6,794.66
Cash Credit, overdrafts and loans repayable on Demand [see note (a) & (d)]	-	2,262.51	-	894.99
Bills purchased	-	1,420.08	-	359.85
Debentures & bonds [see note (a) & (d)]	639.33	18.08	208.53	7.22
	39,041.23	15,163.44	42,812.45	8,056.72
Less: Specific Provision against identified advances	1,263.23	-	1,267.45	-
Less: Provision against non-performing loans [see note (c)]	856.60	-	829.16	1,090.10
Less: Provision against restructured loans & others	93.28	-	780.90	-
Less: Provision for Diminution in fair value of restructured assets	0.33	-	0.37	-
TOTAL	36,827.79	15,163.44	39,934.57	6,966.62
(a) The above amount includes				
Secured [see note (b)]	6,450.67	7,564.88	31,666.63	5,061.20
Unsecured	32,590.56	7,598.56	11,145.82	2,995.52
	39,041.23	15,163.44	42,812.45	8,056.72

(b) Loans to the extent of ₹ 31,906.73 crore (Previous Year ₹ 36,727.83 crore) are secured by:

- (i) Hypothecation of assets and / or
- (ii) Mortgage of property and / or
- (iii) Trust and retention account and / or
- (iv) Assignment of receivables or rights and / or
- (v) Pledge of shares and / or
- (vi) Negative lien and / or
- (vii) Undertaking to create a security.

(c) Loans includes non-performing loans of ₹ 1,542.10 crore (Previous Year ₹ 3,058.30 crore) against which provisions of ₹ 965.63 crore (Previous Year ₹ 1,919.26 crore) has been made in accordance with the RBI circular [see note (d)].

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

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i) Standard assets	52,662.57	47,810.87
(ii) Sub-standard assets	216.16	2,770.65
(iii) Doubtful assets	1,325.94	287.65
(iv) Loss assets	-	-
	54,204.67	50,869.17

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
UNSECURED				
Loans and advances to related parties (see note 36)	-	18.72	-	19.50
Receivables against derivative contracts	18.15	5.43	274.75	-
Loans and advances to employees	0.86	3.42	0.73	0.69
Advance against investments	-	-	-	274.88
Security deposits	90.25	159.59	228.79	36.13
Other deposits	-	186.83	-	0.31
Advance payment of income tax (net of provision)	1,027.61	-	487.02	-
Advance payment of fringe benefit tax (net of provision)	4.07	-	4.05	-
Advance wealth tax	0.20	-	0.20	-
Other loans and advances				
Supplier advances	-	12.82	-	11.83
Initial margin account - government securities	-	-	0.60	-
Capital advances	0.06	-	0.79	-
Other advances	-	2.08	-	1.10
Prepaid expenses	10.82	29.76	3.99	19.15
Balances with government authorities - cenvat credit available [includes ₹ 0.94 crore (Previous Year ₹ 0.91 crore), considered doubtful]	-	16.56	-	19.64
	1,152.02	435.21	1,000.92	383.23
Less: Provision against doubtful advances	-	0.94	-	0.91
TOTAL	1,152.02	434.27	1,000.92	382.32

25 OTHER ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	(₹ IN CRORE)			
	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other receivables	-	32.55	-	22.86
[includes ₹ 0.70 crore (Previous Year ₹ 8.18 crore), considered doubtful]				
Less: Provision against doubtful receivables	-	0.70	-	8.18
	-	31.85	-	14.68
Bank deposits [see note (a)]	8.98	-	0.32	-
Interest accrued on deposits	0.12	0.56	0.02	1.56
Interest accrued on investments	-	1,016.69	-	609.28
Interest accrued on loans	58.98	109.90	149.03	128.92
Mark to Market receivable on Derivatives	-	2,794.06	-	343.03
Unamortised expenses				
Premium on forward contracts	-	27.33	-	27.67
Ancilliary borrowing costs	2.25	3.27	30.10	12.35
TOTAL	70.33	3,983.66	179.47	1,137.49

(a) Balances with Bank include deposits under lien of ₹ 3.98 crore (Previous year ₹ 0.32 crore) against bank guarantee.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

26 CURRENT INVESTMENTS

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
OTHER INVESTMENTS		
Equity shares	1,396.13	925.60
Preference shares	17.60	65.23
Debentures & bonds	13,067.40	6,215.97
Venture capital units	328.28	436.99
Pass through certificates	6,781.66	0.30
Certificate of deposits	-	197.02
Commercial papers	323.02	829.03
Government securities [see note 15(b) & 15(c)]	10,992.45	11,886.87
Security receipts	2,141.28	242.40
Mutual funds	2,617.38	620.13
	37,665.20	21,419.54
CURRENT PORTION OF LONG-TERM INVESTMENTS		
Mutual funds	-	1.50
TOTAL CURRENT INVESTMENTS	37,665.20	21,421.04
Less: Provision for diminution in value of investments	1,335.50	1,133.19
NET CURRENT INVESTMENTS	36,329.70	20,287.85
(a) Aggregate amount of quoted investments		
Cost	293.87	41.91
Market value	272.56	31.66
(b) Aggregate amount of investments in unquoted mutual funds		
Cost	599.80	621.63
Market value (Net asset value)	630.84	650.77
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual fund.		
(c) Aggregate amount of other unquoted investments - cost	36,771.53	20,757.50

27 TRADE RECEIVABLES (UNSECURED)

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
CONSIDERED GOOD		
Outstanding for a period less than six months from the date they are due for payment	54.39	35.87
Outstanding for a period exceeding six months from the date they are due for payment	-	-
CONSIDERED DOUBTFUL		
Outstanding for a period less than six months from the date they are due for payment	-	-
Outstanding for a period exceeding six months from the date they are due for payment	7.89	3.37
	7.89	3.37
Less: Provision against doubtful receivables	7.89	3.37
	-	-
TOTAL	54.39	35.87

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

28 CASH AND BANK BALANCES

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
CASH AND CASH EQUIVALENTS [SEE NOTE (C)]		
Cash on hand (see note 43)	36.56	11.62
Cheques on hand	2.26	10.49
Balances with Reserve Bank of India :		
In current accounts	2,958.58	1,889.22
In deposit accounts	-	-
Balances with banks:		
In current accounts	2,110.51	1,006.12
In deposit accounts	75.26	50.29
	5,183.17	2,968.74
OTHERS		
Balances with banks:		
In earmarked accounts:		
- unclaimed dividend	2.34	1.84
- unclaimed interest	49.43	27.10
In deposit accounts [see note (a) & (b)]	47.49	37.46
	99.26	66.40
TOTAL	5,282.43	3,034.14

- (a) Balances with banks include deposits under lien of ₹ 47.49 crore (Previous Year ₹ 37.46 crore) against bank guarantees and overdraft facility.
- (b) Balances with banks include deposits of ₹ 25.06 crore (Previous Year ₹ 30.37 crore) having original maturity of more than 12 months.
- (c) Cash and cash equivalents as referred in the Cash Flow Statement.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

29 REVENUE FROM OPERATIONS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest [see note (a)]	8,773.94	7,600.51
Other financial services [see note (b)]	795.00	595.62
Dividend income [see note (c)]	21.75	19.69
Net profit on sale of investments [see note (d)]	653.66	765.89
Profit from trading in derivatives and foreign currency contracts	152.68	(78.41)
Brokerage	54.26	35.85
Other operating income [see note (e)]	6.89	3.13
TOTAL	10,458.18	8,942.28

(a) DETAILS OF INTEREST INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest on loans [see note (i)]	5,345.82	5,364.95
Interest on deposits and loan to a financial institution	15.13	1,245.72
Interest on balances with Reserve Bank of India and other inter-bank funds	58.66	38.72
Interest on investments		
Current investments	3,292.17	457.97
Long-term investments	62.16	493.15
TOTAL	8,773.94	7,600.51

(i) Interest on loans includes interest on debentures & bonds of ₹ 42.94 crore (Previous Year ₹ 5.80 crore).

(b) DETAILS OF INCOME FROM OTHER FINANCIAL SERVICES

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Fees	795.00	595.62
TOTAL	795.00	595.62

(c) DETAILS OF DIVIDEND INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Current investments	4.22	0.07
Long-term investments	17.53	19.62
TOTAL	21.75	19.69

(d) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Current investments	639.18	431.01
Long-term investments	14.48	334.88
TOTAL	653.66	765.89

(e) DETAILS OF OTHER OPERATING INCOME

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Sale of power	6.89	3.13
TOTAL	6.89	3.13

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017**30 OTHER INCOME**

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest on income tax refund	7.66	25.77
Other interest	0.04	0.09
Miscellaneous income	1.84	2.22
TOTAL	9.54	28.08

31 EMPLOYEE BENEFITS EXPENSE

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Salaries	728.03	587.70
Contribution to provident and other funds [see note 35]	35.53	33.58
Gratuity expense	14.24	4.25
Staff welfare expenses	16.40	14.51
TOTAL	794.20	640.04

32 FINANCE COSTS

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Interest expense	6,450.39	5,451.22
Other borrowing cost	199.94	284.33
TOTAL	6,650.33	5,735.55

33 PROVISIONS AND CONTINGENCIES

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Contingent provision against standard assets	(29.23)	70.51
Provision for contingencies (see note below)	-	(1,587.48)
Specific provision against identified advances	(495.45)	464.22
Provision against non-performing loans, restructured loans, doubtful debts / advances & others (net)	653.63	832.25
Provision for diminution in value of investments (net)	143.52	539.07
Provision for unhedged foreign currency exposure	1.21	8.17
Provision for mark to market on derivatives	4.23	-
TOTAL	277.91	326.74

Note: Provision for contingencies has been utilised to create provisions against specific identified advances.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

34 OTHER EXPENSES

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Rent [see note 38(i)]	111.29	84.18
Rates and taxes	43.42	4.08
Electricity	13.69	11.76
Repairs and maintenance		
Buildings	2.81	1.63
Equipments	4.12	4.00
Others	30.50	19.17
Insurance charges	16.22	5.38
Travelling and conveyance	36.92	29.82
Printing and stationery	12.95	7.65
Communication costs	23.90	20.10
Advertising and publicity	19.23	11.70
Professional fees	250.06	147.67
Directors' sitting fees	2.18	1.89
Commission to directors	1.41	0.67
Bad debts written off	-	4.22
Loss on retirement of fixed assets (net)	5.17	3.27
Brokerage	26.53	19.30
Other operating expenses	89.09	59.94
Contribution for corporate social responsibility (CSR)	12.44	27.31
Auditors' remuneration [see note (a)]	3.56	4.05
Shared service costs recovered [see note (b)]	0.29	0.07
Miscellaneous expenses	99.42	58.39
TOTAL	805.20	526.25

(a) Break up of auditors' remuneration:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Audit fees	2.46	1.82
Tax audit fees	0.26	0.42
Taxation matters	0.21	0.51
Other services	0.51	1.11
Out-of-pocket expenses	0.11	0.04
Service tax	0.51	0.55
	4.06	4.45
Less: Service tax set off claimed	0.50	0.40
TOTAL	3.56	4.05

(b) Shared service costs recovery includes ₹ 0.24 crore (Previous Year ₹ 0.36 crore) recovered from IDFC Foundation.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

35 In accordance with Accounting Standard 15 on 'Employee Benefits' as specified under Section 133 of the Companies Act, 2013 the following disclosures have been made:

- i. The Group has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Provident fund	29.77	18.98
Pension fund	2.06	1.70
Superannuation fund	3.71	2.71

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

	(₹ IN CRORE)			
	FOR THE YEAR ENDED MARCH 31, 2017		FOR THE YEAR ENDED MARCH 31, 2016	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:				
Liability at the beginning of the year	50.65	-	41.91	-
Liabilities assumed on acquisition	-	-	-	-
Current service cost	10.18	-	9.02	-
Interest cost	5.02	-	4.09	-
Reversed during the current year	-	-	-	-
Liabilities settled on divestiture	0.01	-	25.79	-
Distributed on Divestiture	0.06	-	(25.73)	-
Benefits paid	(6.85)	-	(4.62)	-
Actuarial loss	8.54	-	0.19	-
Liability at the end of the year	67.60	-	50.65	-
FAIR VALUE OF PLAN ASSETS:				
Fair value of plan assets at the beginning of the year	46.61	-	42.48	-
Expected return on plan assets	4.52	-	3.98	-
Contributions	19.15	-	7.99	-
Benefits paid	(7.23)	-	(4.62)	-
Distributed on Divestiture	-	-	(23.88)	-
Reversed during the current year	-	-	-	-
Assets assumed on acquisition	-	-	22.70	-
Actuarial gain / (loss) on plan assets	1.43	-	(2.04)	-
Fair value of plan assets at the end of the year	64.47	-	46.61	-
Total actuarial loss / (gain) to be recognised	7.11	-	2.24	-
ACTUAL RETURN ON PLAN ASSETS:				
Expected return on plan assets	4.52	-	3.98	-
Actuarial gain / (loss) on plan assets	1.43	-	(2.04)	-
Actual return on plan assets	5.95	-	1.93	-
AMOUNT RECOGNISED IN THE BALANCE SHEET:				
Liability at the end of the year	67.60	-	50.65	-
Fair value of plan assets at the end of the year	64.47	-	46.61	-
Reversed during the year	-	-	-	-
Unrecognised past service cost	-	-	-	-
Amount recognised in the Balance Sheet under 'Loans and Advances'	-	-	-	-
Amount recognised in the Balance Sheet under 'Other current liabilities'				
Current	(0.84)	-	4.04	-
Non-Current	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	(₹ IN CRORE)			
	FOR THE YEAR ENDED MARCH 31, 2017		FOR THE YEAR ENDED MARCH 31, 2016	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:				
Current service cost	10.18	-	9.02	-
Interest cost	5.02	-	4.09	-
Expected return on plan assets	(4.52)	-	(3.98)	-
Net actuarial loss / (gain) to be recognised	7.11	-	3.73	-
Losses / (Gains) on Acquisition / Divestiture	(3.56)	-	1.05	-
Reversed during the year	-	-	-	-
Liabilities assumed on acquisition	-	-	-	-
Liabilities settled on divestiture	0.01	-	-	-
Amount not recognised as an Asset	-	-	-	-
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	14.24	-	13.91	-
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:				
Opening net liability / (Asset)	3.72	-	(0.40)	-
Expense recognised	5.23	-	13.91	-
Contribution by the Group	(2.53)	-	(7.70)	-
Amount recognised in the Balance Sheet under 'Other current liabilities'	2.69	-	5.52	-
Expected employer's contribution next year	4.15	-	5.10	-

	FOR THE YEAR ENDED				
	MARCH 31, 2017	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014	MARCH 31, 2013
(₹ IN CRORE)					
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	74.34	50.65	41.91	31.83	26.84
Plan assets	69.34	44.97	42.48	29.41	26.59
Deficit	(5.00)	(5.68)	0.56	(2.42)	(0.25)
Experience adjustments on plan liabilities	1.93	(0.30)	1.09	3.67	(0.12)
Experience adjustments on plan assets	1.30	(3.54)	3.03	0.03	1.03

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	(%)	(%)
INVESTMENT PATTERN:		
Insurer managed funds	100.00	100.00
Government securities	28.02	44.00
Deposit and money market securities	30.50	9.52
Debentures / bonds	30.09	36.41
Equity shares	7.39	10.07
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	6.90 to 7.35	7.95 to 8.00
Expected rate of return on assets (p.a.)	7.50	9.00
Salary escalation rate (p.a.)	8.00	8.00

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

36 As per Accounting Standard 18 on 'Related Party Disclosures' as specified under Section 133 of the Companies Act, 2013, the related parties of the Group are as follows:

SUBSIDIARIES:

- (a) **Direct**
IDFC Foundation

JOINTLY CONTROLLED ENTITIES

- (a) **Through subsidiaries**
Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited
Uttarakhand Infrastructure Development Company Limited
Rail Infrastructure Development Company (Karnataka) Limited
Narayana Hrudayalaya Surgical Hospital Private Limited (upto January 31, 2016)

ASSOCIATES:

- (a) **Direct**
Feedback Infra Private Limited (up to September 30, 2015)
Millennium City Expressways Private Limited (w.e.f. from May 19, 2014 & up to September 30, 2015)
- (b) **Through subsidiary**
Jetpur Somnath Tollways Limited
Feedback Infra Private Limited (w.e.f. October 1, 2015)
Millennium City Expressways Private Limited (w.e.f. October 1, 2015)

ENTITIES OVER WHICH CONTROL IS EXERCISED:

- (a) **Through subsidiaries**
India PPP Capacity Building Trust

KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:

- (a) Dr. Rajiv B. Lall - Executive Chairperson (up to September 30, 2015)
(b) Mr. Vikram Limaye - Managing Director & CEO

RELATIVES OF KEY MANAGEMENT PERSONNEL: (WHERE TRANSACTIONS EXIST).

- (a) Ms. Bunt Chand (Up to September 30, 2015)
(b) Mr. Bharat Mukund Limaye

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

PARTICULARS	(₹ in crore)							
	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME								
Dividend	-	-	0.60	0.60	-	-	-	-
Fees	-	-	1.12	-	-	-	-	-
Interest	-	-	50.92	47.91	-	-	-	-
EXPENDITURE								
Remuneration paid	-	-	-	-	-	-	10.06	9.48
Corporate Social Responsibility	10.37	26.63	-	-	-	-	-	-
Interest Expense	2.62	0.03	0.06	-	0.82	0.08	-	-
Shared Service Cost	0.24	0.36	-	-	-	-	-	-
Rent paid	-	-	-	-	-	0.01	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ASSETS / TRANSACTIONS								
Purchase of investments	-	-	32.35	28.64	-	-	-	-
Advances recovered	0.76	1.50	-	-	-	-	-	-
Advances recoverable - balance outstanding	18.72	19.50	512.25	469.11	-	-	-	-
Purchase of fixed assets	-	0.03	-	-	-	-	-	-
Sale of fixed assets	-	β	-	-	-	-	-	-
Interest unrealised	-	-	0.31	-	-	-	-	-
Loans Repaid	-	-	-	8.26	-	-	-	-
Outstanding Equity Investment	13.00	13.00	335.95	303.59	-	-	-	-
LIABILITIES / TRANSACTIONS								
Trade payable- balance outstanding	-	-	-	-	5.43	1.76	-	-
Current account balance	0.04	5.24	-	-	0.02	0.45	-	-
Fixed deposits placed	31.64	30.35	1.96	-	11.47	8.09	-	-
Interest on term deposit	0.02	-	0.01	-	0.08	-	-	-

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

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME								
Dividend								
Feedback Infra Private Limited	-	-	0.60	0.60	-	-	-	-
Fees								
Feedback Infra Private Limited	-	-	1.12	-	-	-	-	-
Interest income								
Feedback Infra Private Limited	-	-	11.98	6.57	-	-	-	-
Millennium City Expressways Private Limited	-	-	38.94	41.34	-	-	-	-
EXPENDITURE								
Remuneration paid								
Dr. Rajiv B. Lall	-	-	-	-	-	-	4.65	4.32
Mr. Vikram Limaye	-	-	-	-	-	-	5.41	5.16
Corporate Social Responsibility								
IDFC Foundation	10.37	26.63	-	-	-	-	-	-
Interest expense								
IDFC Foundation	2.62	0.03	-	-	-	-	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.11	β	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.71	0.08	-	-
Feedback Infra Private Limited	-	-	0.06	-	-	-	-	-
Shared Service Cost								
IDFC Foundation	0.24	0.36	-	-	-	-	-	-
Rent paid								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	-	0.01	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

(₹ in crore)

PARTICULARS	SUBSIDIARY COMPANIES		ASSOCIATES		JOINTLY CONTROLLED ENTITIES		KEY MANAGEMENT PERSONNEL	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ASSETS / TRANSACTIONS								
Purchase / subscription of Investments								
Jetpur Somnath Tollways Limited	-	-	8.06	11.25	-	-	-	-
Millennium City Expressways Private Limited	-	-	24.29	17.39	-	-	-	-
Advances recovered								
IDFC Foundation	0.76	1.50	-	-	-	-	-	-
Advances recoverable - balance outstanding								
IDFC Foundation	18.72	19.50	-	-	-	-	-	-
Feedback Infra Private Limited	-	-	125.96	60.00	-	-	-	-
Millennium City Expressways Private Limited	-	-	386.29	409.11	-	-	-	-
Purchase of fixed assets								
IDFC Foundation Limited	-	0.03	-	-	-	-	-	-
Sale of fixed assets								
IDFC Foundation Limited	-	β	-	-	-	-	-	-
Interest unrealised								
Feedback Infra Private Limited	-	-	0.31	-	-	-	-	-
Loans repaid								
Millennium City Expressways Private Limited	-	-	-	8.26	-	-	-	-
Outstanding Equity Investment								
Feedback Infra Private Limited	-	-	20.09	20.09	-	-	-	-
IDFC Foundation	13.00	13.00	-	-	-	-	-	-
Jetpur Somnath Tollways Limited	-	-	97.57	89.50	-	-	-	-
Millennium City Expressways Private Limited	-	-	218.29	194.00	-	-	-	-
LIABILITIES / TRANSACTIONS								
Trade Payable- Balance outstanding								
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	5.19	1.46	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.24	0.30	-	-
Current account balance								
IDFC Foundation Limited	0.04	5.24	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.01	0.37	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.01	0.08	-	-
Fixed deposits placed								
IDFC Foundation Limited	31.64	30.35	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	9.35	7.98	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	2.12	0.11	-	-
Feedback Infra Private Limited	-	-	1.96	-	-	-	-	-
Interest accrued on term deposit								
IDFC Foundation	0.02	-	-	-	-	-	-	-
Infrastructure Development Corporation (Karnataka) Limited	-	-	-	-	0.07	-	-	-
Delhi Integrated Multi-Modal Transit System Limited	-	-	-	-	0.01	-	-	-
Feedback Infra Private Limited	-	-	0.01	-	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

37 The Group is engaged in financing by way of loans, asset management and investment banking and Institutional Broking. The Group does not have any reportable geographic segment. Since the revenues, profit or assets of the asset management segment, institutional broking and investment banking segment individually do not exceed 10% of the Group's revenues, profit or assets, the Group has one reportable segment i.e. Financing in terms of Accounting Standard 17 on 'Segment Reporting' as specified u/s 133 of the Companies Act, 2013. Segment information for asset management, investment banking and institutional broking is grouped under business segment 'Others'. Financing Segment includes Banking Business.

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
I SEGMENT OPERATING REVENUE		
(a) Financing	9,999.76	8,603.68
(b) Others	525.25	544.78
TOTAL	10,525.01	9,148.46
Less: Inter segment revenue	66.83	206.18
TOTAL OPERATING INCOME	10,458.18	8,942.28
II SEGMENT RESULTS		
(a) Financing	1,610.86	(1199.97)
(b) Others	172.94	214.88
(c) Unallocated	7.66	25.77
Profit before tax	1,791.46	(959.32)
Less: Provision for tax	482.87	(367.46)
Profit after tax	1308.59	(591.86)
	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
III SEGMENT ASSETS		
(a) Financing	113,515.91	83,001.23
(b) Others	1,658.33	1,650.51
(c) Unallocated	2,373.90	2,217.14
TOTAL	117,548.14	86,868.88
IV SEGMENT LIABILITIES		
(a) Financing	99,156.92	69,963.41
(b) Others	130.74	129.92
(c) Unallocated	344.31	31.73
TOTAL	99,631.97	70,125.06
V CAPITAL EMPLOYED		
(a) Financing	14,358.99	13,037.82
(b) Others	1,527.59	1,520.59
(c) Unallocated	2,029.59	2,185.41
TOTAL	17,916.17	16,743.82
	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
VI CAPITAL EXPENDITURE (INCLUDING CAPITAL WORK-IN-PROGRESS)		
(a) Financing	316.88	439.97
(b) Others	10.24	12.34
TOTAL	327.12	452.31
VII DEPRECIATION AND AMORTISATION		
(a) Financing	141.40	56.10
(b) Others	7.22	6.28
TOTAL	148.62	62.38
VIII SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION		
(a) Financing*	273.38	2,954.07
(b) Others	4.57	-
TOTAL	277.95	2,954.07

* Includes exceptional item of ₹ Nil (Previous year ₹ 2,638.72 crore)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

38 In accordance with Accounting Standard 19 on 'Leases' as specified under section 133 of the Companies Act, 2013, the following disclosures in respect of operating leases are made:

- i. The Group Companies have taken office premises / branches / ATMs under operating leases, which expire between August 2017 to December 2025 (Previous Year September 2016 to May 2020). Rent includes gross rental expenses of ₹ 98.46 crore (Previous Year ₹ 65.77 crore). The committed lease rentals in the future are:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
Not later than one year	92.54	106.50
Later than one year and not later than five years	271.82	303.80
Later than five years	80.86	132.83

39 In accordance with Accounting Standard 20 on 'Earnings Per Share' as specified under Section 133 of the Companies Act, 2013:

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

	(₹ IN CRORE)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Net profit / (loss) after tax available for equity Shareholders	699.08	(934.80)
Weighted average number of equity shares	1,595,860,566	1,593,794,088

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

	(₹)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Basic earnings per share	4.38	(5.87)
Effect of outstanding stock options	β	β
Diluted earnings per share	4.38	(5.87)

- iii. The basic earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity Shareholders by the weighted average number of equity shares for the respective years, whereas the diluted earnings per share has been computed by dividing the net profit / (loss) after tax for the year available for equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective years.

	FOR THE YEAR ENDED MARCH 31, 2017		FOR THE YEAR ENDED MARCH 31, 2016	
	Weighted average number of shares for computation of basic earnings per share	1,595,860,566		1,593,794,088
Dilutive effect of outstanding stock options	321,671		1,011,998	
Weighted average number of shares for computation of diluted earnings per share	1,596,182,237		1,594,806,086	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(A) CONTINGENT LIABILITIES		
(i) Claims not acknowledged as debts in respect of :		
Income-tax demands under appeal (net of amounts provided)	6.53	81.23
[including ₹ 0.06 crore (Previous Year ₹ 0.05 crore) on account of proportionate share in an associate company]		
Other claims	7,559.20	0.49
(ii) Guarantees issued:		
As a part of project assistance, the following guarantees have been issued:		
Financial guarantees	723,142.34	1,318.98
[including ₹ Nil (Previous Year ₹ 19.79 crore) on account of proportionate share in an associate company]		
Performance guarantees	-	10.18
(iii) Other financial guarantees		
	31.43	22.97
[including ₹ 31.43 crore (Previous Year ₹ 22.97 crore) on account of proportionate share in an associate company]		
(iv) Liability on account of outstanding forward exchange and derivative contracts :		
Forward Contracts	5,178,472.27	21,142.12
Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	4,003,658.56	12,412.05
Foreign currency options	575,271.24	1,934.68
(v) Acceptances, endorsements and other obligations		
	260,696.12	1,396.01
(B) CAPITAL COMMITMENTS		
(i) Uncalled liability on shares and other investments partly paid	13,406.66	291.83
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	5,323.11	209.81
[including ₹ 3.02 crore (Previous Year ₹ 62.45 crore) on account of proportionate share in associate companies]		

41 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

	(₹ IN CRORE)	
	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(a) Principal amount remaining unpaid to any supplier at the end of the accounting year.	0.02	-
(b) Interest due thereon remaining unpaid to any supplier at the end of the accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above information takes into account only those suppliers whose response to inquiries made by the Company for this purpose has been received.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

42 STATEMENT OF NET ASSETS AS PER SCHEDULE III TO THE COMPANIES ACT, 2013 FOR THE YEAR ENDED MARCH 31, 2017

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET PROFIT	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
IDFC Limited- Consolidated	100.00	10,819.86	100.00	699.08
IDFC Limited- Standalone	5.11	553.14	2.99	20.91
DOMESTIC SUBSIDIARIES				
IDFC Alternatives Limited	0.77	83.37	2.25	15.70
IDFC AMC Trustee Company Limited	0.00	0.15	0.01	0.04
IDFC Asset Management Company Limited	7.49	809.92	14.26	99.69
IDFC Projects Limited	0.04	3.94	(4.68)	(32.75)
IDFC Securities Limited	4.32	466.90	0.83	5.80
IDFC Trustee Company Limited	0.02	2.29	0.14	0.99
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	6.16	666.52	10.40	72.67
IDFC Financial Holding Company Limited	0.06	6.77	(0.27)	(1.88)
IDFC Bank Limited	139.12	15,054.04	171.10	1,196.25
IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	2.11	228.03	(8.91)	(62.28)
FOREIGN SUBSIDIARIES				
IDFC Capital (Singapore) Pte Ltd	1.70	183.91	(0.12)	(0.87)
IDFC Capital (USA) Inc.	0.05	5.13	(0.47)	(3.32)
IDFC Investment Managers (Mauritius) Limited	0.01	1.50	(0.03)	(0.22)
IDFC Securities Singapore Pte Ltd	0.03	3.10	(0.31)	(2.14)
Minority Interest	(65.59)	(7,096.31)	(77.35)	(540.75)
ASSOCIATE COMPANIES				
Feedback Infra Private Limited	0.12	12.83	0.37	2.60
Jetpur Somnath Tollways Private Limited	(0.39)	(42.64)	(3.53)	(24.70)
Millennium City Expressways Private Limited	(1.13)	(122.73)	(6.68)	(46.66)

Note: Amount of net assets and net profit or loss are after considering inter-company elimination.

Statement of Net Assets as per Schedule III to the Companies Act, 2013 for the year ended March 31, 2016

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET LOSS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
IDFC Limited- Consolidated	100.00	10,102.99	100.00	(934.80)
IDFC Limited- Standalone	4.41	445.30	136.96	(1280.27)
DOMESTIC SUBSIDIARIES				
IDFC Alternatives Limited	0.63	63.73	(1.93)	18.03
IDFC AMC Trustee Company Limited	0.00	0.10	(0.00)	0.01
IDFC Asset Management Company Limited	8.03	811.29	(11.90)	111.26
IDFC Finance Limited	0.00	0.08	(0.25)	2.35
IDFC Projects Limited	0.86	86.52	3.84	(35.89)
IDFC Securities Limited	4.76	480.57	(1.98)	18.53
IDFC Trustee Company Limited	0.04	3.85	(0.06)	0.56
IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	5.20	524.88	(4.08)	38.14
IDFC Financial Holding Company Limited	(0.00)	(0.18)	0.12	(1.16)
IDFC Bank Limited	140.62	14,207.09	(58.39)	545.81

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

NAME OF THE ENTITY	NET ASSETS, I.E., TOTAL ASSETS MINUS TOTAL LIABILITIES		SHARE OF PROFIT OR (LOSS)	
	% OF TOTAL NET ASSETS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)	% OF TOTAL NET LOSS	AMOUNT (₹ IN CRORE) (REFER NOTE BELOW)
FOREIGN SUBSIDIARIES				
IDFC Capital (Singapore) Pte Ltd	2.01	202.65	0.40	(3.71)
IDFC Capital (USA) Inc	(0.07)	(7.03)	0.25	(2.30)
IDFC Investment Managers (Mauritius) Limited	0.02	1.75	0.02	(0.23)
IDFC Securities Singapore Pte Ltd	0.05	5.10	0.32	(2.98)
Minority Interest	(65.68)	(6635.16)	29.73	(277.96)
ASSOCIATE COMPANIES				
Feedback Infra Private Limited	0.10	10.01	(0.23)	2.13
Jetpur Somnath Tollways Private Limited	(0.22)	(21.85)	2.32	(21.71)
Millennium City Expressways Private Limited	(0.75)	(75.71)	4.86	(45.40)

Note: Amount of net assets and net profit or loss are after considering inter-company elimination.

43 Details of Specified Bank Notes (SBNs) held and transacted during the period November 8, 2016 to December 30, 2016 for the Group is provided in table below

PARTICULARS	(₹ IN CRORE)		
	SBNS	OTHER DENOMINATION NOTES	TOTAL
Closing cash on hand as on November 8, 2016	0.63	0.19	0.82
Add: permitted receipts	81.88	328.07	409.95
Less: permitted payments	-	130.60	130.60
Less: Amount deposited in banks	82.51	197.09	279.61
Closing cash on hand as on December 30, 2016	β	0.57	0.57

44 Figures of ₹ 50,000 or less have been denoted by β.

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

Vinod Rai
Independent Non-Executive Chairperson

Vikram Limaye
Managing Director & CEO

Bipin Gemani
Chief Financial Officer

Ketan Kulkarni
Company Secretary

Mumbai | April 28, 2017